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UNI-PRESIDENT CHINA HOLDINGS LTD.
統一企業中國控股有限公司

(a company incorporated in the Cayman Islands with limited liability)
(Stock Code: 220)

ANNOUNCEMENT OF 2020 INTERIM RESULTS

- Revenue amounted to RMB11,816.5 million, up by 3.0%
- Group gross margin of 35.8%, down by 0.8 percentage points
- EBITDA of RMB2,182.3 million, up by 4.4%
- Profit for the period, attributable to equity holders of the Company of RMB1,065.1 million, up by 6.8%

The board (the “Board”) of directors (the “Directors”) of Uni-President China Holdings Ltd. (the “Company”) is pleased to present the unaudited interim condensed consolidated financial information of the Company and its subsidiaries (together, the “Group”, “we” or “us”) for the six months ended 30 June 2020 (the “Period under Review”). The interim condensed consolidated financial information is unaudited but has been reviewed by the audit committee of the Board (the “Audit Committee”) and PricewaterhouseCoopers, the independent auditors of the Company, in compliance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

ANALYSIS OF ECONOMIC ENVIRONMENT

In the first half of 2020, the gross domestic product (“GDP”) of the People’s Republic of China (the “PRC”) increased by 3.2% year on year. Various economic indicators rebounded in the second quarter of 2020, reflecting the stable progression and gradual recovery of the overall national economy. As the outbreak of COVID-19 has yet to be under control in the overseas, resuming economic and trading activities around the world is a strenuous task and the recovery of domestic demands is currently subject to certain restrictions. China government implemented a wide range of measures for epidemic prevention and control as well as socio-economic development, resumption of work, production, operation and trading activities in the market was being accelerated, and consumer spending will maintain steady growth with good momentum in the second half of the year.

FINANCIAL RESULTS

Revenue and Gross Profit

The Group has recorded a revenue of RMB11,816.5 million during the Period under Review (first half of 2019: RMB11,469.5 million), representing an increase of 3.0% as compared with the corresponding period last year. During the Period under Review, the gross profit of the Group increased to RMB4,226.1 million (first half of 2019: RMB4,195.3 million), representing an increase of 0.7% as compared with the corresponding period last year, while its gross profit margin decreased by 0.8 percentage points to 35.8% from 36.6% for the corresponding period last year, mainly due to the increased proportion of revenue from the food business. In particular, “Lao Tan Pickled Cabbage (老壇酸菜)” and “Soup Daren (湯達人)” recorded a double-digit growth, and the consumption demand of “Kai Xiao Zao (開小灶)” was expanded into different scenarios due to its fast-growing popularity. With the advantages of the e-commerce channels, the contribution by the food business significantly increased.

Selling and Marketing Expenses

Selling and marketing expenses increased to RMB2,624.2 million (first half of 2019: RMB2,531.9 million), representing an increase of 3.6% as compared to the corresponding period last year, which was mainly due to the enhanced brand promotion of the Group during the Period under Review. The expansion of channels and down-market stretch of products increased the costs of operating the channels.

Administrative Expenses

Administrative expenses were RMB458.1 million (first half of 2019: RMB481.5 million), representing a decrease of 4.9% as compared to the corresponding period last year, mainly due to the downward adjustment of social insurance by the PRC government during the Period under Review.

Operating Profit

Operating profit was RMB1,389.3 million for the Period under Review, increasing by 6.4% from the operating profit of RMB1,305.3 million for the first half of 2019, mainly because the major businesses were profitable and part of the land occupied by the Hefei factory was resumed pursuant to relevant government policies.

Profit for the Period Attributable to Equity Holders of the Company

During the Period under Review, profit attributable to equity holders of the Company was RMB1,065.1 million, representing an increase of 6.8% as compared with RMB997.5 million of the corresponding period last year.

BUSINESS REVIEW

Food Business

The Group is continuously committed to the research and innovation of food. In line with the common lifestyle of consumers and a rapid improvement in the material conditions, the Group developed self-heating food, frozen fresh noodles and snacks to enable consumers to enjoy convenient and delicious food. The Group's food business recorded a revenue of RMB5,206.8 million for the first half of 2020, representing an increase of 22.0% as compared with the corresponding period last year.

In the first half of 2020, the instant noodles business played an important role in responding to the global hygiene emergency situation. Consumers gained a new understanding of the safety and deliciousness of instant noodles and the industry experienced a noticeable growth. With the support of local governments at all levels, the Group gradually resumed operation amidst the COVID-19 epidemic and delivered instant noodles to places where consumers had the most urgent needs. Adhering to the approach of value marketing, the Group continued to focus on inputting resources, enhance brand building, optimize product mix and increase brand value.

“Uni-President Lao Tan Pickled Cabbage and Beef Noodles (統一老壇酸菜牛肉麵)” focused on devoting resources to improve the product strength in 2020. Process techniques and production procedures were further refined based on the invention patents obtained, and the formula was upgraded while the classic deliciousness of authentic Lao Tan pickled cabbages could still be passed on, which enabled consumers to have a more perfect sour and crunchy experience. At the same time, brand identification was enhanced by placing more advertisements in media, which received positive feedbacks from consumers, and hence the leading position in the respective product category was further strengthened.

The focus of “Teng Jiao (藤嬌)” in the first half of the year was penetration enhancement. Through the programs shown on CCTV and Chinese Satellite TVs as well as advertisements, purchase intentions were stimulated. Meanwhile, free samples were distributed and unmanned promotion was conducted in key markets, allowing more consumers to experience the unique “electrifying (觸電)” taste of “Teng Jiao (藤嬌)”. We consistently believe that package is promotion. In line with the trend of “cooking noodles at home (在家煮麵)”, a campaign called “Cook it Yourself, Gulp it Your Way (動手做大口吃)” was launched to encourage consumers to innovate new ways to enjoy the product. The brand of “Teng Jiao (藤嬌)” demonstrated a fast-growing trend in the first half of the year.

