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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 2024 INTERIM RESULTS

- Revenue amounted to RMB15,448.6 million, up by 6.0%
- Group gross margin of 33.8%, up by 2.7 percentage points
- EBITDA of RMB1,893.5 million, up by 5.6%
- Profit for the period, attributable to equity holders of the Company of RMB965.7 million, up by 10.2%

The board (the “Board”) of directors (the “Directors”) of Uni-President China Holdings Ltd. (the “Company”) is pleased to present the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (together, the “Group”, “we” or “us”) for the six months ended 30 June 2024 (the “Period under Review”). The condensed consolidated interim financial information is unaudited but has been reviewed by the audit committee of the Board (the “Audit Committee”) and PricewaterhouseCoopers, the independent auditor 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 ON ECONOMIC ENVIRONMENT

In the first half of 2024, the gross domestic product (“GDP”) of the People’s Republic of China (the “PRC” or “China”) recorded a year-on-year increase of 5.0% and total retail sales of consumer goods increased by 3.7% year-on-year. The year 2024 was positioned as the “Consumption-Promoting Year (消費促進年)” in the PRC. The government has launched a series of policies to promote consumption, which aims to boost market demand and consumer confidence, providing strong market support for the Group. With the continuous active demand for cultural tourism consumption and festive consumption, the continuous innovation and expansion for consumption scenarios and the further boost of the consumer market, new growth opportunities have been brought to enterprises and brands.

Consumers’ growing demand for product quality, health and convenience has driven the Group’s revenue growth and innovation development. Consumption concepts have been extended from functionality to enjoyment and healing, with consumers focusing on self-fulfillment and seeking emotional value through more diversified experiences and explorations, while at the same time becoming more prudent and foresightful in their consumption decisions. The Group continues to gain insight into and stay close to the trend of consumer demand, establish in-depth interaction and emotional links with consumers, and create value for consumers through innovative marketing approaches to create a meaningful brand experience.

FINANCIAL RESULTS

Revenue and Gross Profit

During the Period under Review, the Group recorded a revenue of RMB15,448.6 million (first half of 2023: RMB14,571.9 million), representing an increase of 6.0% as compared with the corresponding period of last year. Revenue from the food business amounted to RMB4,947.4 million, representing an increase of 0.9% as compared with the corresponding period of last year, which accounted for 32.0% of the Group’s total revenue, and revenue from the beverages business amounted to RMB10,023.5 million, representing an increase of 8.3% as compared with the corresponding period of last year, which accounted for 64.9% of the Group’s total revenue. Gross profit of the Group increased from RMB4,532.9 million for the corresponding period of last year to RMB5,228.0 million, representing an increase of 15.3%, while the gross profit margin increased by 2.7 percentage points from 31.1% for the corresponding period of last year to 33.8%, which was mainly due to the decrease in the cost of certain raw materials, improvement of productivity efficiency and the optimisation of product mix.

Selling and Marketing Expenses

During the Period under Review, the selling and marketing expenses increased by approximately RMB203.0 million to RMB3,591.3 million (first half of 2023: RMB3,388.3 million) as compared with the corresponding period of last year. The increase in selling and marketing expenses was mainly due to the promotion expenses of the new products.

Administrative Expenses

During the Period under Review, administrative expenses, amounted to RMB538.8 million (first half of 2023: RMB534.6 million), remained stable as compared with that of the corresponding period of last year.

Operating Profit

As benefited from increases in revenue and gross profit margin, the operating profit was RMB1,233.3 million for the Period under Review (first half of 2023: RMB1,092.4 million), representing an increase of 12.9% as compared to the corresponding period of last year.

During the Period under Review, profit attributable to equity holders of the Company was RMB965.7 million, representing an increase of 10.2% as compared with RMB876.6 million of the corresponding period of last year.

BUSINESS REVIEW

Food Business

With an aim to satisfy the needs of consumers, the Group was committed to maintaining product quality, continuously innovating and enhancing product strengths to create a perfect consumption experience for consumers. We strived to diversify consumption scenarios by offering products to be enjoyed by consumers in different occasions, while tapping into more market channels and consumer circles based on our differentiated high-quality products. The Group adhered to the value-based marketing strategies to enhance brand awareness and loyalty, while accumulating brand assets. The Group recorded a revenue of RMB4,947.4 million from the food business in the first half of 2024, representing an increase of 0.9% as compared to the corresponding period of last year.

Instant Noodles Business

In the first half of 2024, the economic trend was stable with progress, consumer sentiments recovered and improved, and consumer behavior showed a trend of diversification, rationalization, and optimism. At the same time, consumers had been placing more emphasis on health, safety and products with good value for money. The Group's instant noodle business is committed to catering for the public's needs while maintaining product quality, and has significantly enhanced product strengths with increasing efforts. At the same time, we have carried out continuous innovation for our products in response to the personalised and diversified needs of consumers. We are committed to delivering a perfect consumer experience while creating unique value for consumers. The Group recorded a revenue of RMB4,858.4 million in the first half of 2024 from the instant noodles business, representing an increase of 1.9% as compared to the corresponding period of last year.

As the pioneer and leader of nourishing soup noodles, “Soup Daren (湯達人)” insisted on improving the products with ingenuity. For the first time in 16 years, it has been comprehensively upgraded and relaunched, so as to bring consumers the ultimate product experience. At the same time, the limited cherry blossom season edition of “Soup Daren (湯達人)” pioneered temperature-based variable package technology this year, successfully igniting the market. In terms of communication, the Group has broken the inertia of communication by focusing on high-quality content and viral broadcasting, and the exposure of the limited cherry blossom season edition has exceeded 600 million. In terms of channels, the Group resolutely maintained the stability of market price and the freshness of products, and improved the purchasing and enjoying experience of consumers.

