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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 2021 FINAL RESULTS

FINANCIAL HIGHLIGHTS

- Revenue amounted to RMB25,230.6 million, up by 10.8% as compared with the previous year.
- Group gross margin was 32.6%, down by 2.8 percentage points as compared with the previous year.
- EBITDA was RMB3,402.5 million, down by 7.4% as compared with the previous year.
- Profit attributable to equity holders of the Company was RMB1,500.7 million, down by 7.7% as compared with the previous year.

FINAL DIVIDEND

- Final dividend for 2021 of RMB41.69 cents per share has been proposed.

Uni-President China Holdings Ltd. (the “Company”) and its subsidiaries (together as the “Group”, “our Group”, “we”, “our” or “us”) adheres to the corporate vision of “Honesty and Diligence; Innovation and Excellence (誠實勤道、創新求進)” and upholds the principle of “Value Marketing (價值營銷)”. With a focus on operation, we are dedicated to creating brand value, pursuing steady development and striving for progressive advancement by “Healthy Practice (健康操作)”, with an aim to evolve into an enterprise boasting “Integrity (品格)”, “Brand (品牌)” and “Taste (品味)”.

In 2021, as the novel Coronavirus (“COVID-19”) pandemic (the “Pandemic”) continued to disrupt the normal daily routine of social life, the Group put itself in the place of another and continued to donate emergency instant noodles and beverages to healthcare staff and residents in regions stricken by the pandemic, demonstrating the Group’s philosophy of serving society and caring for life with concrete actions. To respond to possible severe pandemic challenges, we have developed various contingent measures which aimed to maintain the stable operation of the Group, better fulfill our social responsibilities and obligations, and overcome future challenges.

In 2021, the Group achieved a record high of RMB25,230.6 million in revenue, representing an increase of 10.8% as compared with that of the corresponding period last year, achieving a new milestone of the Group. With the advancement of consumption upgrading and the development of the Internet, consumer needs became more diversified. History shows that only the corporation that upholds value marketing and attaches importance to consumer needs and satisfaction can go steady and far. Brand power building requires the corporation to have deeper understanding of the market, consumers, and its own characteristics. The Group maintained the focus on operation and implemented stringent management on product freshness. The Group's operation of health management produced remarkable results.

The Group recorded profits after tax of RMB1,500.7 million in 2021, representing a decrease of 7.7% as compared with that of last year. The decrease was mainly due to one-off gain in the corresponding period of last year and rise in the price of raw materials. The food business registered a positive growth in revenue. “Soup Daren (湯達人)” became the leader of the high-end nourishing soup noodles market, and “Kai Xiao Zao (開小灶)” was well recognized by the market as before. The beverages business achieved a double-digit growth in revenue. “Uni Green Tea (統一綠茶)” continued to improve brand favourability and consumer recognition, and “Uni Assam Milk Tea (統一阿薩姆奶茶)” maintained the lead of the market.

In 2022, the Group will continue to pay attention to changes in consumer spending in the whole society brought by the Pandemic. Driven by changes in the population structure and society and technological advancement, the consumption market is becoming more complex and diversified in the mainland China. Offline terminals and digital channels become the main ways to reach consumers, and they work together to create comprehensive experiences for consumers. The Group seeks to build a long-term competitive barrier of brands through the building of brand power, and carry out operations through product innovation driven by consumer demand insight and centering on consumer scenarios and contacts.

FINAL DIVIDEND

Based on the Group's overall performance in 2021, and having accounted for, including but not limited to, the Group's surplus, overall financial condition and capital expenditures, the board (the “Board”) of directors (the “Directors”) of the Company will propose to declare a final cash dividend of RMB41.69 cents per share (amounting to a total dividend of approximately RMB1,800.9 million) for the year ended 31 December 2021 at the forthcoming annual general meeting of the Company.

PROSPECT

The uncertainties of the Pandemic and the general economic situation will continue to pose a challenge to the Group in the short term. However, the consumption market is expected to gradually recover and grow. The economy in the mainland China is expected to achieve progress while maintaining stability in 2022. Consumption will remain the most important driver in the national economic circulation, consumption grading will be the general trend of the era, and products with both quality and convenience are likely to become even more popular among consumers. With a focus on operation and upholding the operating strategy of being “quick, stable and fresh (快、穩、鮮)”, the Group will continue to strengthen product power and brand power, improve channel strength and business strength, and engage itself deeper in key markets and brand bases. The Group will continue to provide consumers with safe, tasty and healthy products and strive for higher operating performance and maximum profit for shareholders.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	Note	2021 RMB'000	2020 RMB'000
Revenue	3	25,230,613	22,761,822
Cost of goods sold	4	<u>(17,011,703)</u>	<u>(14,695,891)</u>
Gross profit		8,218,910	8,065,931
Other gains – net		78,007	106,695
Other income	5	477,500	366,515
Other expenses	4	(276,965)	(122,599)
Selling and marketing expenses	4	(5,542,816)	(5,350,387)
Administrative expenses	4	<u>(1,048,801)</u>	<u>(957,882)</u>
Operating profit		1,905,835	2,108,273
Finance income		232,752	229,626
Finance costs		<u>(31,715)</u>	<u>(57,212)</u>
Finance income – net	6	201,037	172,414
Share of profits of investments accounted for using the equity method		<u>34,970</u>	<u>45,772</u>
Profit before income tax		2,141,842	2,326,459
Income tax expenses	7	<u>(641,127)</u>	<u>(700,756)</u>
Profit for the year attributable to the equity holders of the Company		<u>1,500,715</u>	<u>1,625,703</u>
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB per share)			
– Basic and diluted	8	<u>34.74 cents</u>	<u>37.64 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
Profit for the year		1,500,715	1,625,703
Other comprehensive income/(losses):			
<i>Items that may not be reclassified to profit or loss</i>			
Fair value gains/(losses) on financial assets at fair value through other comprehensive income, net of tax		23	(3,099)
Remeasurements of post-employment benefit obligations		343	–
Other comprehensive income/(losses) for the year, net of tax		366	(3,099)
Total comprehensive income for the year attributable to the equity holders of the Company		<u>1,501,081</u>	<u>1,622,604</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	<i>Note</i>	2021 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		7,256,556	7,977,445
Right-of-use assets		1,691,168	1,759,218
Investment properties		275,630	294,411
Intangible assets		6,702	8,756
Investments accounted for using the equity method		812,899	793,602
Financial assets at fair value through other comprehensive income		–	2,546
Financial assets at fair value through profit or loss		300,120	–
Deferred income tax assets		391,539	371,517
Other receivables – non-current portion		17,136	15,833
Long-term time deposits		3,950,000	4,720,000
		14,701,750	15,943,328
Current assets			
Inventories		2,392,506	1,943,492
Trade and bills receivables	<i>10</i>	648,531	580,509
Prepayments, deposits and other receivables		762,331	623,109
Current income tax recoverable		15,625	39,288
Financial assets at fair value through profit or loss		1,415,328	1,621,634
Cash and bank balances		2,128,271	1,348,431
		7,362,592	6,156,463
Assets classified as held for sale		1,004	4,580
		7,363,596	6,161,043
Total assets		22,065,346	22,104,371
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		3,543,702	3,153,570
Retained earnings		5,351,936	5,863,300
Total equity		13,765,301	13,886,533

	<i>Note</i>	2021 RMB'000	2020 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liability		331,021	297,996
Lease liabilities – non-current portion		17,744	16,343
Other payables – non-current portion		268,400	237,478
		<u>617,165</u>	<u>551,817</u>
Current liabilities			
Trade payables	<i>11</i>	2,118,048	1,879,727
Other payables and accruals		2,068,417	2,721,287
Contract liabilities		3,233,044	2,426,669
Borrowings		112,300	487,072
Lease liabilities		19,675	28,973
Current income tax liabilities		131,396	122,293
		<u>7,682,880</u>	<u>7,666,021</u>
Total liabilities		<u>8,300,045</u>	<u>8,217,838</u>
Total equity and liabilities		<u>22,065,346</u>	<u>22,104,371</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Uni-President China Holdings Ltd. (the “Company”) was incorporated in the Cayman Islands on 4 July 2007 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 as the “Group”) are principally engaged in the manufacturing and sale of beverages and food in the People’s Republic of China (the “PRC”) (the “PRC Beverages and Food Businesses”).