“Uni-President The King of Tomato (統一茄皇)” focuses on development and innovation of a healthy tomato taste. The sour, sweet and fresh taste of tomato egg noodles comes from the scrumptious golden egg drop soup well integrated with Xinjiang tomatoes, which were exposed under 16 hours of sunshine every day. The first product of “Uni-President The King of Tomato – Tomato Egg Noodles (統一茄皇番茄雞蛋麵)” was introduced in March 2019. Upon the successful trial sales, the sales area was gradually expanded, the satisfaction rate of its e-commerce consumers ranked among the top, and the reputation of and revenue from the product continued to grow. We planned to adopt “A bite of The King of Tomato, a bite of sunshine (一口茄皇一口陽光)” as the marketing theme of “Uni-President The King of Tomato (統一茄皇)” in the second half of 2020 for media promotion in order to further enhance the brand recognition.

“Soup Daren (湯達人)” continued to achieve a double-digit growth in revenue and recorded a remarkable increase in operating income in the first half of 2020. With its sustained recognition from the market, “Soup Daren (湯達人)” recorded a growth of 29.7% in revenue as compared to the corresponding period last year. The continuous cooperation with Mr. Liu Haoran (劉昊然), a new generation actor who has the traits of “focus, sunshine and vitality (專注、陽光、有元氣)”, expanded the consumer groups of “Soup Daren (湯達人)”, strengthened brand penetration and resulted in accumulation of loyal consumers. A brand core spirit of “Genki (元氣)” was created. The “Genki Music Festival (元氣音樂節)” of “Soup Daren (湯達人)” was moved from offline to online based on the current situation. Diversified combinations of artists satisfied the needs of different music listening groups and enhanced the brand image of “Full Vitality (元氣滿滿)”.

For “Imperial Big Meal (滿漢大餐)”, we always centre on its point of differentiation of containing “large piece of genuine beef (真的有大塊牛肉)” and our ambition to develop Chinese noodles. We target up-and-coming white-collar businessmen who are busy and emphasise high-quality lifestyle. In the first half of 2020, for “Imperial Big Meal (滿漢大餐)”, we cooperated with China Lunar Exploration Program (CLEP) to launch the co-branded gift package for improving the high-end image of the brand on one hand, and focused on existing sales channels to solicit new consumers and boost brand loyalty on the other hand. Also, we paid attention to cooperation with new retail platforms, such as Freshhema, to create new growth points. The three flavours of non-spicy “Taiwan Braised Beef and Beef Tendon Noodles (台式半筋半肉牛肉麵)”, sour and spicy “Royal Lao Tan Pickled Mustard Beef Noodles (禦品老壇酸菜牛肉麵)” and numbing spicy “Sichuan-style Spicy Beef Noodles (川式銷魂麻辣牛肉麵)” achieved outstanding market performance, reflecting the increasingly comprehensive product mix.

In the second half of 2020, the Group will continue to improve the product strength and enhance promotion of “Imperial Big Meal (滿漢大餐)”, so that consumers are willing to try our products and have a perfect consumption experience. In view of the changing purchasing habits and consumption style of consumers, the Group will step up investment in online channels.

Kai Xiao Zao

The Chinese cuisine of “Kai Xiao Zao (開小灶)” features the instant cooking technology of our newly innovated self-heating food series that utilises Northeast China rice and exquisite cooking techniques, which together contribute to the “sizzling wok airflow (鍋氣)” of Chinese delicacy. In the first half of 2020, “Kai Xiao Zao, Special treat (好好吃飯開小灶)” became the brand theme of “Kai Xiao Zao (開小灶)”. Through free tasting and exclusive shops, a business model centred on “product experience” and guided by “promotion” was implemented to convey the warm and countryside style image of the brand, so as to imprint the idea of “Kai Xiao Zao, a Chinese delicacy and your new choice for every meal (開小灶是中華美食，是一日三餐新選擇)” in consumers’ mind. In January 2020, Mr. Xiao Zhan (肖戰) was engaged to be the first brand spokesperson of “Kai Xiao Zao (開小灶)”, which quickly enhanced the brand recognition. In addition, “Kai Xiao Zao (開小灶)” proactively fulfilled social responsibilities. In the beginning of the year when the COVID-19 epidemic was considered the severest, “Kai Xiao Zao (開小灶)” provided assistance to Wuhan by sending delicious food to doctors and nurses on the frontline against the epidemic. Furthermore, “Kai Xiao Zao (開小灶)” has been cooperating with the “Free Lunch for Children (免費午餐)” project of China Social Welfare Foundation to send warmth to children. For the first half of 2020, “Kai Xiao Zao (開小灶)” achieved multiple growth in revenue as compared to the corresponding period last year, which demonstrated a robust growth in its performance.

The first half of 2020 is meant to be extraordinary, during which COVID-19 spread across the world and significantly threatened the life and safety of people, whose daily life as well as lifestyle and consumption concept were changed accordingly. During the epidemic, the emergence of “otaku economy (宅經濟)” stimulated demand for online shopping. In addition, as the food industry will soon be adapted to the market demands, instant food will be developed into high-end nutritious meals in the future. The Group will continue to optimise its business operations of daily-consumed noodles and cuisine. The product mix will be improved and differentiated innovative products will be launched to satisfy the demands of different consumers and therefore continuously expand the Group’s scope of business.

Beverages Business

The Group’s beverages business recorded a revenue of RMB6,290.5 million for the first half of 2020, representing a decrease of 7.4% as compared with the corresponding period last year, and a positive quarter-on-quarter growth of 46.7% in the same year. In the first half of 2020, due to the impacts of the COVID-19 epidemic, there was a rapid development in the online channels. For beverage products, we primarily devoted more resources to platforms including Meituan Dianping, Ele.me and Xingsheng Selected and placed our focus on full box, bundled and large packaged products to meet the household consumption demands. The Group insisted on creating brand value through brand building, continued to adopt freshness management as the highest guiding principle of sales and aimed at improving profitability through continuous optimisation and innovation of products. The performance of the Group’s beverages segment in the first half of 2020 is set forth as follows:

Tea Drinks

Revenue from the Group’s tea drinks business for the first half of 2020 amounted to RMB2,897.3 million, representing a positive quarter-on-quarter double growth in the same year.