“Uni-President Lao Tan Pickled Cabbage and Beef Noodles (統一老壇酸菜牛肉麵)” centred around the brand slogan of “Lao Tan Pickled Cabbage and Beef Noodles, the key to choice is Uni-president Brand (老壇酸菜牛肉麵，認准統一是一關鍵)” and the super IP “Grandpa Lao Tan (老壇爺爺)” to continuously accumulate brand assets, consolidate its first position in the category and win the right of interpretation. Our communication efforts focused on reducing consumer choice costs, and to this end, advertisements have been placed on authoritative media of high potential, such as high-speed rail stations and China Central Television; the brand strengthened interaction with online users on self-media platforms, and enhanced brand favorability and trust through visible production live streams accessible via scanning QR codes on product packages and short videos featuring “Grandpa Lao Tan (老壇爺爺)” as the protagonist. “Uni-President Lao Tan Pickled Cabbage and Beef Noodles (統一老壇酸菜牛肉麵)” achieved double-digit growth in revenue in the first half of the year.

“Uni stewed beef flavoured noodles (統一紅燒牛肉麵)” focused on product strength, achieved breakthrough in innovation and completed a comprehensive upgrade. It has established five core advantages from the perspectives of raw food materials, ingredients, craftsmanship, processing methods and food safety, and its packaging has also been upgraded. We convey the brand attitude of “Uni stewed beef flavoured noodles (統一紅燒牛肉麵)” with the slogan “Uni-president, a dominant braised beef noodles brand (紅燒這個味，統一就是牛)” to enhance brand recognition and gain consumer preferences.

Adhering to the brand positioning of “Pioneer of Tomato Delicacy (番茄美味開拓者)”, “The King of Tomato (茄皇)” continued to explore the delicious taste of tomatoes. With product strength as the core, it kept managing and controlling key technological processes and managing the “3Ys” (stability, continuity and consistency) of products to continuously bring consumers a safe, convenient and reassuring experience. Cooperating with the IP “Super Delicious Food Supply Station (超好吃補給站)” on the Xiaohongshu platform, it launched the “Non-Fire Pasta Challenge (不開火意麵挑戰)” to achieve strong promotion of products in multiple scenarios. The advertisements on mainstream media together with the fiery promotion in forms of offline activities in key markets have made its brand positioning popular and contributed to the steady growth of the brand’s revenue.

With “Craving Meat? Imperial Big Meal’s For You (想吃肉，滿漢大餐)” as the core appeal, “Imperial Big Meal (滿漢大餐)” continued to improve its product to provide consumers with a high-end sense of quality and ritual. In terms of communication, we focus on the Douyin channel to strengthen the public awareness of large beef noodles through talents’ short videos and live broadcast on cuisine matrix.

Other Products

Upholding the vision of becoming the social kitchen for the Chinese, “Kai Xiao Zao (開小灶)” committed to producing quality instant rice and ready-to-make wontons while actively expanded into the frozen food segment, “Kai Xiao Zao Private Kitchen (開小灶私房菜)”. Our standout product, “Kai Xiao Zao Private Kitchen Spicy Grilled Fish (開小灶私房菜香辣烤魚)” has won a 3-star iSEE Global Award. In terms of promotion, our promotion focus centered on “Tasting Sessions (品鑒會)”, ensuring more consumers discover and enjoy our private kitchen delights.

Looking ahead to the second half of the year, the gradual recovery and revitalisation of the consumer market will bring new opportunities and challenges to the industry. The products with good value for money will continue to dominate the mainstream of consumption, while innovative products in the new era should pay more attention to health, safety and characteristics to bring emotional value to consumers. The Group adheres to a consumer-oriented approach, staying true to its original aspirations without compromising its quality. The Group will meet consumers’ preferences and needs and continue to polish its products to improve quality with the aim of providing consumers with more satisfied experiences. The Group will establish a strong emotional connection with consumers by conveying the brand concept to consumers through products to gain emotional resonance, ultimately becoming a trusted partner of consumers.

Beverages Business

The Group adhered to brand building for creating brand value, communicated and interacted with young consumers in depth through precise marketing. We further developed market channels to cover multiple consumption scenarios, including traditional ready-to-drink scenario, dining, family, gift and group buying scenarios, etc. We pushed forward the expansion of high-performance terminal point-of-sale, continued to enhance sales of frozen products, empowered digitisation, and fulfilled the increasing diversified needs by optimising product innovation and product flavours. The beverages business recorded a revenue of RMB10,023.5 million in the first half of 2024, representing an increase of 8.3% as compared with that of the corresponding period last year. The performance of various major beverages businesses is set forth as follows:

Tea Drinks

In the first half of 2024, the revenue of tea drinks amounted to RMB4,646.5 million, representing an increase of 11.8% as compared with that of the corresponding period last year, which maintained a stable growth momentum. The Group’s tea drinks business closely monitored the changes in consumption trends and market trends, and was committed to offer high-quality and differentiated products to meet the needs of various channels, scenarios and consumer groups.

“Uni Green Tea (統一綠茶)” continues to strengthen its brand positioning as a national tea product with good value for money. With rising health awareness, the sugar-free tea market remains popular. “Uni Green Tea (統一綠茶)” responded to market trends and competition with low-sugar and sugar-free product lines, reinforcing the recognition of choosing Uni-President for green tea. The new sugar-free “Spring Breeze Green Tea (春拂綠茶)” with retail selling price at RMB4, utilises innovative micro-fermentation technology to build competitive differentiation. Targeting young consumers like college students and new white-collar workers to rejuvenate the parent brand, the brand leveraged popular comedy variety shows to create a buzz for the new product launch and enhance market awareness. In partnership with top platform Keep, we launched offline “Smiling Cycling (微笑騎行)” events in 12 key cities like Shanghai, Guangzhou and Zhengzhou, engaging youth in joyful experiences and reinforcing the healthy outdoor IP of “Uni Green Tea (統一綠茶)”.