The Company completed its global initial public offering and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 17 December 2007 (the “Listing”).

These consolidated financial statements are presented in thousands of Renminbi (“RMB’000”), unless otherwise stated.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) measured at fair value or revalued amount and plan assets of defined benefit pension plans measured at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involve a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

2.1.1 Changes in accounting policies and disclosures

(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 change its accounting policies or make retrospective adjustments as a result of adopting these standards.

		Effective for annual periods beginning on or after
HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform — Phase 2	1 January 2021

(b) The following new standards and amendments to standards, accounting guidance and interpretations have been issued but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 16 (Amendments)	Covid-19-related Rent Concessions	1 April 2021
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
Accounting Guideline 5 (Amendments)	Merger Accounting for Common Control Combinations	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1 and HKFRS Practise Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	Applied when an entity applies Amendments to HKAS 1
Annual Improvements to HKFRS Standards 2018 – 2020		1 January 2022

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

3 Revenue and 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 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, others and unallocated. Others mainly includes the sales of bottled water, wine, cosmetics products and other non-beverages or non-food products. Unallocated mainly includes the cost centers of the Group, such as corporate department, administration department, group finance department, human resources department and information technology department, which support the whole Group's activities. The executive directors assess the performance of 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 revenues from transactions with a single external customer account for 10% or more of the Group's revenue.

(a) Segment information

The segment information for the year ended 31 December 2021 and 2020 is as follows:

	Beverages RMB'000	Food RMB'000	2021 Others RMB'000	Unallocated RMB'000	Group RMB'000
Segment results					
Revenue	<u>14,737,840</u>	<u>9,524,873</u>	<u>967,900</u>	<u>-</u>	<u>25,230,613</u>
Segment profit/(loss)	2,028,382	151,021	46,755	(320,323)	1,905,835
Finance income – net	-	-	-	201,037	201,037
Share of profit of investments accounted for using the equity method	31,487	-	-	3,483	<u>34,970</u>
Profit before income tax					2,141,842
Income tax expense					<u>(641,127)</u>
Profit for the year					<u>1,500,715</u>
Depreciation and amortisation	<u>813,340</u>	<u>315,849</u>	<u>25,636</u>	<u>74,261</u>	<u>1,229,086</u>
Assets	8,237,396	3,649,470	890,193	8,475,388	21,252,447
Investments accounted for using the equity method	624,733	-	-	188,166	<u>812,899</u>
Total assets	8,862,129	3,649,470	890,193	8,663,554	<u>22,065,346</u>
Liabilities	4,091,611	2,998,420	249,166	960,848	<u>8,300,045</u>
Total liabilities					<u>8,300,045</u>
Addition to non-current assets	<u>65,855</u>	<u>196,536</u>	<u>29,849</u>	<u>145,059</u>	<u>437,299</u>

	Beverages RMB'000	Food RMB'000	2020 Others RMB'000	Unallocated RMB'000	Group RMB'000
Segment results					
Revenue	<u>12,560,400</u>	<u>9,424,487</u>	<u>776,935</u>	<u>–</u>	<u>22,761,822</u>
Segment profit/(loss)	1,814,524	517,079	72,620	(295,950)	2,108,273
Finance income – net	–	–	–	172,414	172,414
Share of profit/(loss) of investments accounted for using the equity method	58,495	–	–	(12,723)	<u>45,772</u>
Profit before income tax					2,326,459
Income tax expense					<u>(700,756)</u>
Profit for the year					<u>1,625,703</u>
Depreciation and amortisation	<u>852,301</u>	<u>275,655</u>	<u>53,675</u>	<u>109,939</u>	<u>1,291,570</u>
Assets	8,225,632	3,588,544	873,447	8,623,146	21,310,769
Investments accounted for using the equity method	608,918	–	–	184,684	<u>793,602</u>
Total assets	8,834,550	3,588,544	873,447	8,807,830	<u>22,104,371</u>
Liabilities	3,823,565	2,811,846	267,865	1,314,562	<u>8,217,838</u>
Total liabilities					<u>8,217,838</u>
Addition to non-current assets	<u>10,835</u>	<u>173,932</u>	<u>43,214</u>	<u>157,156</u>	<u>385,137</u>

Assets grouped under unallocated category consisted primarily of deferred income tax assets, financial assets at fair value through other comprehensive income (“FVOCI”), financial assets at fair value through profit or loss (“FVPL”), cash and banks, investment properties and related right-of-use assets.

Liabilities grouped under unallocated category comprised primarily of deferred income tax liabilities, current income tax liabilities and borrowings.

Capital expenditure comprised additions to property, plant and equipment, right-of-use assets (including land use rights), investment properties and intangible assets.

The total of non-current assets located in different countries is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
The total of non-current assets other than financial instruments and deferred income tax assets		
– Mainland China	10,039,717	10,822,018
– Overseas countries and territories	3,238	11,414
Financial instruments	4,267,256	4,738,379
Deferred income tax assets	391,539	371,517
	<u>14,701,750</u>	<u>15,943,328</u>

(b) Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Contract liabilities – Beverages	1,888,504	1,387,816
Contract liabilities – Food	1,220,514	1,021,763
Contract liabilities – Others	124,026	17,090
	<u>3,233,044</u>	<u>2,426,669</u>

(i) Significant changes in contract liabilities

The increase in contract liabilities in 2021 was due to several campaigns occurring at the beginning of 2022, which caused the increase of the down payments from the customers.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in the prior year.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Beverages	1,387,816	1,162,607
Food	1,021,763	880,946
Others	17,090	60,451
	<u>2,426,669</u>	<u>2,104,004</u>

(iii) *Unsatisfied performance obligations*

The Group selected to choose a practical expedient and omitted disclosure of remaining performance obligations as all related contracts have a duration of one year or less.

4 Expenses by nature

Expenses included in cost of goods sold, selling and marketing expenses, administrative expenses and other expenses are analysed as follows:

	2021	2020
	RMB'000	RMB'000
Raw materials, packaging materials, consumables and purchased commodity used	15,222,818	12,740,627
Changes in inventories of finished goods	(194,119)	(128,339)
Manufacturing outsourcing expenses	68,700	67,681
Promotion and advertising expenses	1,312,950	1,743,963
Employee benefit expenses, including directors' emoluments	4,030,587	3,371,825
Transportation expenses	1,062,350	855,578
Depreciation of property, plant and equipment	1,110,333	1,168,684
Amortisation of right-of-use assets	92,876	93,051
Depreciation of investment properties	18,781	19,273
Amortisation of intangible assets	7,096	10,562
Short-term rental expenses	72,788	49,373
City construction tax, property tax and other tax surcharges	243,104	229,502
Provision for impairment of right-of-use assets	–	13,000
Provision of inventories to net realisable value	23,130	1,217
Provision for impairment of trade receivables	4,338	1,500
Auditors' remunerations		
– Audit services	7,822	7,901
Others	796,731	881,361
Total	<u>23,880,285</u>	<u>21,126,759</u>

5 Other income

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Government grants	102,972	142,694
Rental income from lease of property, plant and equipment and investment properties	140,277	135,228
Consultation service income	65,521	60,023
Others	168,730	28,570
	<u>477,500</u>	<u>366,515</u>

The income from government grants represented financial support 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. They were recognised within 'other income' in the consolidated income statement.

6 Finance income – net

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Finance income		
– Interest income on cash and banks	<u>232,752</u>	<u>229,626</u>
Finance cost		
– Interest expenses on borrowings	(30,415)	(54,779)
– Interest expenses on lease liabilities	(1,661)	(1,861)
– Net foreign exchange losses	(165)	(771)
– Less: amounts capitalized on qualifying assets	<u>526</u>	<u>199</u>
	<u>(31,715)</u>	<u>(57,212)</u>
Finance income – net	<u>201,037</u>	<u>172,414</u>

7 Income tax expenses

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current income tax expenses	628,210	658,877
Deferred income tax expenses	<u>12,917</u>	<u>41,879</u>
	<u>641,127</u>	<u>700,756</u>

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

Subsidiaries established in Mainland China are subject to CIT at rate of 25% (2020: 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 are subject to income tax at the prevailing rates of 20% (2020: 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 ended 31 December 2021 (2020: 8.25%). The remaining assessable profits above HK\$2 million will continue to be subject to a tax rate of 16.5% (2020:16.5%).