Due to the changes in the market environment and consumption behaviours caused by COVID-19 in the first half of 2020, the Group actively pursued new opportunities and made new attempts. Through inputting more resources into online e-commerce, O2O, B2C and other platforms, recruiting offline community partners, enabling contactless community consumption, the consumption demands of consumers who stayed at home for quarantine and went out less often were satisfied.

“Uni Green Tea (統一綠茶)” highlighted the rational benefits of “full of tea polyphenols (含有茶多酚)” and adopted the promotional theme of “Being close to the nature, providing bonus to health (親近自然, 為健康加酚)” in the first half of 2020 in response to the rising health awareness of consumers. The cooperation with famous uploaders on Bili Bili and popular idols, which increased the noise and exposure of our activities, and point-to-point navigation turned view-counts into sales. The brand favourability was improved and brand assets were built up.

Leveraging the emergence of otaku economy during the COVID-19 epidemic under which two-dimensional games became the mainstream otaku culture, “Uni Ice Tea (統一冰紅茶)” emphasised on the characteristics of eSports, dug into the two-dimensional games field, and conducted cooperation with KPL (King Pro League). Given the commencement of the spring competition, we launched three sales promotions of “Passionate Hero Bottles (熱血英雄瓶)”, on which the popular game characters of Honor of Kings favoured by players were displayed on the bottles. The brand spirit of “Stay Young for Ever or Fight for it (青春無極限, 不服就去戰)” was consistently adopted in the annual marketing project of “Passionate Kings-An Honorable Fight (熱血王者榮耀出擊)”. With students as our target group, we capitalised on two-dimensional eSports culture, nurtured new generations and conveyed the brand attitude of “young, passionate and non-yielding (青春熱血不服輸)”.

“Classmate Xiaoming (小茗同學)” re-positioned itself in 2020 by launching “Mixed Tea (混搭茶)”, which has brand new packages and images that understands teenagers better. New personalities of “optimistic, humorous, lively and courageous (樂觀幽默、活潑勇敢)” were given to the character and comprehensive online and offline promotion centred on Mr. Wu Lei (吳磊), the well-matched brand spokesperson, was carried out to focus on marketing to fans and achieve maximised benefits of the fan economy. The new goal of the brand was achieved through three ways, namely enhancing product strength, realising promotion strength and redeveloping business strength.

“Chai Li Won (茶裏王)” penetrated into the sugar-free tea market. Mr. Zhang Ruoyun, a talented actor, was invited to be the brand spokesperson in April 2020 to convey the brand concept of “no additives and a sweet taste came after (不添加自然回甘)” and continue to expand the brand noise, thereby enhancing the brand recognition in mainstream media.

“Refreshing Tea (茶·瞬鮮)” capitalised on consumers’ pursuit of a refreshing and wonderful life and adopted the theme of “more than freshness (為新鮮加分)” to express the concept of 21 days of freshness. While continuing to develop the convenience store system (CVS) and other systems, we also tried online e-commerce platforms and enhanced communications with consumers to establish the chilled market.

In the second half of 2020, we will continue to satisfy consumption needs in various scenarios for our tea drinks business. By understanding the changes of consumer spending after the COVID-19 epidemic, we will increase our resources input into online channels, enhance new retail, O2O, B2C, live streaming and other sales channels, and continue to develop refrigerated product categories in order to meet the requests of different consumers.

Juice

In the first half of 2020, the Group devoted more resources to the online channels of its juice business and promoted the benefits of healthy juice products to consumers. Revenue from the Group’s juice business for the first half of the year amounted to RMB793.5 million, representing a significant quarter-on-quarter positive growth in the same year.

“Uni Orangeate (統一鮮橙多)” enhanced communications with young consumers through Mr. Wang Yuan (王源), the brand spokesperson, in 2020. In the first half of the year, “Uni Orangeate (統一鮮橙多)” and the brand spokesperson joined hands to publish a public welfare video for calling on people to take precautionary measures and reminding people to consume Vitamin C, which demonstrated its concern on health issues. In addition, the “Vitamin C Cheer Up Bottle (維C加油瓶)” was newly launched to highlight the message that you need a bottle of “Orangeate full of Vitamin C (富含維生素C的鮮橙多)” in key moments. Such positive message was well-received.

“Haizhiyan (海之言)” continued to explore new sales points and strengthened its association with “sea (大海)” to accentuate the benefit that “Mediterranean Sea salt is rich in potassium and sodium ions and promptly supplements the lost salt and body water (地中海海鹽富含鉀、鈉離子, 及時補充身體流失的鹽分、水分)”. The key appeal of “Go for Haizhiyan for salt supplementation after sweating (流汗補鹽, 就喝海之言)” was effectively communicated.

In the first half of 2020, with the key appeal of “Moisten and Soothe your heart (一口潤心扉)”, “Uni Crystal Sugar Pear Drink (統一冰糖雪梨)” continued to promote the core value of “Moist (潤)” and turned public awareness into brand recognition. Through multiple online touchpoints and by leveraging the popularity of the 40-episode idol drama of “Skate Into Love (《冰糖燉雪梨》)” first broadcasted by Youku in which we conveyed the benefits of the product, we enhanced brand favourability and attracted new young consumers through the online to offline transition.

“Uni Tomato Juice (統一番茄汁)” utilised the product benefit of lycopene to continuously create scenarios for a high-quality life characterised by “Double Vitality & Health (活力&健康番倍)”. Through the extensive development of contactless e-commerce platforms and multiple scenarios to attract purchases, we continued to cultivate target consumers’ knowledge of lycopene and their habit of drinking lycopene.