In 2024, “Uni Ice Tea (統一冰紅茶)” aligned with consumer trends by focusing on product innovation and upgrades, added large-leaf black tea to enhance tea flavour and reduce sweetness for a bold and refreshing drinking experience. Meanwhile, we developed mini-pack samples to reach diverse consumer groups across online and offline channels. We continued to engage Generation Z by strengthening the brand asset of “Stay Young for Ever (青春無極限)”. Leveraging graduation season marketing, we partnered with Bilibili to sponsor the top IP “Forever 22! (永遠22!)” 2024 Bilibili Graduation Concert, co-created marketing moments with consumers to evoke emotional resonance. We initiated 11 offline campus activities in 6 cities, targeting student group precisely. In the second half of the year, our focus will remain on the campus group to create back-to-school marketing activities and perpetuate the brand’s youthful value.

“Uni Shuangcui Lemon Tea (統一雙萃檸檬茶)” solidified its brand positioning of “a kind of lemon tea that is never tired of drinking (一款喝不膩的檸檬茶)” in 2024, highlighted its unique selling point of “Double Tea Base with 7-minute Extraction (雙重茶底, 萃取7分鐘)” to create the brand image of Cantonese-style lemon tea with unique regional and humanistic characteristics, particularly focusing on southern and southwestern China. Under the theme of “Uni Shuangcui, Authentic Kung Fu (統一雙萃, 地道功夫)”, we leveraged Kung Fu Wing Chun with a “Guinness World Records (吉尼斯世界記錄)” Kung Fu Challenge to quickly boost brand awareness and reputation, contributing to the growth of the brand’s revenue.

“Classmate Xiaoming (小茗同學)” underwent a brand concept upgrade in the first half of 2024, aiming to create a vibrant fruit-flavoured tea exclusive for “Classmates (同學)”. Leveraging the subculture of ACG for promotion, we stimulated target consumers’ identification with the “Classmates (同學)” identity. The product bottle serves as a communication medium to build the IP image of “Classmate Xiaoming (小茗同學)” and accumulate brand assets. From May to July 2024, we partnered with the ACG platform “Kuaikan Comics (快看漫畫)” under the theme “Classmate Xiaoming’s Whispers (快看小茗同學的悄悄話)”, combining online graduation season events with offline Kuaikan comic conventions to precisely engage our target consumers.

With the core appeal of “a sweet taste came after just like it’s freshly brewed (回甘就像現泡)”, “Chai Li Won (茶裏王)” is committed to providing consumers with a sense of quality and experience of good tea. In the first half of 2024, “Chai Li Won (茶裏王)” continued to improve its products, the fresh leaf juice was used in the green tea category for the first time to enhance freshness and increased tea polyphenol concentration to strengthen the flavour profile of Dong Ding Oolong, striving to deliver a good tea taste with “a sweet taste came after just like it’s freshly brewed (回甘就像現泡)”. In terms of communication, we used short videos and images to continually output brand content and stories by focusing on interest-based e-commerce and traditional e-commerce platforms to expand brand voice, convey the brand’s attitude of dedication to making good tea, and promote consumer conversion.

Juice

In the first half of 2024, revenue from the juice business amounted to RMB1,789.9 million, representing an increase of 8.2% as compared with the corresponding period last year, primarily driven by the rapid growth of “Haizhiyan (海之言)” and the development of juice gift box scenarios. Always adhering to the idea of providing tasty and healthy juice to consumers, the juice business continued to optimise product flavours and strengthen product benefits. We expanded revenue scale through our business strategy on diversifying specifications and scenarios to cater for the mass taste.

“Uni Orangeate (統一鮮橙多)” continued to deliver the orange juice image of “More Fiber (多纖)” and “More Vitamin C (多C)” to reinforce the core value of “More Beauty (多漂亮)”. In the ready-to-drink and family scenarios, the Group maintained the visual image of “Fiber (纖)” on the product packaging to continuously reinforce the benefits of products with rich dietary fibre. In terms of the dining scenario, we continued to increase the number of points of sale of canned products, in conjunction with promotion through social media platforms, to reinforce Orangeate’s image of being the “accompanying beverage”. With respect to the gift box scenario, we launched gift boxes of different specifications to meet the consumption needs of different markets, while focusing on the diverse media campaigns during the Spring Festival targeting rural and county markets to strengthen consumers’ awareness of the attributes of “Uni Orangeate (統一鮮橙多)” as gifts.

“Haizhiyan (海之言)” grasped the rising trend of electrolyte drinks to penetrate key sweating scenarios like labor, sports and travel. Emphasising “containing potassium ions, sodium ions, etc., with refreshing juice, which tastes fresh and helps you rehydrate and replenish electrolyte loss (含有鉀離子、鈉離子等，搭配清爽果汁，口感清新，幫你補充流失的水分和電解質)”, we continually enriched “Haizhiyan (海之言)” with scientific elements to strengthen purchase reasons, conveying the brand value of “Drink Haizhiyan to Replenish Electrolytes (補充電解質，請喝海之言)” and capture consumer’s attention as “Haizhiyan = A Delicious Electrolyte Drink (海之言=好喝的電解質飲料)”. We actively deployed the electrolyte drinks market and optimised products for different drinking scenarios to boost growth momentum.

“Uni Guo Yang (統一果漾)” continued to build up the brand image of “Outstanding with Sweet and Sourness (酸甜出味)” by deeply personalising and enhancing product quality. New flavours like Kumquat Lemon and Plum Juice meet the diverse taste needs of consumers. In terms of brand communication, we collaborated with the popular IP “Heaven Official’s Blessing (天官賜福)” comics to enrich bottle marketing, conveying the brand values of “Becoming More Outstanding with Sweet and Sourness (酸酸甜甜更出味)” and “Becoming More Outstanding with Refresh and Sourness (酸酸爽爽更出味)”. We accurately reached Generation Z consumers and effectively enhanced brand awareness. At the same time, “Uni Sweet-sour Plum Juice (統一酸梅湯)” leveraged product benefits and sour attributes, actively created dining scenarios, established itself as a meal companion to cater for the mass taste. We will continue to monitor market trends and consumer needs, constantly improving brand awareness and reputation to create new growth curves.