The taxation on the Group’s profit before income tax differs from the theoretical amount that would arise using the statutory tax rate in the PRC of 25% (2020: 25%) applicable to profits of the consolidated entities as follows:

	2021 <i>RMB’000</i>	2020 <i>RMB’000</i>
Profit before income tax	<u>2,141,842</u>	<u>2,326,459</u>
Tax calculated at the statutory tax rate in the PRC	535,461	581,615
Tax effects of:		
Preferential tax rates on the profits of certain subsidiaries	(46,125)	(19,244)
Tax losses for which no deferred income tax asset was recognized	73,742	27,693
Recognition of previously unrecognized tax losses and other temporary differences	(40,844)	(19,409)
Income not subject to tax	(8,742)	(11,443)
Expenses not deductible for tax purpose	22,865	26,541
Additional deduction of research and development expenses	(9,830)	(7,997)
Withholding tax on profits retained by PRC subsidiaries	<u>114,600</u>	<u>123,000</u>
Income tax expense	<u>641,127</u>	<u>700,756</u>

The income tax charge relating to components of other comprehensive income is as follows:

	Before tax <i>RMB'000</i>	2021 Tax charge <i>RMB'000</i>	After tax <i>RMB'000</i>	Before tax <i>RMB'000</i>	2020 Tax charge <i>RMB'000</i>	After tax <i>RMB'000</i>
Other comprehensive income:						
– Fair value gains/(losses) on financial assets at fair value through other comprehensive income, net of tax	23	–	23	(3,099)	–	(3,099)
– Actuarial gains on defined benefit plans	429	(86)	343	–	–	–
Income tax expense		<u>(86)</u>			<u>–</u>	

8 Earnings per share

Basic

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 year.

	2021	2020
Profit attributable to equity holders of the Company (<i>RMB'000</i>)	1,500,715	1,625,703
Weighted average number of ordinary shares in issue (<i>thousands</i>)	4,319,334	4,319,334
Basic earnings per share (<i>RMB per share</i>)	<u>34.74 cents</u>	<u>37.64 cents</u>

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

9 Dividends

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Proposed final dividend of RMB41.69 cents (2020: RMB37.64 cents) per ordinary share	<u>1,800,859</u>	<u>1,625,703</u>

The dividends paid by the Company in 2021 and 2020 for the years ended 31 December 2020 and 2019 amounted to RMB1,622,310,000 and RMB1,369,001,000 respectively.

A dividend in respect of the year ended 31 December 2021 of RMB41.69 cents per share, amounting to a total dividend of RMB1,800,858,521, was proposed by the directors on the board of directors meeting held on 7 March 2022 and is to be proposed for approval at the annual general meeting to be held on 27 May 2022. These financial statements do not reflect this dividend payable.

10 Trade and bills receivables

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables		
– from third parties	635,669	574,249
– from related parties	<u>17,331</u>	<u>13,110</u>
	653,000	587,359
Less: provision for impairment	<u>(15,351)</u>	<u>(14,804)</u>
Trade receivables, net	637,649	572,555
Bills receivables		
– from third parties	<u>10,882</u>	<u>7,954</u>
Trade and bills receivables	<u><u>648,531</u></u>	<u><u>580,509</u></u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables, gross		
– Within 90 days	595,300	541,809
– 91 to 180 days	48,181	42,021
– 181 to 365 days	6,526	2,290
– Over one year	<u>2,993</u>	<u>1,239</u>
	<u><u>653,000</u></u>	<u><u>587,359</u></u>

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables, gross		
– RMB	649,002	583,025
– USD	1,128	1,303
– HKD	<u>2,870</u>	<u>3,031</u>
	<u><u>653,000</u></u>	<u><u>587,359</u></u>

The carrying amounts of trade and bills receivables approximated their fair values as at the balance sheet dates.

The maximum exposure of the Group to credit risk at the reporting date is the carrying value of trade and bills receivables as mentioned above. The Group does not hold any collateral as security.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

As at 31 December 2021 and 2020, all bills receivables within the Group are bank acceptance bills since they are substantially deposited at or issued by state-owned banks and other medium or large sized listed banks with maturity dates within 1 year and the credit risks in respect of the bills receivables are considered to be low.

11 Trade payables

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables		
– to third parties	1,656,116	1,455,650
– to related parties	461,932	424,077
	<u>2,118,048</u>	<u>1,879,727</u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables		
– Within 30 days	1,650,360	1,511,910
– 31-90 days	392,868	282,239
– 91-180 days	16,543	25,499
– 181 to 365 days	19,765	18,102
– Over 1 year	38,512	41,977
	<u>2,118,048</u>	<u>1,879,727</u>

All the trade payables are denominated in RMB. Their carrying amounts approximated their fair values as at the balance sheet dates.

MANAGEMENT DISCUSSION & ANALYSIS

ANALYSIS ON ECONOMIC ENVIRONMENT

In 2021, the gross domestic product (“GDP”) of the People’s Republic of China (the “PRC” or “China”) recorded a year-on-year increase of 8.1%, and total retail sales of consumer goods grew by 12.5% year on year. In the face of the complex and grim international environment and COVID-19 outbreaks in the mainland China, the PRC government promoted market recovery and people’s daily consumption by carrying out COVID-19 prevention and control and pursuing economic and social development in a scientifically coordinated way. As a result, the national economy continued to recover steadily in 2021. As residents’ per capita disposable income increased and their consumption concept changed, the food industry maintained stable growth amid both challenges and opportunities.

As the prices of raw materials, transportation, energy, etc. rose sharply in 2021, the world is under greater inflation pressure. The Group will continue to pay close attention to major changes in the external environment, adjust the structure of sales channels, optimise product content, and improve productivity to ease the increasing cost pressure.

In the post-pandemic era, as consumers become more aware of their health, going healthy and going high-end have become a trend. New consumer channels such as e-commerce, live streaming and O2O are in the ascendant, online consumption maintains an upward trend, and young people composed of Generation Z, the new generation and young white-collar workers become the main force in consumer spending. The maturity of online channels means that brands have broken out of the channel-driven sales model and can directly reach consumers, thus expanding the brand’s development space. Under the general trend that consumer spending is recovering, some new characteristics have emerged in the market, and domestic brands are receiving more and more attention. “Guochao (國潮)” is becoming the latest wind vane of consumption and is the new engine driving the growth in domestic consumer spending. The Group focuses on operation, sticks to the value marketing strategy, and aims to build a national brand that can meet consumers’ diversified needs in the new consumption era.

BUSINESS REVIEW

In 2021, the Group continued to focus on its operation by improving brand building and insisting on the value marketing strategy. Committed to “Healthy Practice (健康操作)”, we strengthened freshness control over our products, maintained stable market prices, emphasised development of brand assets and optimised product mix to realise sound operation. We maintained our sharp edges and our style. With deeper interpretation of the core of brands, we returned to the market and attracted more consumers. In terms of digitalization, believing that target groups’ awareness of the core value of brands is one of the keys to building of brand value, the Group employed digital tools. For example, Alibaba’s TMall Innovation Center can locate target groups and find market opportunities for products. Digital means were also used to assist brands. For example, “One Code for One Product (一物一碼)” was adopted in branding campaigns to reach and communicate with consumers. By building a private-domain platform with Tencent, we further diversified our purchase contacts. Through fine management and “direct-to-consumer (直接面對消費者)” platforms, we improved operation quality. Meanwhile, we strengthened cooperation between online and offline operation management teams and provided complete private-domain interactive experience. With the aforementioned efforts, we have won recognition among the young generation consumers.

