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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 2022 FINAL RESULTS**

### **FINANCIAL HIGHLIGHTS**

- Revenue amounted to RMB28,257.4 million, up by 12.0% as compared with the previous year.
- Group gross margin was 29.0%, down by 3.6 percentage points as compared with the previous year.
- EBITDA was RMB2,932.5 million, down by 13.8% as compared with the previous year.
- Profit attributable to equity holders of the Company was RMB1,222.2 million, down by 18.6% as compared with the previous year.

### **FINAL DIVIDEND**

- Final dividend for 2022 of RMB33.95 cents per share has been proposed.

The world and China faced a difficult trial in 2022 given the unprecedented challenges brought by the pandemic. Amidst such uncertainties, Uni-President China Holdings Ltd. (the “Company”) and its subsidiaries (together as the “Group”, “our Group”, “we”, “our” or “us”) continued to focus on investing in future, creating value, managing risk and increasing resilience, through which we have entered a new phase of growth. Since 2019, the Group’s revenue has been growing at a compound annual growth rate of 8.7%, in which the compound annual growth rate of the beverages and food reached 8.8% and 9.0% respectively. The demand for safe, tasty, healthy and quality food and beverages from China’s 1.4 billion population remains tremendous with plenty of room for development. In addition to the growing middle class, which is driving the demand for better quality and healthier products, the public’s pursuit for personalization, convenience and value in consumption is also conducive to the sustainable growth of the Group’s revenue.

The year of 2022 also marked the 30th anniversary of the Group’s entry into the Mainland China market, with revenue reaching a new record of RMB28,257.4 million, representing an increase of 12.0% over last year. The Group’s 30,000+ employees have exhibited their strong entrepreneurship to work together to create new ways of attracting customers, and manage to maintain a stable operation and seek growth opportunities in the midst of challenges. In addition, the Group has been careful in testing and managing risks in new markets. Innovation remains an imperative driver of the Group’s continuous growth.

The Group continued to focus on its operation and formulate core operation policies to build a flexible supply chain, concentrate on brand building and freshness control. We also expanded our online and offline channels to get a deeper understanding of consumers and build an adhesive ecosystem to further enhance penetration. With the aim to satisfy consumers' needs, the Group will make continuous efforts to build a long-term competitive barrier of brands through the building of brand power, and to carry out product innovation driven by consumer demand insight and centering on consumer scenarios and contacts. The Group 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)”.

## **FINAL DIVIDEND**

Based on the Group's overall performance in 2022, 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 RMB33.95 cents per share (amounting to a total dividend of approximately RMB1,466.6 million) for the year ended 31 December 2022 at the forthcoming annual general meeting of the Company.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
<b>Revenue</b>	3	<b>28,257,432</b>	25,230,613
Cost of goods sold	4	<u>(20,069,515)</u>	<u>(17,011,703)</u>
<b>Gross profit</b>		<b>8,187,917</b>	8,218,910
Other gains – net		<b>54,297</b>	78,007
Other income	5	<b>336,556</b>	477,500
Other expenses	4	<b>(148,946)</b>	(276,965)
Selling and marketing expenses	4	<b>(5,886,596)</b>	(5,542,816)
Administrative expenses	4	<u><b>(1,047,411)</b></u>	<u>(1,048,801)</u>
<b>Operating profit</b>		<b>1,495,817</b>	1,905,835
Finance income		<b>269,396</b>	232,752
Finance costs		<u><b>(60,526)</b></u>	<u>(31,715)</u>
Finance income – net	6	<b>208,870</b>	201,037
Share of profits of investments accounted for using the equity method		<u><b>26,142</b></u>	<u>34,970</u>
<b>Profit before income tax</b>		<b>1,730,829</b>	2,141,842
Income tax expenses	7	<u><b>(508,672)</b></u>	<u>(641,127)</u>
<b>Profit for the year attributable to the equity holders of the Company</b>		<u><b>1,222,157</b></u>	<u>1,500,715</u>
<b>Earnings per share for profit attributable to the equity holders of the Company during the year</b> <i>(expressed in RMB per share)</i>			
– Basic and diluted	8	<u><b>28.30 cents</b></u>	<u>34.74 cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Note</i>	<b>2022</b> <b>RMB'000</b>	2021 RMB'000
<b>Profit for the year</b>		<b>1,222,157</b>	1,500,715
<b>Other comprehensive income:</b>			
<i>Items that may not be reclassified to profit or loss</i>			
Fair value gains on financial assets at fair value through other comprehensive income, net of tax		–	23
Remeasurements of post-employment benefit obligations		<u>1,262</u>	<u>343</u>
<b>Other comprehensive income for the year, net of tax</b>		<u>1,262</u>	<u>366</u>
<b>Total comprehensive income for the year attributable to the equity holders of the Company</b>		<u><u>1,223,419</u></u>	<u><u>1,501,081</u></u>