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)” collaborated with the virtual character “Angie (阿喜)” for IP co-branding in 2024, expressing the contemporary attitude of “Easy Soothing (輕鬆潤心)”. We continued to enhance brand power by communicating with the new generation and spreading the core value of “Moist (潤)”, thus attracting young consumers’ attention and love.

“Vitality Awakening (元氣覺醒)” delivered the brand slogan of “Vitality is awakened every day by the freshness and sweetness of naturally fully-ripened fruits (自然完熟才清甜，元氣覺醒天天見)”, promoted positive energy and conveyed the brand identity of “Full of vitality and awakening new power (元氣滿滿、覺醒新力量)”. We carefully and strictly selected naturally fully-ripened fruits and vegetables and replicated the freshness and sweetness of naturally fully ripened fruits and vegetables, with a new NFC apple juice launched in June 2024. We continued to focus on cultivating 100% juice (vegetable) market in key first-tier cities by developing the contemporary system and e-commerce platforms. We rode on the trend to expand online platforms such as O2O and groceries delivery services to capture household consumption opportunities.

Looking ahead to the second half of the year, the Group’s juice business will continue to seize the definite growth opportunity from the existing products, strengthen ready-to-drink scenarios, support dining scenarios, prepare for gift box scenarios, so as to expand revenue from featured juice products. We will also adapt to consumer demands and market trends, actively explore new opportunities for product category, quickly launch new NFC apple juice to expand the 100% fruit (vegetable) juice market and create new growth driver for the juice business.

Milk Tea

In the first half of 2024, the milk tea business generated revenue of RMB3,284.2 million, an increase of 3.3% compared to the same period last year. “Uni Assam Milk Tea (統一阿薩姆奶茶)” insisted on implementing its stable operational strategy, leveraging its strong brand influence to continuously expand drinking scenarios, and achieved significant results in penetrating lower-tier markets. During the first half of the year, the brand realised steady revenue growth, with notable year-on-year increases in both large packs and small but beautiful product of original milk tea, fully demonstrating the brand’s strong competitiveness in the market. The brand remains centered on the core value of “Smooth and Good Mood (滑順好心情)”. During the Chinese New Year, it focused on the drinking scenario of the reunion and conveyed the brand’s new year appeal of “Happy New Year to the Family (新年順到家)”, to enhance brand recognition during the festive season. Additionally, by initiating the “Weekend of Good Mood (是好心情的週末)” discussion topic on Xiaohongshu, the brand maintained continuous interaction with young consumers, establishing a deep emotional connection, and further strengthened the brand’s association with weekend leisure scenarios.

Looking ahead to the second half of the year, “Uni Assam Milk Tea (統一阿薩姆奶茶)” will continue to actively explore new opportunities in the drinking scenarios and introduced new flavours to meet consumers’ changing appetites. The brand will steadily invest resources into county and rural markets, driving continuous revenue growth in lower-tier markets. Additionally, through the brand’s exclusive title sponsorship of the variety show “Friends Together 2024 (是好朋友的週末 2024)”, the brand will be deeply embedded in various scenarios of consumers’ daily lives, to continuously strengthen the connection between Assam Milk Tea and good moods, further solidify the emotional bond with consumers, support brand rejuvenation, and lay a solid foundation for the brand’s long-term development.

“CITEA milk tea (希蒂CITEA牛乳茶)”, launched in the fourth quarter of 2023, has been well-received by student consumer group for its differentiated product flavors and high-quality packaging design. In terms of product, “CITEA milk tea (希蒂CITEA牛乳茶)” uses an innovative slow-boiling technique and carefully selects the original leaves of Da Hong Pao and Rose Puer Tea for slow-boiling of 12 minutes, which stimulates the attractive roasted and floral aroma, while adding imported milk to deliver rich and full-flavored taste. On the communication side, “CITEA milk tea (希蒂CITEA牛乳茶)”, targeted at students and white-collar workers, leveraged outdoor media on campuses and buildings to deliver the brand concept of “the companion of slow life in the city (城市慢生活的陪伴者)”. The brand is planning on the CITEA Slow Life Experience Center (希蒂慢生活體驗小館), an outlet-based offline campaign allowing young people to slow down the pace in busy schedules and enjoy a 5-minute slow life anytime, anywhere.

Coffee

In the first half of 2024, the coffee business focused on building the “A-Ha (雅哈)” brand and accumulating brand asset under the appeal of “Getting Started with Vitality! (活力出發)”. In terms of product, while focusing on iced coffee, the business actively explored the emerging trend of “fruit-flavored coffee” by launching a specially tailored Perilla Peach Flavor Americano for Sam’s Club, with a view of creating new growth opportunities. On the operation front, efforts were continuously concentrated on strengthening its foothold in the principal markets, enhancing brand penetration, and steadily expanding its base.

Looking forward to the second half of the year, the coffee business will continue to implement the focused operational strategy and meet the coffee needs of segmented groups with innovative products that cater consumer trends. In terms of communication, the business will leverage the advantages of short video marketing, using high-quality content to resonate with the target audience and continually expand the brand’s customer base.

Bottled Water

The water business of the Group focused on the operation of “ALKAQUA (愛誇)” natural mineral water. The brand was aware of the prevailing consumer sentiment of anti-involution and anti-anxiety in pursuit for a simple life, and integrated the natural characteristics “simple (簡單)” of ALKAQUA: transparent bottle body, quality water source and minimalist blue label design. We communicated emotionally with consumers through our brand proposition of “Just keep it simple, ALKAQUA (愛誇礦泉, 簡單就好)” to advocate for a simpler lifestyle.