The Group recorded revenue of RMB25,230.6 million in 2021, representing an increase of 10.8% as compared with that of last year. Performances of the Group's core businesses is as follows:

Food Business

With an aim to satisfy the needs of consumers, the Group strived to diversify consumption scenarios by providing products to be enjoyed by consumers in different occasions and stayed focused on brand value to enhance the brand loyalty. We also kept refining the process techniques and innovating new tastes to enhance product strengths and cater for the diverse needs of consumers. The Group recorded a revenue of RMB9,524.9 million in 2021 from the food business, representing an increase of 1.1% as compared with that of the corresponding period last year.

Instant Noodles Business

In 2021, in the instant noodles business, in terms of product, we adhered to the product innovation strategy and worked to create perfect consumer experience for consumers. As a result, consumer satisfaction continued to improve. In terms of channel, we conveyed our brand value and enhanced brand awareness via online sales channels. With the help of the complete data closed-loop of e-commerce platforms, the Group was able to adjust products and marketing strategies promptly and use big data to reach target consumers. The Group recorded a revenue of RMB9,007.2 million in 2021 from the instant noodles business, and the key brands under the business achieved a significant improvement in brand power.

“Soup Daren (湯達人)”, which has maintained double-digit growth in the compound growth rate of revenue for the last five years, was highly recognised by the market and consumers. In 2021, we actively engaged in the high-end packaged cooking noodles market. We launched the “Gourmet's Selection (極味館)” series to meet household consumption needs against the backdrop of Pandemic prevention and control. The series became popular among mid-end and high-end consumers and its sales grew steadily. “Soup Daren (湯達人)” was committed to the building of a young brand as always. In 2021, we created a TV commercial (“TVC”) of the brand with Generation Z and spokesperson Wang Junkai, to enhance user loyalty and expand the target groups of the brand. While improving products in the nourishing soup noodles market, “Soup Daren (湯達人)” promoted the brand concept of “Soup Makes Good Noodles (好麵, 湯決定)”, which was well-received by consumers, consolidating the brand's leading position in the nourishing soup noodles market.

“Uni-President The King of Tomato (統一茄皇)” rolled out Tomato Beef Noodles in March 2021, forming a strong combination with Tomato Egg Noodles and further enriching the connotation of the brand. By setting the flavour standard of using “One Xinjiang Tomato (一顆新疆番茄)” in every portion, we completed product upgrading to provide consumers with natural flavour and rich sourness and sweetness. In the second half of the year, we introduced the heartwarming activity “Double Kindnesses in One King of Tomato (一碗茄皇 兩份心意)”. While helping the sales of tomatoes from Xinjiang, the activity paid attention to the lunch issue of children in mountainous villages and continued to donate to the “Free Lunch for Children Foundation of the China Social Welfare Foundation” in the mainland China. Thanks to the word of mouth and good reputation of the brand, “Uni-President The King of Tomato (統一茄皇)” achieved a multi-fold increase in revenue in 2021 as compared with that of last year.

As the pioneer of Lao Tan pickled cabbage noodles, “Uni-President Lao Tan Pickled Cabbage and Beef Noodles (統一老壇酸菜牛肉麵)”, centering on its core concept of “Sourness and Crunchiness (酸爽)”, has enhanced product power and created new standard, bringing consumers a pleasant sour and crunchy eating experience with excellent quality and reasonable price. In brand communication, we focused on new consumer groups, choosing communication contents and media that are popular among young people. Based on the creative idea of “Sour and Crunchy Looks (酸爽表情)” and the fun jobs that Generation Z are interested in, we made a China-chic TVC and a series of short videos and social topics, which became popular among young consumers. The survey on brand assets shows that “Uni-President Lao Tan Pickled Cabbage and Beef Noodles (統一老壇酸菜牛肉麵)” maintains clear advantages in various aspects such as flavour preference, consumer loyalty.

Upholding the strategy of turning the product into a brand, “Teng Jiao (藤嬌)” focuses on the stable operation of the vine pepper taste. The uniqueness of the vine pepper taste is recognised by consumers extensively. In 2021, by teaming up with NetEase Cloud Music, “Teng Jiao (藤嬌)” conveyed the brand identity of “Electric Shock (觸電)” through music interaction and established emotional connection with young people using NetEase Cloud user generated content (User Generated Content) to spark social communication.

Focusing on consumers who want to have meat and a big meal, “Imperial Big Meal (滿漢大餐)” constantly improves cooking techniques to provide consumers with high-end, plentiful “Chinese Private Kitchen” experience which inherit Chinese culture and make daily-consumed noodles a quality meal and a ritual. In 2021, “Imperial Big Meal (滿漢大餐)” invited Mr. Xiao Zhan to be its spokesperson. Through the omnimedia matrix including Weibo, Douyin and Bilibili, we further opened up the high-end daily-consumed noodles market.

Other Food

“Kai Xiao Zao (開小灶)” continued to be well recognized by the market and achieved a double-digit growth in revenue in 2021. In terms of communication, with “Premium Meal, Special Treat (好好吃飯開小灶)” as the core brand concept, “Kai Xiao Zao (開小灶)” continued to cooperate with Mr. Xiao Zhan and achieved remarkable results in expanding consumer groups and conveying the brand concept of a “cozy countryside (溫暖田園)”. In terms of product research and development, “Kai Xiao Zao (開小灶)” entered into a new track and launched the breakfast scenario product “Wonton Series (餛飩系列)”, meeting consumers’ needs for three meals in a day, together with the rice series for the lunch scenario and the hotpot series for the dinner scenario. “Wonton Series (餛飩系列)” continuously topped many online lists and was well received among consumers. It has become a growth product of the brand with the greatest potential.

Looking forward to 2022, the future trend in food innovation and development is to create products that are healthy, safe, and unique. Innovative products in the new era not only have to be outstanding in their appearance and quality, but also healthy and nutritious. The food business of the Group will make use of technologies to work harder on diversity and expand the path of innovation. We will not only carry forward the profound Chinese food culture but also absorb foreign food cultures and add healthy ingredients into national taste, to inject vitality into the food business. We will follow the development trends of the industry, adhere to the consumer-centric approach, and leverage our advantages to launch more differentiated innovative products. We will maintain quality, make good noodles with our heart, and strive to become an indispensable companion of consumers.

Beverages Business

Consumer need is the core of the beverages business of the Group. By focusing on freshness management of products, adhering to value marketing, focusing on brand building and accumulating brand assets, we actively expanded consumption channels and consumption scenarios. The annual revenue of our beverages business amounted to RMB14,737.8 million in 2021, representing a year-on-year increase of 17.3%. The business performance of our major beverages in 2021 is as follows:

Tea Drinks

Revenue from the tea drinks amounted to RMB6,271.8 million in 2021, representing a year-on-year increase of 15.2%. Adhering to value marketing, the tea drinks business of the Group further built up brand assets through marketing campaigns. In the meantime, conforming to new consumption trends, the business actively sought diversity in state and specification and intensified input in online e-commerce platforms to meet the experience and drinking needs of consumers under different scenarios.

“Uni Green Tea (統一綠茶)” continued to build a brand recognised by young people across the nation. In 2021, we engaged Da Zhang Wei as the new youth ambassador. On “May Fourth Youth Day (五四青年節)”, through the long video “Go For It, Young People! (為新青年加油)” and the collective appeal of key opinion leaders (KOLs) and key opinion consumers (KOCs), we encouraged full community involvement, communicated with and reached young people, and improved brand favourability and recognition among consumers. Moreover, we carried out the public welfare campaign “Send coolness to delivery riders (為小哥清涼加飭)” for the second year straight. With the support of communication by mainstream media, livestreaming via new media and O2O platforms and offline “coolness delivery stations (清涼加飭站)”, we provided low-sugar, healthy “Uni Green Tea (統一綠茶)” to delivery riders who work under high temperature, building a highly socially responsible brand image.