# CONSOLIDATED BALANCE SHEET

As at 31 December 2022

	<i>Note</i>	<b>2022</b> <b>RMB'000</b>	2021 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>6,662,688</b>	7,256,556
Right-of-use assets		<b>1,702,095</b>	1,691,168
Investment properties		<b>256,417</b>	275,630
Intangible assets		<b>6,687</b>	6,702
Investments accounted for using the equity method		<b>817,729</b>	812,899
Financial assets at fair value through profit or loss		–	300,120
Deferred income tax assets		<b>356,104</b>	391,539
Other receivables – non-current portion		<b>27,592</b>	17,136
Long-term time deposits		<b>3,532,170</b>	3,950,000
		<b>13,361,482</b>	14,701,750
<b>Current assets</b>			
Inventories		<b>2,522,530</b>	2,392,506
Trade and bills receivables	<i>10</i>	<b>819,877</b>	648,531
Prepayments, deposits and other receivables		<b>904,888</b>	762,331
Current income tax recoverable		<b>35,019</b>	15,625
Financial assets at fair value through profit or loss		<b>1,018,521</b>	1,415,328
Cash and bank balances		<b>3,122,038</b>	2,128,271
		<b>8,422,873</b>	7,362,592
Assets classified as held for sale		–	1,004
		<b>8,422,873</b>	7,363,596
<b>Total assets</b>		<b>21,784,355</b>	22,065,346
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		<b>39,764</b>	39,764
Share premium account		<b>4,829,899</b>	4,829,899
Other reserves		<b>3,858,113</b>	3,543,702
Retained earnings		<b>4,453,577</b>	5,351,936
<b>Total equity</b>		<b>13,181,353</b>	13,765,301

	<i>Note</i>	<b>2022</b> <b>RMB'000</b>	2021 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<b>322,048</b>	331,021
Lease liabilities – non-current portion		<b>75,650</b>	17,744
Other payables – non-current portion		<b>277,139</b>	268,400
		<u><b>674,837</b></u>	<u>617,165</u>
<b>Current liabilities</b>			
Trade payables	<i>11</i>	<b>2,675,047</b>	2,118,048
Other payables and accruals		<b>2,133,160</b>	2,068,417
Contract liabilities	<i>3(b)</i>	<b>2,257,836</b>	3,233,044
Borrowings		<b>767,756</b>	112,300
Lease liabilities		<b>26,090</b>	19,675
Current income tax liabilities		<b>68,276</b>	131,396
		<u><b>7,928,165</b></u>	<u>7,682,880</u>
<b>Total liabilities</b>		<u><b>8,603,002</b></u>	<u>8,300,045</u>
<b>Total equity and liabilities</b>		<u><b>21,784,355</b></u>	<u>22,065,346</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, Uglund 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.

#### 2.1.1 Changes in accounting policies and disclosures

##### (a) New and amended standards adopted by the Group

A number of new or amended standard, accounting guidance and interpretations 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.