In 2024, ALKAQUA (愛誇) will continue to cultivate the Shanghai market. In the first half of the year, the focus will be on increasing brand visibility and exposure by intensifying advertising in the Shanghai Metro and high-end office buildings. For the second half of the year, consumer activities featuring the brand are planned in popular shopping districts and landmarks in Shanghai to engage deeply with consumers, tying the “ALKAQUA (愛誇)” closely to the city and driving actual sales. In terms of channel management, the strategy involves reducing reliance on convenience store (CVS) channels and increasing the proportion of revenue from traditional channels, aiming to achieve balanced growth across the three channels, namely traditional channels, key account (KA), and e-commerce.

E-Commerce

The Group's online business is committed to enriching customers' purchasing channels and creating a convenient, safe and efficient business model that continuously brings more convenience to consumers. While maintaining the traditional e-commerce business foundation, we have strategically deployed our resources into the field of universal interest-based e-commerce, which is represented by platforms like Douyin Shop (抖音商城), Kuaishou (快手) and Pinduoduo (拼多多). We aim to advance the process of product promotion via short video and live streaming and have also set up three themed live streaming rooms to meet the emerging demand of most users for "cost-effectiveness (性價比)". We are committed to providing more emotional value while creating new promotional platforms for various brands within the Group.

The Group has been deeply involved in the 100% tomato juice market for many years. In January 2024, the Group launched a new brand in this category, namely "In Love with Tomato (愛尚番茄)", an NFC 100% tomato juice and also the first product of the Group in the NFC fruit and vegetable juice category. "In Love with Tomato (愛尚番茄)" aims to provide consumers with both value propositions of "health (健康主義)" and "deliciousness (美味主義)". Each bottle is made from approximately 24 cherry tomatoes, with tomato juice being the sole ingredient. It contains lycopene and gamma-aminobutyric acid (GABA), offering a tasty, convenient, and quality product at fair price.

FINANCIAL ANALYSIS

Cash and Borrowings

As at 30 June 2024, the Group had cash at bank and on hand of RMB7,550.7 million (31 December 2023: RMB7,565.5 million), among which 99.87% was denominated in Renminbi, 0.05% was denominated in Taiwan dollar, 0.06% was denominated in Hong Kong dollar and 0.02% was denominated in United States dollar. The Group mainly financed its operation and capital expenditures with internally generated cash flow. As at 30 June 2024, the Group's total borrowings (including lease liabilities) amounted to RMB1,838.0 million (31 December 2023: RMB1,079.4 million), representing an increase of 70.3% as compared to the beginning of the year, which was mainly attributable to the increase in short-term borrowings. 100% of the Group's borrowings was denominated in Renminbi. As at 30 June 2024, all of the Group's borrowings bore floating interest rates. As at 30 June 2024, the Group did not have any secured bank borrowing (31 December 2023: Nil).

Financing

The Group aims to maintain an appropriate capital structure. The gearing ratios of the Group as at 30 June 2024 and 31 December 2023 were as follows:

	30 June 2024	31 December 2023
	RMB'000	RMB'000
Total borrowings (including lease liabilities)	1,838,049	1,079,435
Less: cash at bank and on hand (<i>Note 1</i>)	(7,550,718)	(7,565,454)
Net cash	(5,712,669)	(6,486,019)
Total equity	12,514,610	13,382,377
Gearing ratio (<i>Note 2</i>)	(45.65%)	(48.47%)

Note 1: As at 30 June 2024, cash at bank and on hand excluded the Group's purchase of financial products issued by four big domestic banks and other commercial banks. As at 30 June 2024, the Group had financial assets at fair value through profit or loss of RMB1,624.0 million (31 December 2023: RMB1,618.7 million).

Note 2: The gearing ratio is computed as net cash divided by total equity.

The Group reviewed its gearing ratio regularly on a quarterly basis. According to the capital plan for the future, the Group tried to maximize revenue for its shareholders with capital risk awareness in mind. Capital structure was constantly adjusted according to changes in the operational environment.

Cash Flow and Capital Expenditure

As at 30 June 2024, the Group recorded a year-on-year net decrease in cash and cash equivalents of RMB618.6 million, comprising net cash inflow from operating activities of RMB1,486.7 million, net cash outflow from investing activities of RMB974.2 million and net cash outflow from financing activities of RMB1,131.1 million. The Group's capital expenditure (including lease right-of-use assets) for the Period under Review was RMB395.8 million (first half of 2023: RMB697.1 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 and e-commerce business (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, net trade receivables increased by RMB60.2 million to RMB646.0 million (31 December 2023: RMB585.8 million).

The Group's inventories mainly comprised raw materials, packaging materials, finished goods, work-in-progress and low-value consumables. As at 30 June 2024, the inventories balance decreased by RMB408.0 million to RMB1,717.9 million (31 December 2023: RMB2,125.9 million) as compared to the beginning of the year, which was attributable to the combined impact of providing consumers with fresher products and lower bulk prices. The inventories turnover days decreased by eight days as compared with that as at 31 December 2023. The Group's trade payables mainly arise from credit purchases of raw materials and finished goods. During the Period under Review, trade payables increased by RMB97.7 million to RMB2,220.3 million (31 December 2023: RMB2,122.6 million). The major turnover days of the Group as at 30 June 2024 and 31 December 2023 were as follows:

	30 June 2024	31 December 2023
Trade receivables turnover days	7	9
Inventory turnover days	34	42
Trade payables turnover days	<u>38</u>	<u>43</u>

Trade receivables turnover days were calculated based on the average of trade receivables balances as at the beginning and the end of the year or Period under Review divided by revenue multiplied by 360 days or 180 days (as the case may be).