“Uni Ice Tea (統一冰紅茶)” continued to focus on the new generation consumer group and convey the brand spirit of “Stay Young for Ever (青春無極限)”. In 2021, we engaged the young idol Dilraba Dilmurat (迪麗熱巴) as the brand’s spokesperson to refresh the brand image. With an accurate understanding of the favourite games culture of the new generation, we tapped into eSports by establishing in-depth cooperation with the popular mobile game “Game for Peace (和平精英)”. Leveraging the benefits of the spokesperson and the game’s IP image and using the joint packaging with the spokesperson and the custom packaging for “Game for Peace (和平精英)”, we were able to accurately target consumers in the eSports circle through synergetic cooperation with multiple online and offline platforms at marketing nodes. By air-dropping “ice tea Pop-up Shops (冰小茶快閃店)” in “Game for Peace (和平精英)” in June 2021, we combined in-game advertising with offline interaction. By holding online livestreaming with the spokesperson in September 2021, we leveraged the fan economy and attracted more new generation consumers. At the same time, together with “Game for Peace (和平精英)”, we co-organised gaming competitions at city and college levels, and rolled out extensive promotions to target gamers to enhance brand favourability and accumulate brand assets.

Conforming to the popular trend of the plum flavour, “Uni Plum Green Tea (統一青梅綠茶)” was fully upgraded and launched in 2021 to seize the market opportunity. The product is sourced from “Grade A plums (A級軟枝大粒梅)” in Puning, Guangdong, the “Home of Plums”, which are thick, juicy and not puckery. It is aimed to build a unique plum taste and create differentiated benefits of the brand. Meanwhile, the good-looking packaging design was highly appreciated by Generation Z consumers. In terms of marketing, we worked with mainstream social media to spark topics and spread discussions among target groups. We quickly improved brand awareness, built the differentiated recognition of “Grade A plums (A級軟枝大粒梅)”, and occupied a position in consumers’ mind.

“Classmate Xiaoming (小茗同學)” achieved a steady recovery. We created “Mixed Tea (混搭茶)” that understands young people better in 2021. Through crossover of multiple fields, we enhanced the “mixed feature (混搭感)” of the brand, with a focus on the segment in the tea drinks market. Product power was further strengthened. Through cooperation with “Darlie Toothpaste (黑人牙膏)”, we launched the limited-edition crossover product “Mingjituo (茗吉托)”, a different new flavour, a bold crossover attempt and an ingenious mix. Meanwhile, in cooperation with online celebrities with a huge fan base, we created a new theme song for “Classmate Xiaoming (小茗同學)”, to enhance freshness, boost sales, recover lost sales, and further help “Classmate Xiaoming (小茗同學)” build the unique brand concept of “mixed”.

As the health awareness increased in the post-pandemic era, “Chai Li Won (茶裏王)” captured consumers’ desire for healthy good tea and quality life. In 2021, by using “a sip of sweetness came after, the road to kingship (一口回甘 一路稱王)” as its tagline, and leveraging on the influence of its brand spokesperson and their majestic image and portraying the secret of its sweet taste, the brand strengthened its positioning of a “The King of tea (茶中王者)”. During the second half of the year, “Chai Li Won (茶裏王)” took title sponsorship of the variety show “Play! Fridge (拜託了冰箱)” to create new drinking scenarios and reasons for drinking. It attracted more young consumers by interacting with different fan circles with the aid of celebrity influence. Meanwhile, the brand placed outdoor media advertisements in key cities, actively expanded the convenience store system (CVS) and online platforms, to expand consumer purchase channels. In 2022, in line with the health trend, “Chai Li Won (茶裏王)” will actively target white-collar workers in cities, build the brand positioning of making good tea, output tea knowledge and stories by creating the “Good Tea Identification System (好茶鑒別體系)” to provide purchasing reasons for consumers. In the meantime, we will conduct precision marketing on direct-to-consumer (DTC) platforms to further increase benefits.

Juice

In 2021, revenue from the juice business of the Group amounted to RMB2,219.4 million, representing a year-on-year increase of 40.6%. In terms of product portfolio, we added more flavours that can better meet young consumers’ needs in our low concentration juice line, while continuing to expand the portfolio of high concentration juice to meet consumers’ needs for healthier juice. In terms of channel operation, we continued to focus on the expansion of the restaurant scenario and the family scenario to meet consumers’ demand for convenient access to healthy juice.

“Uni Kumquat Lemon Beverage (統一金桔檸檬)” registered multifold growth in revenue in 2021. We optimised and upgraded both product formula and packaging. In physical indicators, we provided consumers with a perfect “sweet and sour (酸酸甜甜)” experience, and on the psychological level, we fully highlighted the new brand spirit of “becoming more outstanding (更出位)”, which new white-collar workers and blue-collar workers in cities desire to achieve. In core markets, we launched a sensational promotion campaign targeting young consumers, bringing them a sweet and sour, moist and refreshing brand experience and conveying the brand value of “Becoming More Outstanding with Sweet and Sourness (酸酸甜甜更出位)”.

Centering on its core value of “More Vitamin C, More Fiber, More Beauty (多纖多C多漂亮)”, “Uni Orangeate (統一鮮橙多)” continued to strengthen product power by enriching its dietary fiber and vitamin C contents to meet nutrition standards, to satisfy consumers’ increasing demand for healthiness. Meanwhile, we focused on the operation of sales channels and used canned orange juice as our featured product for dining. More resources were allocated to assist in increasing the brand’s penetration in catering sales channels, and combined with outdoor media advertising and online promotion of food solutions, to continuously promote the brand as “go-to beverage”. “Uni Orangeate (統一鮮橙多)” recorded a double-digit growth in revenue in 2021.

“Haizhiyan (海之言)” registered a double-digit growth in revenue in 2021. The brand permeated the sweating scenario in an orderly manner and continued to strengthen its association with “the sea (大海)” to accentuate the benefit that “The perfect ratio of Mediterranean Sea salt, lemon and fruit juice can promptly supplement the lost salt and body water (地中海海鹽檸檬及水果的完美配比，及時補充身體流失的鹽分、水分)”, and to communicate the key appeal of “Replenish salt after sweating and refresh instantly (流汗補鹽，瞬間清爽)” to consumers. In 2022, “Haizhiyan (海之言)” will maintain its growth drivers, ride on the momentum, and achieve new results in sales.

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 its core value of “Moist (潤)” among young consumers. We intensified promotion on our official accounts online, concentrated resources to increase outdoor media exposure offline, and increased output in key cities. In winter, we displayed products in cabinets and adopted scene recognition to strengthen consumer experience.

“A-Ha” entered into the carbonated drinks market in 2021. After locating target consumers, we continuously strengthened awareness among apple vinegar consumers and always focused on consumer needs. In 2022, “A-Ha” will adhere to the principle of going ahead steadily and strive for greater benefits.

“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&健康翻倍)”. 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 “Uni Tomato Juice (統一番茄汁)”.

“Vitality Awakening (元氣覺醒)” launched its new packaging in October 2021. The streamlined bottle with a sense of fashion and the appetite-provoking packaging design attracted much attention among consumers and were much loved. The 900ml family-sized product launched in December 2021 expanded the family consumption scenario, satisfying consumers’ needs for healthiness in diversified scenarios. “Vitality Awakening (元氣覺醒)” will continue to focus on major cities to cultivate the 100% juice market and concentrate efforts on the convenience store system and e-commerce platforms.

In 2022, the Group’s juice business will continue to capture the consumption tendency and changes in consumer demand. With the benefits of healthy juice products as the focus, we will continue to invest more resources in the restaurant scenario and the family scenario to form a spillover effect with the ready-to-drink scenario, thus expanding the market share of the Group’s juice business. Our juice business 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 juices with different concentrations and temperatures to satisfy their diversifying demands.

Milk Tea

Revenue from the Group’s milk tea business was RMB5,743.4 million in 2021, representing a year-on-year increase of 13.3%, maintaining the lead in the market. In response to the improvement in social economy and consumption attitudes, we continued to perfect the portfolio of our milk tea brands and established a brand management system that acts as a powerful support to our milk tea products.