“Fruit Trio (果重奏)” featured the triple taste of “juice+pulp+Vitamin C (果汁+果肉+維生素C)” as its experiential appeal in 2020. Fresh and tasty products were provided in a refrigerated way. By focusing on convenience store chains and e-commerce platforms in tier-one cities and innovating new ways to communicate with consumers, we continued to nurture consumers.

With carefully selected imported orange juice as the raw materials, the 100% orange juice “Vitality Awakening (元氣覺醒)” featuring natural and healthy ingredients provides a refreshing and sweet taste without bitterness. Positive feedbacks have been received from consumers since its launch. By focusing on convenience store chains and e-commerce platforms in tier-one cities, we quickly reached out to consumers and satisfied their healthy needs.

In the second half of 2020, for the juice business, the Group will be well-positioned to ride the trend and promote the benefits of healthy juice products based on the consumption tendency and changes in consumer demand. More resources will be devoted to contactless shopping platforms to expand the market, such as e-commerce and O2O platforms. The Group will stay attached to the business strategy of value marketing and focus on developing and optimising product strength, in order to provide consumers with healthy and tasty juice of different concentration and temperature to satisfy their demands.

General Beverages Business

Milk Tea

Revenue from the Group's milk tea business amounted to RMB2,371.3 million, representing an increase of 1.3% compared with the corresponding period last year, which enabled it to continue to take up the leading position in the market. As the prevention and control of COVID-19 epidemic normalised, consumers tended to choose brands that were familiar, trustworthy and value-for-money. "Uni Assam Milk Tea (統一阿薩姆奶茶)" continued to improve freshness management in the sales channels and strived to bring a better product experience to consumers, in order to meet the changing demands of consumers after the COVID-19 epidemic.

For the first half of 2020, "Uni Assam Milk Tea (統一阿薩姆奶茶)" recorded a growth of 3% as compared to the corresponding period last year. The brand of "Uni Assam Milk Tea (統一阿薩姆奶茶)" concurrently pursued scenario expansion and value transmission by responding to the new normal of consumers and identifying the new demands of consumers. Brand vitality was maintained through accentuating the well-suited word of "smooth (順)" as in the brand proposition of "Smooth and Good Mood (順滑好心情)" in the promotion and implementing matrix-based marketing on multiple platforms. The theme of "I Heal You as Spring Breeze Heals the Earth (春風治癒大地, 我治癒你)" was announced in March to express the warm care of the brand, which significantly improved the brand favourability. As for insights into new consumption habits, we created multiple drinking scenarios for "A Special Blend of Milk Tea For Good Mood (特調好心情)". The combination of official Weibo page/TikTok KOL/spokesperson PR activities as well as the publication of DIY educational videos increased the consumption scenarios and consumption volume of Assam Milk Tea and attracted the active participation of numerous consumers. We concurrently conducted cooperative activities on O2O platforms and made communications near the purchase stage to eventually achieve content monetization and the target of actual sales.

The brand of "Uni Milk Tea (統一奶茶)" placed emphasis on household drinking scenario in response to the current situation. Bundled products and gift packages were particularly launched to target household consumption and nurture the habit of consuming milk tea at home. For promotion, a horoscope packaging was launched under the "Uni Milk Tea x Uncle Tong Dao (統一奶茶x同道大叔)" cooperation with fashion IP in order to maintain continuous communications with target groups.

The brand of "Assam Small Milk Tea (阿薩姆小奶茶)" focused on online marketing in the first half of 2020. Promotion in creative ways such as self-media (WeChat and Weibo) and live-streaming product recommendation by KOLs, coupled with a differentiated marketing model, attracted consumers' attention and purchases. In addition, emphasis was continuously placed on key cities and the hot drinks market to build up a brand image associated with warm winter.

Aqua More

The brand of “Aqua More (水趣多)” paid attention to product strength in 2020 by pursuing better taste and much healthier product to strengthen the key memory about the brand in consumers’ drinking experience. Moreover, “Interest Your Boringness (趣你的乏味)” continued to be the core proposition of the brand in 2020, under which the taste and creativity of the product allowed consumers to have more fun in drinking.

Others

Coffee

In respect of “A-Ha (雅哈)” Coffee, as the Group exerted main efforts on “A-Ha Iced Coffee (雅哈冰咖啡)” in the first half of 2020, certain advantages in the market were reinforced. Meanwhile, due to the impacts of the COVID-19 on people’s lifestyle, the Group put more active efforts on its online direct-to-home business to satisfy the home drinking needs of consumers and expand the consumption boundary. “La Rive Gauche de la Seine (左岸咖啡館)” was expanded to be sold in the high-quality convenience store system (CVS) in Guangzhou and was launched in the official flagship store on Tmall with a delivery area covering the East China region.

In 2020, a new slogan of “Enjoy the Endless Vitality (暢享無限活力)” is designed for “A-Ha Iced Coffee (雅哈冰咖啡)” to highlight its special cool and smooth taste and promote the appeal of boundless vitality in order to resonate with the core target groups represented mainly by Generation Z.

Bottled Water

Under the impacts of COVID-19 in the first half of 2020, we continued to focus on the operations of mid-to-high-priced natural mineral water brand “ALKAQUA (愛誇)” which was available in various sales channels with a stable selling price. In the first half of 2020, in response to the demand of consumers for healthy and high-quality drinking water, we conveyed the brand proposition of “Double H_2SiO_3 , ALKAQUA is Good Water (2倍偏矽酸, 好水喝愛誇)” to highlight the benefit of the product that its content of H_2SiO_3 is twice over the national standard level required for mineral water. By promoting the knowledge of water and the idea of healthy drinking water, we called on consumers to drink water healthily.

In the first half of 2020, with a focus on the integrated marketing communications of “Double H_2SiO_3 , ALKAQUA is Good Water (2倍偏矽酸, 好水喝愛誇)”, advertisements were placed outdoors and shown on digital screens of buildings in five key cities. In-depth communications of brand assets were conducted online through topics on social media and live streaming on Tmall, TikTok and other social platforms, and offline through theme-based displays.