Inventory turnover days were calculated based on the average of inventory balances as at the beginning and the end of the year or Period under Review divided by cost of sales multiplied by 360 days or 180 days (as the case may be).

Trade payables turnover days were calculated based on the average of trade payables balances as at the beginning and the end of the year or Period under Review divided by cost of sales multiplied by 360 days or 180 days (as the case may be).

The Group reckoned that receivables turnover days, inventory turnover days and trade payables turnover days in the distribution channel helped the Group in understanding the efficiency of inventory liquidity and the sales and cash conversion cycle. Through reviewing and improving the turnover days, the Group could improve its revenue, profit and the ability of on-going growth for the sake of enhancing operational efficiency.

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 conditions, and making appropriate capital expenditures to optimise and expand the infrastructure and marketing assets for sales channels. 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. The Group has maintained an automated reconciliation system, which significantly improved capital efficiency and accounting treatment effectiveness.

Treasury Policy

It was the Group's treasury management policy not to engage in any high-risk investment or speculative derivative products and not to invest working capital in financial products with significant underlying leverage or risks, including hedge funds or similar financial products. The Group continued to adopt a conservative approach to financial risk management with no significant bank borrowing during the Period under Review. Most of the Group's receipts and payments were denominated in Renminbi since a majority of its revenue was 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 may be denominated in other currencies.

SIGNIFICANT INVESTMENT

As at 30 June 2024, the Group did not hold any significant investments with a value of 5% or more of the Group's total assets.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2024.

CHARGES ON GROUP ASSETS

The Group did not have any charge on group assets as at 30 June 2024.

MATERIAL ACQUISITION AND DISPOSAL

During the Period under Review, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

PROSPECT

In the first half of 2024, China's economy demonstrated strong resilience and experienced positive momentum. The government continued to roll out policies on promoting domestic demand expansion and consumption upgrade, which were conducive to stimulating market demand and promoting balanced economic development, thus creating multiple opportunities for the Company. Gaining insight into and exploring consumption scenarios, building a more efficient and flexible sales organization network, and continuously improving consumer satisfaction will bring unique value opportunities for the Group's sustainable growth.

The Group will continue to strive to capitalize on the positive forces in the market to promote technological innovation and product upgrades to meet the growing needs of consumers. With consumers placing increasing emphasis on products with good value for money, we will strengthen the research and development and promotion of high-quality and reasonably-priced products. The Group always makes decisions and investments in light of our long-term goals, adheres to the business philosophy of focused and streamlined operation, continues to improve quality and efficiency by enhancing the operational efficiency of the big supply-chain system and optimizing the organizational structure, and continues to provide consumers with safe, high-quality and innovative products, so as to achieve greater success in the highly competitive market and to strive for better operating results for the benefit of all shareholders.

The Group continues to improve its social responsibility management mechanism, incorporating sustainable development into its overall business strategy to implement social responsibility risk management and advance its sustainable development goals. We have comprehensively strengthened economic, social and environmental management, and implemented improvement measures on key corporate responsibility issues, including climate change, water resources management, green production, product safety and quality, product nutrition and safety, customer service quality, employee development, occupational health and safety, and giving back to the society, in order to enhance the standards for corporate sustainability.

HUMAN RESOURCES POLICY

As at 30 June 2024, the total number of employees of the Group was 32,784. The Group adhered to the policies of focused and streamlined operation, and organisational structure and staff structure were improved on a continuous basis to enhance operational efficiency. In terms of recruitment, the Group continued to recruit professional talents and build a stable and robust team through mechanisms including comprehensive training and humane care to achieve results more efficiently. In addition, internal training, regular position transfer, external exchange and part-time study and other measures enhanced our overall performance and provided talents for key positions of the Group steadily. Meanwhile, priorities were given to internal promotion over external recruitment, and performance appraisal and other measures were implemented to keep the current management team ambitious and strong.

The Group's remuneration policy rewarded our employees and directors with reference to their performance, qualifications, demonstrated capabilities, market comparable information and the performance of the Group. As for the Group's remuneration policy, the Group entered into individual employment contracts with each of its employees, which covered wages, social security benefits, workplace safety and hygiene environment, confidentiality obligations on trade secrets and termination conditions. Besides, the Group had performance bonuses and incentive schemes in place to commend and encourage employees at all levels to make outstanding contributions to the Group's business. Performance bonuses were distributed on the basis of the realised earnings and profits objectives of individual business units and the Group as a whole, as well as the performance appraisal of the employees.

The total employee benefits expenses (including Directors' emoluments) amounted to RMB2,277.8 million during the Period under Review. The Group does not have any share option scheme for its employees.

PRODUCTION STRATEGIES

The Group did not solely rely on its own production resources, but 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 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 EVENT AFTER THE PERIOD UNDER REVIEW

There is no subsequent event after the Period under Review which has material impact to the condensed consolidated interim financial information of the Group for the six months ended 30 June 2024.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2024

(All amounts in thousands of Renminbi unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	2024	2023
Revenue	5	15,448,557	14,571,877
Cost of sales		<u>(10,220,579)</u>	<u>(10,038,981)</u>
Gross profit		5,227,978	4,532,896
Other gains – net		42,709	370,789
Other income		148,827	175,076
Other expenses		(56,090)	(63,498)
Selling and marketing expenses		(3,591,327)	(3,388,267)
Administrative expenses		<u>(538,839)</u>	<u>(534,589)</u>
Operating profit	6	1,233,258	1,092,407
Finance income		117,774	122,487
Finance costs		<u>(53,432)</u>	<u>(26,317)</u>
Finance income – net		64,342	96,170
Share of profits of investments accounted for using the equity method		<u>25,633</u>	<u>17,046</u>
Profit before income tax		1,323,233	1,205,623
Income tax expense	7	<u>(357,540)</u>	<u>(329,012)</u>
Profit for the period attributable to equity holders of the Company		965,693	876,611
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	8	22.36 cents	20.30 cents