“Uni Assam Milk Tea (統一阿薩姆奶茶)” is committed to bringing optimism to people who love their life and good mood offered by the smooth taste of Assam. In 2021, the revenue of the brand registered a double-digit growth. We continued to implement the operating strategy of being “stable, fresh, and quick (穩、鮮、快)”. Insisting that product quality is our core competitive strength, we ensured the stability of our product strength by having strict control on raw materials, production process and quality. We continued to perfect our freshness management and made efforts to provide better product experience to our consumers. We promoted the brand centering on its core value of “Smooth and Good Mood (順滑好心情)”. During the Spring Festival, we focused on the scenario of sharing drinks during meals, and continued to uphold our image as a caring brand through a themed activity called “Picking a Good Fortune Stick for a Year of Good Luck (搖順順籤，過順順年)”. Through in-depth cooperation with the music show on Bilibili “The Next Banger (我的音樂你聽嗎)”, we communicated in ways favoured by the young generation to attract their attention and convey the core value of the brand. We will also collaborate with key opinion consumers (KOCs) of our brand, focus on our brand appeal of “Good Mood (好心情)”, to deliver our brand values through activities featuring themes such as “A Special Blend of Milk Tea for Good Mood (特調好心情)” “Sharing of Good Mood (分享好心情)”, etc., in order to expand drinking scenarios and achieve stronger brand association among consumers.

“Pure and Noble Milk Tea (布諾乳茶)”, a mellow milk tea product symbolizing quality life, targets college students and young white-collars who enjoy life, gourmet, afternoon tea and aspire to lead a wonderful and fruitful life. The core value of the brand is to let consumers relax in fast-paced life and enjoy a happy moment from drinking the mellow milk tea at any time and any place, and its brand positioning is “50% Milk, Savor the Pure Richness (一半牛乳, 樂享純厚)”. In May 2021, the brand was first launched in convenience stores in major cities and e-commerce channels. We advertised the brand under the theme revolving around “Full-flavoured, Extra Rich Milk Tea (奶味足, 厚得住)”, and leveraged on celebrity endorsement and promotion by Key Opinion Leaders (KOLs) and Key Opinion Consumers (KOCs) on various platforms and scenarios. We also recruited “100 Pure and Noble Milk Tea Girls (100位布諾乳茶女孩)” on social platforms to interact with consumers, and our communication was further expanded with the spread of food bloggers. Moreover, we promoted the winter hot drink concept, created a new concept of “thick milk tea”, and established brand awareness for middle to high priced milk tea in no time.

In 2022, “Uni Assam Milk Tea (統一阿薩姆奶茶)” will continue to implement the operating strategy of being “quick, stable and fresh (快、穩、鮮)”. With freshness management as the foundation, we will continue to focus on “Smooth and Good Mood (順滑好心情)”, make the brand more popular among young people, develop more restaurant and family scenarios and occasions suitable for hot drinks, and expand sales channels.

Coffee

In respect of our coffee business, the Group continued to focus on “A-Ha Iced Coffee (雅哈冰咖啡)”, put forth effort to create target places of business, and we steadily expanded our consumer base by exploring opportunities to effectively move our business down to lower tier markets in target cities. Meanwhile, in response to the market trend of consumption upgrading, we firmly maintained our product display in refrigerated storage. “La Rive Gauche de la Seine (左岸咖啡館)” completed product optimization and upgrading and was widely recognised by young white-collar workers and Gen Z consumers.

In 2022, the Group’s coffee business will continue to focus on “A-Ha Iced Coffee (雅哈冰咖啡)”. With the vision of a “refreshing nationally recognised coffee drink”, we will target urban blue-collar workers and young white-collar workers through integrated marketing that sparks emotional resonance and printed advertisements to achieve total exposure of over 200 million audiences, improve brand awareness, and promote the brand proposition of providing dream chasers with the source of vitality and help them start a refreshing day. In terms of sales channel, we will continue to expand our markets in cities to seek high growth and new breakthroughs. “La Rive Gauche de la Seine (左岸咖啡館)” will continue to focus on channels like quality convenience stores in first-tier cities and cultivate and consolidate local consumer groups.

Bottled Water

With COVID-19 persisting during 2021, shopping for health and safety reasons has become a normality. The Group continued to focus on the operations of mid-to-high-priced natural mineral water brand “ALKAQUA (愛誇)” to provide consumers with healthy and safe water choices. We communicated with consumers through our brand proposition of “ALKAQUA, simple appearance with unusual properties (愛誇礦泉，從不簡單)” – our water is unusual because it is sourced from the deep underground water of the Changbai Mountains; our craftsmanship is unusual because we utilise an EU-certified membrane separation technology to prevent the generation of bromate; and our ingredients are unusual because our “H₂SiO₃ (偏矽酸)” content is twice the national standard. Focusing on core cities, we conveyed our brand proposition to white-collar workers, who are our core target audience, through media such as office buildings and subway stations, calling for healthy and safe drinking water. During the water drinking season, in collaboration with the office sharing platform, Wework, we organised an offline activity called “Unconventional Pantries (從不簡單的茶水間)”, which, together with online livestreaming and other forms of promotion, enabled us to further convey our brand value. Meanwhile, we devoted our efforts on the target places of business of the brand, and consolidated our core markets by focusing on the expansion of points-of-sale (POSs), the performance improvement of quality POSs, and the addition of temperature-controlled cabinets on modernised channels etc.

In 2022, “ALKAQUA (愛誇)” will continue to consolidate quality internally and enhance product strength externally, and improve brand value and consumers’ awareness of “ALKAQUA Equals Good Mineral Water (愛誇=好礦泉)”. On the communication level, we will focus on target groups who pursue a high quality life such as young white-collar workers and senior middle class, continue to convey the brand’s core of “There is more than it looks (不簡單)”, and explore stories that are of “Simple appearance with unusual properties (簡單背後的不簡單)” to promote the brand proposition and accumulate brand assets.

Bottle Can Drinks

The Group continued to develop high-end bottle can drinks. With the Cantonese dessert “Mango & Pomelo Sweet Soup (楊枝甘露)” as the first flavour and “Classic Dessert, Taste of Happiness” as the main axis, “Keep Sweet (恬蜜光年)” skillfully restored the freshly made flavour while continuously refining the taste, which effectively increased consumer loyalty and product repurchase rate and was well received by consumers.

E-commerce

The Group’s online business entered into the rapid growth stage. Market and channel sales were combined to build product strength and provide consistent experience to consumers. We conducted business management throughout the full lifecycle of consumption from interested to purchase to repeated purchase. Fans of direct-sale stores and cooperative KOLs/KOCs not only provided convenience and safe shopping choices for consumers but also provided new marketing fronts for the Group’s brands. In response to new changes in online traffic flow, the Group opened three flagship stores and eight livestreaming rooms on interest e-commerce platforms, and set the shopping applet “Uni Happy Planet (統一快樂星球)” on the private-domain e-commerce, to turn brand volume into brand efficiency.

By leveraging the Group’s core strengths and cooperating with quality supply chains, “That Street That Lane (那街那巷)” is committed to provide consumers with the “street food never vanish (不會消逝的街巷美食)”. Since 2019, we have introduced fresh rice noodles and semi-dry noodles, launched city impression series represented by “Guilin Rice Noodles (桂林米粉)” and “Lanzhou Beef Noodles (蘭州牛肉麵)”, and focused on online sales. Since it was launched in July 2020, “Lanzhou Beef Noodles (蘭州牛肉麵)” has received a positive review from millions of consumers.

RESEARCH AND DEVELOPMENT

The Group’s Research and Development (“R&D”) Centre always adheres to the philosophy of developing products that consumers will “be comfortable and happy to eat (吃得安心，吃得開心)” and creates value for consumers. Through empowerment of existing featured products and development of new products (categories), we have met consumers’ diversified needs, helped increase corporate performance, and strengthened support to the Group with core technologies and intellectual property.

Market Innovation

The ability of bringing forth something new from the old has decided the brand strength. The Group’s R&D Centre went to streets and lanes to seek local delicacy. By innovating in traditional markets and combining digital tools, the R&D Centre studied new consumption scenarios and new consumption needs. By using internal and external resources for collaborative innovation, the R&D Centre launched new flavours and innovative products. It truly “immersed itself in consumers (浸泡到消費者中去)”.

“Soup Daren (湯達人)” has launched “Beef Noodles in Golden Soup (金湯牛肉麵)” and “Tomato and Pork Gristle Noodles (番茄豬軟骨麵)” under “Gourmet’s Selection (極味館)”. They feature a bone soup base made with stock cooking techniques, adopt fresh-keeping technique on fresh vegetables and chunks of mellow pork gristle and beef brisket, restoring a bowl of freshly cooked noodles.