FINANCIAL ANALYSIS

Cash And Borrowings

As at 30 June 2020, the Group had total cash and bank balances of RMB6,103.8 million (31 December 2019: RMB6,483.5 million), among which 99.8% were denominated in Renminbi and 0.2% were denominated in United States dollars. As at 30 June 2020, the Group had RMB0.5 million restricted bank deposits. Current assets of the Group amounted to RMB6,473.7 million (31 December 2019: RMB7,017.9 million) with current liabilities of RMB8,180.1 million (31 December 2019: RMB7,641.1 million). Net current liabilities were RMB1,706.4 million (31 December 2019: RMB623.2 million). During the Period under Review, the Group mainly financed its working capital and capital expenditure by internally generated cash flows. As at 30 June 2020, the Group's total financial liabilities were RMB2,502.7 million (31 December 2019: RMB1,207.1 million). 99.6% of the Group's total financial liabilities were denominated in Renminbi. As at 30 June 2020, all of the Group's financial liabilities bore floating interest rates. As at 30 June 2020, the Group did not have any secured bank borrowings (31 December 2019: Nil).

Financing

The Group aims to maintain an appropriate capital structure. Taiwan Ratings Corporation, a credit rating agency, issued a credit rating report on 30 June 2020, and maintained the Group's long term credit rating at "twAA", with its rating outlook standing at "Stable (穩定)". Subsequently, Taiwan Ratings Corporation withdrew the rating on 30 June 2020 at the request of the Group. The rating outlook of the Group at the time of the withdrawal was "Stable (穩定)". The gearing ratios of the Group as at 30 June 2020 and 31 December 2019 were as follows:

	30 June 2020 RMB'000	31 December 2019 RMB'000
Total borrowings	2,502,667	1,207,108
<i>Less: cash and bank balances (Note 1)</i>	<u>(6,103,819)</u>	<u>(6,483,500)</u>
Net Cash	(3,601,152)	(5,276,392)
Total equity	<u>13,327,085</u>	<u>13,632,930</u>
Total capital	<u>9,725,933</u>	<u>8,356,538</u>
Gearing ratio (Note 2)	<u>(37.03%)</u>	<u>(63.14%)</u>

Note 1: In the first half of 2020, the decrease in cash and bank balances was mainly due to the Group's purchase of financial products issued by commercial banks. As at 30 June 2020, the Group had financial assets at fair value through profit or loss of RMB503.8 million (31 December 2019: Nil) and other financial assets at amortised cost of RMB1,020.0 million (31 December 2019: Nil).

Note 2: The gearing ratio is computed as the net cash divided by the sum of total equity and net debt.

Cash Flow and Capital Expenditure

For the six months ended 30 June 2020, the Group recorded a net decrease in cash and cash equivalents of RMB761.1 million, mainly comprising net cash inflow from operating activities of RMB1,097.2 million, net cash outflow from financing activities of RMB97.5 million, and net cash outflow from investing activities of RMB1,760.8 million. During the Period under Review, the Group had capital expenditure of RMB155.8 million (first half of 2019: RMB129.3 million).

Analysis of Operating Efficiency

The Group stringently controls and manages the levels of trade receivables, trade payables and inventories. Sales to most customers are made on a delivery on payment basis. Trade receivables are generated from credit sales to credit customers from modern channels (including but not limited to food and groceries stores, stalls and department stores) with credit terms normally ranging from 60 to 90 days. During the Period under Review, attributable to the growth in percentage of sales through e-commerce channels and modern channels, net trade receivables increased by RMB83.4 million to RMB652.5 million (31 December 2019: RMB569.1 million). The Group's inventories mainly comprised raw materials, packaging materials and finished goods. The inventories turnover days decreased by six days as compared with 2019, which was attributable to more stringent inventory management of the channels. As at 30 June 2020, the inventories balance decreased by RMB546.4 million to RMB1,192.6 million (31 December 2019: RMB1,739.0 million) as compared to the beginning of the year. The Group's trade payables mainly arise from credit purchases of raw materials and finished goods. During the Period under Review, trade payables decreased by RMB109.6 million to RMB1,613.8 million (31 December 2019: RMB1,723.4 million).

	30 June 2020	31 December 2019
Trade receivables turnover days	9	9
Inventories turnover days	35	41
Trade payables turnover days	40	42

Note:

Trade receivables turnover days were calculated based on the average of trade receivables balances as at the beginning and the end of the Period under Review or year divided by revenue multiplied by days in the Period under Review or year.

Inventories turnover days were calculated based on the average of inventories balances as at the beginning and the end of the Period under Review or year divided by cost of sales multiplied by days in the Period under Review or year.

Trade payables turnover days were calculated based on the average of trade payable balances as at the beginning and the end of the Period under Review or year divided by cost of sales multiplied by days in the Period under Review or year.

Financial Management

The Group adheres to the principle of financial prudence. It seeks to control risk variables and moves forward prudently by moderately adjusting its selling and marketing expenses according to market condition, and making appropriate capital expenditures to optimise and expand the infrastructure. The Group's finance department has formulated financial risk management policies based on the policies and procedures approved by the Board and guided by the executive Directors. These policies are reviewed by the Group's internal audit department and internal control department regularly. The Group's financial policy aims at reducing impacts of interest rate and exchange rate fluctuations on the Group's overall financial position, as well as minimising the Group's financial risk exposure.

The Group's finance department provides centralised financial risk (including interest rate and foreign exchange risk) and cash flow management, and cost-effective funding for the Group and its members. During the Period under Review, the Group has maintained an automated reconciliation system, which significantly improved capital efficiency and accounting treatment effectiveness.

Treasury Policy

It is the Group's treasury management policy not to engage in any high risk or speculative derivative products and not to invest current capital in financial products with significant underlying leverage or risk, including hedge funds or similar financial products. The Group did not have any significant bank borrowings or carry out other financing activities in the capital market as it had stable balance of cash income and expenditure during the Period under Review. Most of the Group's receipts and payments are denominated in Renminbi since the majority of its revenue is derived from operations in the PRC. The Group may use foreign exchange forward contracts, when appropriate, for risk aversion when it is exposed to foreign exchange risk arising from assets or liabilities, such as cash and cash equivalents and borrowings, which are denominated in other currencies.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2020.