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2024*

(All amounts in thousands of Renminbi unless otherwise stated)

	Unaudited	
	Six months ended 30 June	
	2024	2023
Profit for the period	965,693	876,611
Other comprehensive income for the period, net of tax	<u>—</u>	<u>—</u>
Total comprehensive income for the period attributable to equity holders of the Company	<u>965,693</u>	<u>876,611</u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2024

(All amounts in thousands of Renminbi unless otherwise stated)

	<i>Note</i>	Unaudited 30 June 2024	Audited 31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment		6,362,031	6,489,433
Right-of-use assets		1,537,756	1,565,227
Investment properties		228,303	237,479
Intangible assets		6,942	8,007
Investments accounted for using the equity method		843,726	845,597
Deferred income tax assets		272,482	255,748
Other receivables – non-current portion		16,833	17,567
Long-term time deposits		5,000,510	5,070,170
		14,268,583	14,489,228
Current assets			
Inventories		1,717,894	2,125,883
Trade and bills receivables	<i>10</i>	645,963	585,790
Prepayments, deposits and other receivables		837,057	755,215
Current income tax recoverable		4,947	64,136
Financial assets at fair value through profit or loss		1,624,020	1,618,682
Cash and bank balances		2,550,208	2,495,284
		7,380,089	7,644,990
Total assets		21,648,672	22,134,218

	<i>Note</i>	Unaudited 30 June 2024	Audited 31 December 2023
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		4,246,943	4,246,943
Retained earnings		<u>3,398,004</u>	<u>4,265,771</u>
Total equity		<u>12,514,610</u>	<u>13,382,377</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liability		365,794	342,760
Lease liabilities – non-current portion		61,094	62,587
Other payables – non-current portion		<u>395,795</u>	<u>331,318</u>
		<u>822,683</u>	<u>736,665</u>
Current liabilities			
Trade payables	<i>11</i>	2,220,295	2,122,561
Other payables and accruals		2,925,999	2,019,652
Contract liabilities		1,239,149	2,823,147
Borrowings		1,750,562	990,647
Lease liabilities		26,393	26,201
Current income tax liabilities		<u>148,981</u>	<u>32,968</u>
		<u>8,311,379</u>	<u>8,015,176</u>
Total liabilities		<u>9,134,062</u>	<u>8,751,841</u>
Total equity and liabilities		<u>21,648,672</u>	<u>22,134,218</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

(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, Ugland 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 2024.

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 2024 has been prepared in accordance with Hong Kong Accounting Standard 34 (“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 2023, 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’s directors and management closely monitor the Group’s cash management and working capital requirements. The directors are of the opinion that, taking into account the profitable operational performance, the positive operating cash inflows, and available banking facilities, the Group will have sufficient financial resources to support its operations and to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2024. Accordingly, the Group’s condensed consolidated interim financial information has been prepared on a going concern basis.

3 MATERIAL 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 2023, 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 and interpretation 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 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in Sale and Leaseback	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024

(b) The following new amendments to standards have been issued but were not mandatory for annual reporting periods ending on 31 December 2024 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 18 (Amendments)	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 (Amendments)	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

5 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 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 2024 is as follows:

	Six months ended 30 June 2024				Group
	Beverages	Food	Others	Unallocated	
Segment results					
Revenue	<u>10,023,475</u>	<u>4,947,425</u>	<u>477,657</u>	<u>-</u>	<u>15,448,557</u>
Segment profits/(losses)	1,231,481	143,476	36,072	(177,771)	1,233,258
Finance income – net	-	-	-	64,342	64,342
Share of profits/(losses) of investments accounted for using the equity method	25,944	-	-	(311)	<u>25,633</u>
Profit before income tax					1,323,233
Income tax expense					<u>(357,540)</u>
Profit for the period					<u>965,693</u>
Other income statement items					
Depreciation and amortization	<u>361,555</u>	<u>128,008</u>	<u>19,292</u>	<u>46,602</u>	<u>555,457</u>
Addition to non-current assets	<u>329,546</u>	<u>31,205</u>	<u>5,026</u>	<u>30,047</u>	<u>395,824</u>

	As at 30 June 2024				
	Beverages	Food	Others	Unallocated	Group
Segment assets and liabilities					
Assets	8,228,956	3,266,417	873,864	8,435,709	20,804,946
Investments accounted for using the equity method	690,711	–	–	153,015	843,726
Total assets					<u>21,648,672</u>
Liabilities	4,318,472	3,173,542	358,849	1,283,199	9,134,062
Total liabilities					<u>9,134,062</u>

The segment information for the six months ended 30 June 2023 is as follows:

	Six months ended 30 June 2023				
	Beverages	Food	Others	Unallocated	Group
Segment results					
Revenue	<u>9,258,103</u>	<u>4,902,140</u>	<u>411,634</u>	<u>–</u>	<u>14,571,877</u>
Segment profits/(losses)	998,116	(58,214)	(422)	152,927	1,092,407
Finance income – net	–	–	–	96,170	96,170
Share of profits/(losses) of investments accounted for using the equity method	17,053	–	–	(7)	17,046
Profit before income tax					1,205,623
Income tax expense					<u>(329,012)</u>
Profit for the period					<u>876,611</u>
Other income statement items					
Depreciation and amortization	<u>374,890</u>	<u>147,438</u>	<u>17,362</u>	<u>22,096</u>	<u>561,786</u>
Addition to non-current assets	<u>533,954</u>	<u>78,049</u>	<u>16,557</u>	<u>68,548</u>	<u>697,108</u>

	As at 30 June 2023				Group
	Beverages	Food	Others	Unallocated	
Segment assets and liabilities					
Assets	8,516,042	3,520,296	873,414	8,521,331	21,431,083
Investments accounted for using the equity method	658,078	–	–	157,771	815,849
Total assets					<u>22,246,932</u>
Liabilities	3,970,449	2,773,105	272,131	2,639,507	9,655,192
Total liabilities					<u>9,655,192</u>