“Uni-President The King of Tomato (統一茄皇)” has successfully launched the new flavour “The King of Tomato Beef Noodles (茄皇牛肉麵)”. Inheriting the promotion concept of the brand, each bowl uses one tomato from Xinjiang to make the tomato soup and restores the original taste of stewed beef with tomatoes. We were the first to add upgraded large dried spiced beef dices in the product. In addition to the chewy egg noodles, consumers can enjoy the rich taste of stewed beef with tomatoes with every mouthful.

“Wonton Series (餛飩系列)” of “Kai Xiao Zao (開小灶)” is an innovative product in the industry. After nearly two years’ dedicated research, the R&D team has finally developed the wontons that can be fully rehydrated after being soaked in boiled water for 5 minutes which taste like freshly made wontons in terms of wrapping, stuffing and flavour. The product has met consumers’ needs and provided a wholly new consumption experience for consumers. We have independently developed key equipment, effectively built up a technical barrier. The product was immediately sold out after its first launch and was chased after by consumers and attracted the attention of the industry. During the November 11 holiday, it became the No. 1 wonton brand on TMall.

“Uni Plum Green Tea (統一青梅綠茶)” has selected “Grade A plums” (A級軟枝大粒梅) from Puning, Guangdong and fermented them with traditional techniques. Combining special green tea, the brand has created a different flavour featuring a light fermented plum taste and a refreshing tea taste that is not bitter or astringent. It is seen by consumers as a healthy refreshing drink to cleanse the palate.

Committed to providing consumers with street drinks loved by consumers, “Uni Kumquat Lemon Beverage (統一金桔檸檬)” has worked to restore classic flavours through continuous optimization of formula and process. The upgraded product which features a refreshing, juicy taste, is much favoured by consumers.

“Pure and Noble Milk Tea (布諾乳茶)” has positioned itself as a middle to high priced milk tea product and enriched the milk product matrix of the Group. With a milk content as high as 50%, the product has provided a stable taste of milk tea products with a high milk content during shelved lives. With the golden match of freshly extracted Ceylon black tea and rich milk, the product has provided consumers with a rich, smooth, sweet yet refreshing taste. The product is creamers and preservatives free and can be enjoyed both cold and hot.

Development of Core Technologies and Intellectual Property

To ensure long-term competitive advantages, the Group’s R&D Centre continued to build the technology moat. In 2021, through collaborative innovation between internal and external resources, independent innovation and other means, the Group continued to develop some ten core technologies. Among them, the tea leaves roasting and flavour preservation process was successfully applied in the making of “Chai Li Won (茶裏王)” Taiwanese Oolong Tea and Japanese Green Tea, “Chuan Qi Cold Brew Dancong (傳沏冷萃單叢)”, “Pure and Noble Milk Tea (布諾乳茶)”, etc., and the fast rehydration and shaping techniques were successfully used in the making of “Kai Xiao Zao (開小灶)” wontons.

Moreover, the Group has provided all-round protection of core technologies and important products with intellectual property. For example, we have obtained seven patents relating to “Kai Xiao Zao (開小灶)” wontons; the Pearl Technical Solution has worked from multiple perspectives and with various instances centering on formula, process and equipment, to build the patent barrier. In 2021, the Group’s R&D Centre obtained 18 patents and applied for 23 new patents. As at the end of 2021, the Group had a total of 124 patents.

Looking forward to 2022, the Group R&D Centre will take it as its mission to create value for consumers as always, focus on product development and improvement, and strive to produce products that consumers will “be comfortable and happy to eat (吃得安心, 吃得開心)”.

FOOD SAFETY

We uphold the philosophy of “Three Goods and One Fairness: Good Quality, Good Credit, Good Service and Fair Price (三好一公道：品質好、信用好、服務好、價格公道)”, and with the mission of producing products that consumers will “be comfortable and happy to eat (吃得安心，吃得開心)”, we offer safe, healthy and delicious food to consumers. We have set up Food Safety Committee with General Manager as its Director, as the organization of supreme power to design and optimise the food safety and quality system. The members of the Food Safety Committee cover all relevant departments including the research institute, Procurement Centre, the production management group, Food Safety Centre, etc. The Committee holds a meeting periodically to discuss food safety management matters. Besides, we have set up Food Safety Centre as the food safety management department to build the food safety assurance system, formulate and put in place food safety policies, deepen food safety risk assessment, warning and monitoring, etc.

We have established three lines of defense for food safety, namely, qualification review, field assessment, and food safety testing. By managing suppliers’ food safety from multiple perspectives, we have effectively controlled the food safety risk brought by suppliers and ensured food safety on the supply chain.

We adhere to three controls to ensure quality and prevent abnormality in quality: quality control of raw materials through incoming acceptance check, control of production process, and quality control of finished products. Our products strictly abide by relevant laws and regulations such as the Food Safety Law of the People’s Republic of China. Besides, the food safety solutions for all products are monitored to ensure they comply with laws and regulations and are “comfortable and happy to eat (吃得安心，吃得開心)”.

The Group’s Food Safety Centre has set up Food Safety Testing Centre to provide strong support to food safety risk control. Since 2005, the Centre has passed the annual China National Accreditation Service for Conformity Assessment (CNAS accreditation). In 2021, two new packaging solvent testing solutions were accredited. So far, 174 projects of the Group have been approved. Meanwhile, the Group has a number of national patents for utility models and more than 700 perennial independent testing items. The Group’s testing capability of food safety items include drinks, food, water, additives, grain and oil, and packaging materials.

The Group’s plants have established a complete food safety management system according to ISO 22000, FSSC 22000 and Hazard Analysis Critical Control Point (HACCP). As of 2021, 25 subsidiaries of the Group were accredited with the ISO 22000 International Standard Food Safety Management System Certification, one with the FSSC 22000 certification, and four with the HACCP certification.

Food safety is our commitment to customers and the brands and is the foundation of the Group’s sustainable development. We will continue to promote the development of a food safety culture and a working environment that encourages food safety practices and food safety culture where all employees could participate in prevention and improvement works in respect of food safety so that our products could meet the requirements of laws and regulations and earn the recognition of consumers.

SUSTAINABLE DEVELOPMENT

The Group follows the goal and strategy of “sustainable development (永續發展)”, and while pursuing performance growth, the Group always fulfills its social responsibilities. With respect to the Group’s policies, measures, actions and achievements in corporate social responsibility (“CSR”) for the year ended 31 December 2021, please refer to the CSR Report released by the Group. The online edition of the report is available for view or download on the website of HKEX news (<http://www.hkexnews.hk>) and the Company’s website (<http://www.uni-president.com.cn>).

PRODUCTION STRATEGIES

The Group spared no effort in our operation, research and development and innovation, aiming to meet different customer needs. In order to balance the supply chain risk brought by the Pandemic and to achieve synergistic effects in transportation cost, production efficiency and operational support, 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 co-operation 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.

FINANCIAL RESULTS

For the year ended 31 December 2021 (the “Year”), the Group recorded revenue of RMB25,230.6 million, representing an increase of 10.8% from RMB22,761.8 million for 2020. Revenue from the food business amounted to RMB9,524.9 million, representing a slight increase of 1.1% as compared with the corresponding period of last, which accounted for 37.8% of the Group’s total revenue, and revenue from the beverages business amounted to RMB14,737.8 million, representing an increase of 17.3% as compared with the corresponding period of last year, which accounted for 58.4% of the Group’s total revenue. During the Year, gross profit of the Group increased from RMB8,065.9 million for the corresponding period last year to RMB8,218.9 million, representing an increase of 1.9% while the gross profit margin decreased by 2.8 percentage points from 35.4% for the corresponding period last year to 32.6%, which was mainly due to the effect of the increase in the cost of bulk raw materials and promotion discounts.