MATERIAL ACQUISITION AND DISPOSAL

For the six months ended 30 June 2020, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

SIGNIFICANT INVESTMENT

As at 30 June 2020, the Group did not hold any significant investments with a value of 5% or more of the Group's total assets.

CHARGES ON GROUP ASSETS

The Group did not have any charges on group assets as at 30 June 2020.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Directors confirmed that as at the date of this announcement, there was no plan to acquire any material investment or capital assets other than in the Group's ordinary business of manufacturing and sale of beverages and food.

PROSPECTS

It is expected that PRC's economy will grow within a stable range in 2020 and the development of the food and beverages industry in the PRC will become stabilize again. In addition, the changing consumption pattern caused by the COVID-19 epidemic and "otaku economy (宅經濟)" accelerated the development of online channels. In terms of online development, the Group will strive to increase the coverage of sales locations of the Uni-President e-Mall (統一e商城) and develop the direct-to-home business with a wide coverage to enable more convenient consumption. In terms of offline development, the Group will facilitate contactless community consumption through community service stations during the period of strict epidemic control, and maintain communications and interactions with consumers through unmanned promotion mainly in sales outlets during the stabilisation period. The Group will leverage the comprehensive five-senses experience to enhance consumers' acceptance of the products.

The Group will adhere to value marketing to create brand values and maintain continuous and steady growth with a view to becoming an enterprise boasting its "Integrity (品格)", "Brand (品牌)" and "Taste (品味)".

HUMAN RESOURCES AND EMOLUMENT POLICY

As at 30 June 2020, the total number of employees of the Group was 28,873. The Group's remuneration policy rewards employees and Directors based on individual performance, demonstrated capabilities, involvement, market comparable information and the performance of the Group. The Group improves the professional skills and management level of its employees through comprehensive internal and external training as well as other people-oriented systems. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Discretionary performance bonuses are offered to qualified employees based on individual and the Group's performance.

The total employee benefits expenses (including Directors' emoluments) amounted to RMB1,585.5 million during the Period under Review. The Group does not have any share option scheme for employees.

PRODUCTIVITY STRATEGIES

The Group spared no effort in its operation in brand building, research and development and innovation of products, and sales expansion. The Group believed that with long-term brand building, continuous innovation of products and densely-distributed sale channels, it was able to satisfy consumers' needs and facilitate its continuous growth, which in turn maximized benefits. In order to focus on the use of resources and achieve maximisation of efficiency, the Group did not solely rely on its own production resources. It also outsourced its production to other professional beverages manufacturers (including external independent third parties and related party companies). A strategic alliance was formed under long-term cooperation with the external manufacturers, enabling the Group to outsource production mode to adjust production capacity in addition to the basic production capacity, providing the Group with production flexibility. Thus, the Group was able to fully utilise its resources on core operation and optimise its efficiency.

SUBSEQUENT EVENTS

There is no subsequent event after the Period under Review which has material impact to the condensed consolidated interim financial information of the Group.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2020

(All amounts in thousands of Renminbi unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	2020	2019
Revenue	4	11,816,519	11,469,537
Cost of sales		<u>(7,590,406)</u>	<u>(7,274,211)</u>
Gross profit		4,226,113	4,195,326
Other gains/(losses), net		63,039	11,500
Other income		258,686	170,917
Other expenses		(76,231)	(58,991)
Selling and marketing expenses		(2,624,248)	(2,531,939)
Administrative expenses		<u>(458,086)</u>	<u>(481,517)</u>
Operating profit	5	1,389,273	1,305,296
Finance income		107,423	97,256
Finance costs		<u>(25,300)</u>	<u>(27,698)</u>
Finance income – net		82,123	69,558
Share of profits of investments accounted for using the equity method		<u>23,147</u>	<u>17,159</u>
Profit before income tax		1,494,543	1,392,013
Income tax expense	6	<u>(429,434)</u>	<u>(394,539)</u>
Profit for the period, attributable to equity holders of the Company		<u>1,065,109</u>	<u>997,474</u>
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	7	<u>24.66 cents</u>	<u>23.09 cents</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2020**(All amounts in thousands of Renminbi unless otherwise stated)*

	Unaudited	
	Six months ended 30 June	
	2020	2019
Profit for the period	<u>1,065,109</u>	<u>997,474</u>
Other comprehensive (loss)/income		
<i>Item that may not be reclassified to profit or loss</i>		
Fair value (losses)/gains on financial assets at fair value through other comprehensive income, net of tax	<u>(1,953)</u>	<u>27</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(1,953)</u>	<u>27</u>
Total comprehensive income for the period, attributable to equity holders of the Company	<u><u>1,063,156</u></u>	<u><u>997,501</u></u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2020

(All amounts in thousands of Renminbi unless otherwise stated)

	<i>Note</i>	Unaudited 30 June 2020	Audited 31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment		8,379,490	8,902,118
Right-of-use assets		1,792,360	1,832,541
Investment properties		303,883	313,609
Intangible assets		11,588	14,713
Investments accounted for using the equity method		803,265	780,118
Financial assets at fair value through other comprehensive income		4,072	6,027
Deferred income tax assets		371,996	344,188
Other receivables – non-current portion		20,074	15,816
Long-term time deposits		3,850,000	2,530,000
		15,536,728	14,739,130
Current assets			
Inventories		1,192,588	1,738,962
Trade and bills receivables	9	652,454	569,064
Prepayments, deposits and other receivables		836,834	710,983
Current income tax recoverable		14,235	45,403
Financial assets at fair value through profit or loss		503,810	–
Other financial assets at amortised cost		1,020,000	–
Cash and bank balances		2,253,819	3,953,500
		6,473,740	7,017,912
Total assets		22,010,468	21,757,042