6 OPERATING PROFIT

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

	Notes	Six months ended 30 June	
		2024	2023
Cost of inventories		8,543,939	8,512,393
Promotion and advertising expenses		1,033,030	917,130
Employee benefit expenses, including directors' emoluments		2,277,829	2,243,929
Transportation expenses		719,947	669,382
Depreciation and amortization		555,457	561,786
Short-term rental expenses		36,857	39,986
Provision for/(reversal of) impairment of trade receivables		7,335	(1,675)
(Reversal of)/provision for impairment of inventories to net realizable value		(2,172)	6,838
Gains from disposal of property, plant and equipment		(478)	(3,634)
Gains from disposal of right-of-use assets		(1,822)	(341,797)
Government grants	(i)	(49,390)	(65,784)

Note:

- (i) 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.

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
Current income tax		
– Mainland China corporate income tax (“CIT”)	351,239	293,052
Deferred income tax	<u>6,301</u>	<u>35,960</u>
	<u><u>357,540</u></u>	<u><u>329,012</u></u>

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

Subsidiaries established in Mainland China are subject to CIT at the rate of 25% (2023: 25%) during the year ending 31 December 2024.

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 Company’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 ending 31 December 2024.

(b) Other income tax

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

Subsidiaries incorporated in Taiwan are subject to income tax at the prevailing rates of 20% (2023: 20%).

Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department, the first HK\$2 million of assessable profits of subsidiaries incorporated in Hong Kong is subject to a tax rate of 8.25% during the year ending 31 December 2024 (2023: 8.25%). The remaining assessable profits above HK\$2 million will continue to be subject to a tax rate of 16.5% (2023:16.5%).

(c) **The Organisation for Economic Co-operation and Development (OECD) Pillar Two model rules**

The Group has operation in Mainland China, Hong Kong and Taiwan. It is within the scope of the OECD Pillar Two model rules. As of the reporting date, there is no public announcement in jurisdictions including Mainland China and Taiwan. Hong Kong has announced that it plans to implement the Global Minimum Tax and Hong Kong Domestic Minimum Top-up Tax starting from 2025 onwards but it is still under public consultation with the expectation that draft legislation will be published in the second half of 2024. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in May 2023.

Since the Pillar Two legislation in the jurisdictions that the Group operates in was not enacted or substantively enacted as at the reporting date, and due to the uncertainty of the announcement of the legislation and the complexities in applying the legislation and calculating GloBE (the Global Anti-Base Erosion Proposal, or “GloBE”) income, the Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect.

8 EARNINGS PER SHARE

Basic earnings per share is 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	
	2024	2023
Profit attributable to equity holders of the Company	965,693	876,611
Weighted average number of ordinary shares in issue (thousands)	4,319,334	4,319,334
Basic earnings per share (RMB per share)	<u>22.36 cents</u>	<u>20.30 cents</u>

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

9 DIVIDENDS

Dividends in relation to the years ended 31 December 2023 and 2022, amounting to approximately Hong Kong dollars (“HKD”) 2,014 million (equivalent to RMB1,833 million) and HKD1,623 million (equivalent to RMB1,466 million), were paid in June 2024 and June 2023, respectively.

The directors do not recommend an interim dividend in respect of the six months ended 30 June 2024 (2023: Nil).

10 TRADE AND BILLS RECEIVABLES

	30 June 2024	31 December 2023
Trade receivables		
– third parties	642,885	587,170
– related parties	21,391	14,510
	<hr/>	<hr/>
	664,276	601,680
Less: provision for impairment	(26,500)	(22,033)
	<hr/>	<hr/>
Trade receivables, net	637,776	579,647
Bills receivables		
– from third parties	8,187	6,143
	<hr/>	<hr/>
Trade and bills receivables	645,963	585,790
	<hr/> <hr/>	<hr/> <hr/>

The credit terms granted to customers by the Group are usually 60 to 90 days. At 30 June 2024, the ageing analysis of trade receivables based on the date of demand note is as follows:

	30 June 2024	31 December 2023
Trade receivables, gross		
– Within 90 days	610,150	541,047
– 91-180 days	37,976	47,141
– 181-365 days	7,729	2,895
– Over one year	8,421	10,597
	<hr/>	<hr/>
	664,276	601,680
	<hr/> <hr/>	<hr/> <hr/>

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.

11 TRADE PAYABLES

	30 June 2024	31 December 2023
Trade payables		
– third parties	1,432,746	1,516,293
– related parties	787,549	606,268
	<u>2,220,295</u>	<u>2,122,561</u>

The credit terms granted by suppliers to the Group are usually 30 to 90 days. At 30 June 2024, the ageing analysis of trade payables based on the date of demand note is as follows:

	30 June 2024	31 December 2023
Trade payables		
– Within 30 days	1,574,048	1,574,934
– 31 to 90 days	572,077	469,295
– 91 to 180 days	19,649	37,163
– 181 to 365 days	36,200	16,188
– Over one year	18,321	24,981
	<u>2,220,295</u>	<u>2,122,561</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 Dr. Fan Ren-Da, Anthony, Mr. Chen Johnny, Mr. Chen Sun-Te, Ms. Chien Chi-Lin and Mr. Lo Peter. Except for Ms. Chien Chi-Lin who is a non-executive Director, other members of the Audit Committee are independent non-executive Directors. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management in the Audit Committee. The Audit Committee has reviewed 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 the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to 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 C3 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 2024 interim report will be 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 condensed consolidated interim 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 2024 interim report.

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

7 August 2024

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 Ms. Chien Chi-Lin as non-executive Directors; and Mr. Chen Johnny, Mr. Chen Sun-Te, Dr. Fan Ren-Da, Anthony and Mr. Lo Peter as independent non-executive Directors.