During the Year, the selling and marketing expenses increased by approximately RMB192.4 million to RMB5,542.8 million (2020: RMB5,350.4 million) as compared with the corresponding period of last year. The increase in selling and marketing expenses was mainly due to the year-on-year increase in the number of sales representatives and the transportation expense. During the Year, administrative expenses amounted to RMB1,048.8 million (2020: RMB957.9 million), representing an increase of RMB90.9 million as compared with the corresponding period of last year. The increase in administrative expenses was due to the downward adjustment of social insurance by the PRC government during the COVID-19 pandemic in the corresponding period of last year.

As a result of the combined effect of the increase in bulk raw material prices and the one-off gain from the disposal of part of the land occupied by a factory of the Group located in Hefei, the PRC during the corresponding period last year, the temporary reduction and exemption of social insurance premiums, the decrease in income from subsidies and other factors, operating profit was RMB1,905.8 million for the Year (2020: RMB2,108.3 million), representing a decrease of 9.6% as compared to the corresponding period last year. The share of profits of investments accounted for using the equity method amounted to 35.0 million (2020: RMB45.8 million) during the Year, mainly due to the decline in the investment income from associates. Profit attributable to equity holders of the Company for the Year was RMB1,500.7 million (2020: RMB1,625.7 million), representing a decrease of 7.7% as compared to the corresponding period last year. Earnings per share during the Year were RMB34.74 cents (2020: RMB37.64 cents).

FINANCIAL ANALYSIS

Cash and Borrowings

As at 31 December 2021, the Group had cash at bank and on hand of RMB6,078.3 million (31 December 2020: RMB6,068.4 million), among which 99.96% was denominated in Renminbi and 0.03% was denominated in United States dollar. The Group mainly financed its operation and capital expenditures with internally generated cash flow. As at 31 December 2021, the Group's total financial liabilities amounted to RMB149.7 million (31 December 2020: RMB532.4 million), representing a decrease of 71.9% as compared to the corresponding period last year, which was attributable to the repayment of certain bank borrowings as short-term working capital was relatively sufficient. 100% of the Group's total financial liabilities was denominated in Renminbi. As at 31 December 2021, all of the Group's financial liabilities bore floating interest rates. As at 31 December 2021, the Group did not have any secured bank borrowing (31 December 2020: Nil).

Financing

The Group aims to maintain an appropriate capital structure. The gearing ratios of the Group as at 31 December 2021 and 31 December 2020 were as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Total borrowings (including lease liabilities)	149,719	532,388
<i>Less: cash at bank and on hand</i>	<u>(6,078,271)</u>	<u>(6,068,431)</u>
Net cash	(5,928,552)	(5,536,043)
Total equity	<u>13,765,301</u>	<u>13,886,533</u>
Gearing ratio (<i>Note</i>)	<u>(43.07%)</u>	<u>(39.87%)</u>

Note 1: As at 31 December 2021, cash at bank and on hand excluded the Group's purchase of financial products issued by commercial banks. As at 31 December 2021, the Group had financial assets at fair value through profit or loss of RMB1,715.4 million (31 December 2020: RMB1,621.6 million)

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

The Group reviewed its gearing ratio on a regular 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 31 December 2021, the Group recorded a year-on-year net decrease in cash and cash equivalents of RMB200.7 million, comprising net cash inflow from operating activities of RMB2,421.4 million, net cash outflow from investing activities of RMB579.9 million and net cash outflow from financing activities of RMB2,042.0 million. The Group's capital expenditure for the Year was RMB437.3 million (31 December 2020: RMB385.1 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 Year, attributable to the growth in percentage of sales through e-commerce channels and modern channels as well as the growth in revenue, net trade receivables increased by RMB68.0 million to RMB648.5 million (31 December 2020: RMB580.5 million).

The Group's inventories mainly comprised raw materials, packaging materials, finished goods and low-value consumables. The inventories turnover days increased by one day as compared with 2020, which was attributable to the early preparation of products for the Chinese New Year and the growth in cost of bulk raw materials. As at 31 December 2021, the inventories balance increased by RMB449.0 million to RMB2,392.5 million (31 December 2020: RMB1,943.5 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 Year, trade payables increased by RMB238.3 million to RMB2,118.0 million (31 December 2020: RMB1,879.7 million), which was attributable to the increase in goods and raw materials required in the early preparation for increased production and sales during the Chinese New Year. The following table sets out the major turnover days for the past two years ended 31 December.

	Year ended 31 December	
	2021	2020
Trade receivables turnover days	9	9
Inventory turnover days	46	45
Trade payables turnover days	<u>42</u>	<u>44</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 divided by revenue multiplied by days in the year.

Inventory turnover days were calculated based on the average of inventory balances as at the beginning and the end of the year divided by cost of sales multiplied by days in the year.

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

The Group reckoned that trade 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 expanding 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. During the Year, 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 highly risky investment or speculative derivative product and not to invest the 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 Year. 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 31 December 2021, 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 31 December 2021.

CHARGES ON GROUP ASSETS

The Group did not have any charge on group assets as at 31 December 2021.

MATERIAL ACQUISITION AND DISPOSAL

The Group had no material acquisition or disposal of subsidiaries, associates and joint ventures during the Year.

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.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2021, the total number of employees of the Group was 32,765. The Group adhered to the policies of focused and streamlined operation, and organisational structure and staff structure were improved on a continuous basis to build a stronger and efficient enterprise. In terms of recruitment, the Group was streamlining its administration and progressing towards meritocracy. The Group insisted on building a stable and robust team through mechanisms including comprehensive training and humane care. 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. To achieve the Group's annual goals, 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.

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 part of 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.

During the Year, total staff costs (including directors' remuneration) were RMB4,030.6 million (2020: RMB3,371.8 million).

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2021 have been agreed by the external auditors of the Company, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

AUDIT COMMITTEE

The audit committee of the Board reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements for the Year and has recommended their adoption by the Board.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB41.69 cents per share for the Year ("Proposed Final Dividends").

The Proposed Final Dividend, subject to the approval of shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting (the "Annual General Meeting") to be held on or around Friday, 27 May 2022 of the Company, will be paid on or around Wednesday, 15 June 2022 to Shareholders whose names appear on the register of members of the Company on Tuesday, 7 June 2022. The final dividend will be paid in Hong Kong dollars based on the average exchange rate of Renminbi against Hong Kong dollars as quoted by the People's Bank of China for five days prior to the date of the forthcoming annual general meeting of the Company.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with all code provisions of the then prevailing corporate governance code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange during the Year.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the Year.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period of the Group.

RE-ELECTION OF DIRECTORS

In accordance with Article 130 of the articles of association of the Company (the “Articles of Association”), each of Mr. Su Tsung-Ming, Mr. Fan Ren-Da, Anthony and Mr. Lo Peter will retire by rotation at the forthcoming annual general meeting of the Company. Each of Mr. Su Tsung-Ming, Mr. Fan Ren-Da, Anthony and Mr. Lo Peter being eligible, will offer himself for re-election. There is no service contract entered into between each of Mr. Su Tsung-Ming, Mr. Fan Ren-Da, Anthony and Mr. Lo Peter, and the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 23 May 2022 to Friday, 27 May 2022 (both days inclusive) in order to determine the entitlement of the Shareholders to attend the Annual General Meeting, during which period no transfer of the Shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 20 May 2022.

Subject to the Shareholders’ approval of the payment of the final dividend at the Annual General Meeting, the register of members of the Company will be closed from Thursday, 2 June 2022 to Tuesday, 7 June 2022 (both days inclusive) in order to determine the entitlement of the Shareholders to receive the final dividend, during which period no transfer of the Shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at the above address not later than 4:30 p.m. on Wednesday, 1 June 2022.

Subject to the approval of the Shareholders at the Annual General Meeting, the final dividend will be paid on or around Wednesday, 15 June 2022 to Shareholders whose names appear on the register of members of the Company on Tuesday, 7 June 2022.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

The consolidated financial information set out above does not constitute the Company's statutory financial statements for the years ended 31 December 2020 or 2021 but is derived from those financial statements. The 2021 annual report of the Company will be published on the website of the Stock Exchange at <http://www.hkexnews.hk> and on the Company's website at <http://www.uni-president.com.cn> in due course.

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

7 March 2022

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.