	<i>Note</i>	Unaudited 30 June 2020	Audited 31 December 2019
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		39,764	39,764
Share premium account		4,829,899	4,829,899
Other reserves		2,765,636	2,767,524
Retained earnings		<u>5,691,786</u>	<u>5,995,743</u>
Total equity		<u>13,327,085</u>	<u>13,632,930</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liability		241,378	228,788
Lease liabilities – non-current portion		19,462	21,865
Other payables – non-current portion		<u>242,424</u>	<u>232,357</u>
		<u>503,264</u>	<u>483,010</u>
Current liabilities			
Trade payables	<i>10</i>	1,613,781	1,723,416
Other payables and accruals		3,125,939	2,546,002
Contract liabilities		731,735	2,104,004
Borrowings		2,456,397	1,162,867
Lease liabilities		26,808	22,376
Current income tax liabilities		<u>225,459</u>	<u>82,437</u>
		<u>8,180,119</u>	<u>7,641,102</u>
Total liabilities		<u>8,683,383</u>	<u>8,124,112</u>
Total equity and liabilities		<u>22,010,468</u>	<u>21,757,042</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

(All amounts in thousands of Renminbi unless otherwise stated)

1 GENERAL INFORMATION

Uni-President China Holdings Ltd. (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the Company’s registered office is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together the “Group”) are principally engaged in the manufacturing and sale of food and beverages in the People’s Republic of China (the “PRC”) (the “PRC Food and Beverages Business”).

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 17 December 2007.

This condensed consolidated interim financial information is presented in thousands of Renminbi (“RMB”), unless otherwise stated, and was approved for issue by the Board of Directors on 7 August 2020.

This condensed consolidated interim financial information has been reviewed, not audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2020 has been prepared in accordance with HKAS 34, ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2.1 Going concern basis

The Group meets its day-to-day working capital requirements through its bank facilities. After making enquiries the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial information.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

		Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
HKFRS 3 (Amendments)	Definition of a Business	1 January 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform	1 January 2020
HKFRS 16 (Amendments)	COVID-19-related Rent Concessions	1 June 2020

(b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2020 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2022
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Annual Improvements to HKFRS Standards 2018 – 2020		1 January 2022

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

4 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The executive directors consider the business only from a product perspective as over 90% of the Group's sales and business activities are conducted in the PRC. From a product perspective, management assesses the performance of beverages, food and others.

The executive directors assess the performance of the operating segments based on segment profit or loss. Other information provided, except as noted below, to the executive directors is measured in a manner consistent with that in the financial statements.

The majority of the Group's sales are through distributors and no revenue from transactions with a single external customer account for 10% or more of the Group's revenue.

Addition to non-current assets comprise addition to land use rights, property, plant and equipment, right-of-use assets, investment properties, intangible assets and investments accounted for using the equity method.

The segment information for the six months ended 30 June 2020 is as follows:

	Six months ended 30 June 2020				
	Beverages	Food	Others	Unallocated	Group
Segment results					
Revenue	<u>6,290,549</u>	<u>5,206,837</u>	<u>319,133</u>	<u>–</u>	<u>11,816,519</u>
Segment profit/(loss)	1,073,182	448,093	(16,884)	(115,118)	1,389,273
Finance income – net	–	–	–	82,123	82,123
Share of profits/(losses) of investments accounted for using the equity method	23,345	–	–	(198)	<u>23,147</u>
Profit before income tax					1,494,543
Income tax expense					<u>(429,434)</u>
Profit for the period					<u>1,065,109</u>
Other income statement items					
Depreciation and amortization	<u>477,860</u>	<u>130,633</u>	<u>22,436</u>	<u>31,783</u>	<u>662,712</u>
Addition to non-current assets	<u>1,714</u>	<u>88,456</u>	<u>5,959</u>	<u>59,631</u>	<u>155,760</u>

As at 30 June 2020

	Beverages	Food	Others	Unallocated	Group
Segment assets and liabilities					
Assets	8,452,206	3,517,733	957,563	8,279,703	21,207,205
Investments accounted for using the equity method	598,878	–	–	204,385	<u>803,263</u>
Total assets					<u><u>22,010,468</u></u>
Liabilities	3,040,500	2,569,446	319,249	2,754,188	<u>8,683,383</u>
Total liabilities					<u><u>8,683,383</u></u>

The segment information for the six months ended 30 June 2019 is as follows:

	Six months ended 30 June 2019				
	Beverages	Food	Others	Unallocated	Group
Segment results					
Revenue	<u>6,795,387</u>	<u>4,267,998</u>	<u>406,152</u>	<u>–</u>	<u>11,469,537</u>
Segment profit/(loss)	1,051,459	343,781	35,155	(125,099)	1,305,296
Finance income – net	–	–	–	69,558	69,558
Share of profits of investments accounted for using the equity method	17,566	–	–	(407)	<u>17,159</u>
Profit before income tax					1,392,013
Income tax expense					<u>(394,539)</u>
Profit for the period					<u><u>997,474</u></u>
Other income statement items					
Depreciation and amortisation	<u>487,639</u>	<u>129,396</u>	<u>22,148</u>	<u>31,417</u>	<u>670,600</u>
Addition to non-current assets	<u>4,256</u>	<u>53,876</u>	<u>4,202</u>	<u>67,012</u>	<u>129,346</u>

	As at 31 December 2019				
	Beverages	Food	Others	Unallocated	Group
Segment assets and liabilities					
Assets	8,354,300	3,421,359	934,238	8,267,027	20,976,924
Investments accounted for using the equity method	575,533	–	–	204,585	<u>780,118</u>
Total assets					<u><u>21,757,042</u></u>
Liabilities	3,612,398	2,857,772	259,295	1,394,647	<u>8,124,112</u>
Total liabilities					<u><u>8,124,112</u></u>

5 OPERATING PROFIT

An analysis of the amounts presented as operating items in the financial information is given below.

	Six months ended 30 June	
	2020	2019
Cost of inventories	6,098,081	6,092,834
Promotion and advertising expenses	906,726	736,166
Employee benefit expenses, including directors' emoluments	1,585,524	1,614,849
Transportation expenses	432,509	425,761
Depreciation and amortization	662,712	670,600
Operating lease in respect of buildings	21,111	49,861
Provision of/(reversal of) impairment of trade receivables	2,631	(1,179)
Reversal of provision for inventories to net realizable value	(10,849)	(3,654)
Gains from disposal of property, plant and equipment	(23,240)	(334)
Gains from disposal of right-of-use assets	(48,273)	(5,498)
Government grants (<i>Note</i>)	(102,697)	(55,169)
	<u><u>(102,697)</u></u>	<u><u>(55,169)</u></u>

Note:

The income from government grants represented subsidy received from various local governments in the PRC as rewards to the Group's subsidiaries for their contributions to the economy and development of the regions in which the subsidiaries are located. Such government grants were unconditional and with no future commitment to be fulfilled. Accordingly, they were recognised as income in the condensed consolidated interim income statement.

6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
Current income tax		
– Mainland China corporate income tax (“CIT”)	444,652	361,353
Deferred income tax	(15,218)	33,186
	<u>429,434</u>	<u>394,539</u>

(a) Mainland China corporate income tax (“CIT”)

Subsidiaries established in Mainland China are subject to CIT at the rate of 25% (2019: 25%) during the year.

According to the Caishui (2011) No. 58 “The notice on the tax policies of further implementation of the western region development strategy issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs” (財稅[2011]58號「關於深入實施西部大開發戰略有關稅收政策問題的通知」), companies set up in the western region and falling into certain encouraged industry catalogue promulgated by the PRC government will be entitled to a preferential tax rate of 15%. Some of the Group’s subsidiaries in the PRC set up in the western development region are entitled to the above mentioned preferential tax rate of 15% during the year.

(b) Other income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

Subsidiaries incorporated in Taiwan and Hong Kong are subject to income tax at the prevailing rates of 17% and 16.5% (2019: 17% and 16.5%) respectively.

7 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2020	2019
Profit attributable to equity holders of the Company	1,065,109	997,474
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>4,319,334</u>	<u>4,319,334</u>
Basic earnings per share (<i>RMB per share</i>)	<u>24.66 cents</u>	<u>23.09 cents</u>

Diluted earnings per share are the same as basic earnings per share as there are no dilutive ordinary shares.

8 DIVIDENDS

Dividends in relation to the years ended 31 December 2019 and 2018, amounting to approximately RMB1,369 million and RMB1,047 million, were paid in June 2020 and June 2019, respectively.

The directors do not recommend an interim dividend in respect of the six months ended 30 June 2020 (2019: Nil).

9 TRADE AND BILLS RECEIVABLES

	30 June 2020	31 December 2019
Trade receivables		
– third parties	652,145	570,075
– related parties	11,009	10,505
	663,154	580,580
<i>Less: provision for impairment</i>	(15,935)	(13,304)
Trade receivables, net	647,219	567,276
Bills receivables		
– from third parties	5,235	1,788
Trade and bills receivables	652,454	569,064

The credit terms granted to customers by the Group are usually 60 to 90 days. At 30 June 2020, the ageing analysis of trade receivables is as follows:

	30 June 2020	31 December 2019
Trade receivables, gross		
– Within 90 days	620,729	541,169
– 91-180 days	39,446	36,124
– 181-365 days	1,660	2,189
– Over one year	1,319	1,098
	663,154	580,580

As credit terms are short and most of the trade receivables are due for settlement within one year, the carrying amounts of these balances approximated their fair values as at the balance sheet date.

10 TRADE PAYABLES

	30 June 2020	31 December 2019
Trade payables		
– third parties	1,066,300	1,303,927
– related parties	547,481	419,489
	<u>1,613,781</u>	<u>1,723,416</u>

The credit terms granted by suppliers to the Group are usually 30 to 90 days. At 30 June 2020, the ageing analysis of trade payables is as follows:

	30 June 2020	31 December 2019
Trade payables		
– Within 180 days	1,545,133	1,672,477
– 181 to 365 days	40,269	13,864
– Over one year	28,379	37,075
	<u>1,613,781</u>	<u>1,723,416</u>

The carrying amounts of trade payables approximated their fair values as at the balance sheet date due to short-term maturity.

AUDIT COMMITTEE REVIEW

The Audit Committee comprises Mr. Fan Ren-Da, Anthony, Mr. Chen Johnny, Mr. Chen Sun-Te, Mr. Su Tsung-Ming and Mr. Lo Peter. Except for Mr. Su Tsung-Ming who is a non-executive Director, the other members of the Audit Committee are independent non-executive Directors. The Audit Committee has reviewed with the management accounting principles and practices adopted by the Group and discussed financial reporting matters. The Audit Committee has reviewed the unaudited interim results of the Group for the Period under Review and has recommended their adoption by the Board.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company had complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the Period under Review.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the Period under Review.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules to regulate securities transactions of the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code throughout the Period under Review.

**PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE
AND OF THE COMPANY**

The Company's 2020 interim report will be despatched to the shareholders of the Company and made available on the website of The Stock Exchange of Hong Kong Limited and the Company's website (www.uni-president.com.cn) in due course.

The interim condensed consolidated financial information set out above does not constitute the Company's statutory financial statements for the Period under Review but is extracted from the condensed consolidated financial statements for the Period under Review to be included in the 2020 interim report.

On behalf of the Board
Uni-President China Holdings Ltd.
Lo Chih-Hsien
Chairman

7 August 2020

As at the date of this announcement, the Board comprised Mr. Lo Chih-Hsien and Mr. Liu Xinhua as executive Directors; Mr. Chen Kuo-Hui and Mr. Su Tsung-Ming as non-executive Directors; and Mr. Chen Sun-Te, Mr. Chen Johnny, Mr. Fan Ren-Da, Anthony and Mr. Lo Peter as independent non-executive Directors.