		<b>Effective for annual periods beginning on or after</b>
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
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022

(b) *The following new standards and amendments to standards, and interpretations have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted:*

		<b>Effective for annual periods beginning on or after</b>
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

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 bottle 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 2022 and 2021 is as follows:

	<b>Beverages</b>	<b>Food</b>	<b>2022 Others</b>	<b>Unallocated</b>	<b>Group</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Segment results</b>					
Revenue	<u>16,405,389</u>	<u>11,009,440</u>	<u>842,603</u>	<u>–</u>	<u>28,257,432</u>
Segment profit/(loss)	<b>1,828,988</b>	<b>7,634</b>	<b>20,795</b>	<b>(361,600)</b>	<b>1,495,817</b>
Finance income – net	–	–	–	<b>208,870</b>	<b>208,870</b>
Share of profit/(loss) of investments accounted for using the equity method	<b>56,512</b>	–	–	<b>(30,370)</b>	<u>26,142</u>
Profit before income tax					<b>1,730,829</b>
Income tax expense					<u>(508,672)</u>
Profit for the year					<u>1,222,157</u>
Depreciation and amortisation	<u>756,026</u>	<u>300,965</u>	<u>31,956</u>	<u>52,093</u>	<u>1,141,040</u>
Assets	<b>7,958,824</b>	<b>3,652,724</b>	<b>878,521</b>	<b>8,476,557</b>	<b>20,966,626</b>
Investments accounted for using the equity method	<b>659,951</b>	–	–	<b>157,778</b>	<u>817,729</u>
Total assets	<b>8,618,775</b>	<b>3,652,724</b>	<b>878,521</b>	<b>8,634,335</b>	<u>21,784,355</u>
Liabilities	<b>4,129,443</b>	<b>3,183,113</b>	<b>344,120</b>	<b>946,326</b>	<u>8,603,002</u>
Total liabilities					<u>8,603,002</u>
<b>Addition to non-current assets</b>	<u>325,876</u>	<u>192,855</u>	<u>7,910</u>	<u>19,235</u>	<u>545,876</u>

	Beverages RMB'000	Food RMB'000	2021 Others RMB'000	Unallocated RMB'000	Group RMB'000
<b>Segment results</b>					
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>
<b>Addition to non-current assets</b>	<u>65,855</u>	<u>196,536</u>	<u>29,849</u>	<u>145,059</u>	<u>437,299</u>

Assets grouped under unallocated category consisted primarily of deferred income tax assets, 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, investment properties and intangible assets.

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
The total of non-current assets other than financial instruments and deferred income tax assets		
– Mainland China	9,445,613	10,039,717
– Overseas countries and territories	3	3,238
Financial instruments	3,559,762	4,267,256
Deferred income tax assets	356,104	391,539
	<u>13,361,482</u>	<u>14,701,750</u>

**(b) Liabilities related to contracts with customers**

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Contract liabilities – Beverages	1,459,608	1,888,504
Contract liabilities – Food	765,661	1,220,514
Contract liabilities – Others	32,567	124,026
	<u>2,257,836</u>	<u>3,233,044</u>

*(i) Significant changes in contract liabilities*

The decrease in contract liabilities in 2022 was due to the early implementation of campaigns of Chinese New Year and the advanced preparation of products for traditional sales channels.

*(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.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Beverages	1,888,504	1,387,816
Food	1,220,514	1,021,763
Others	124,026	17,090
	<u>3,233,044</u>	<u>2,426,669</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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Raw materials, packaging materials, consumables and purchased commodity used	17,637,668	15,222,818
Changes in inventories of finished goods	123,168	(194,119)
Manufacturing outsourcing expenses	66,824	68,700
Promotion and advertising expenses	1,181,514	1,312,950
Employee benefit expenses, including directors' emoluments	4,324,255	4,030,587
Transportation expenses	1,361,176	1,062,350
Depreciation of property, plant and equipment	1,023,585	1,110,333
Amortisation of right-of-use assets	92,256	92,876
Depreciation of investment properties	19,213	18,781
Amortisation of intangible assets	5,986	7,096
Short-term rental expenses	68,639	72,788
City construction tax, property tax and other tax surcharges	265,125	243,104
Provision of inventories to net realisable value	13,894	23,130
Provision for impairment of trade receivables	6,385	4,338
Auditors' remunerations		
– Audit services	7,789	7,822
Others	954,991	796,731
Total	<u>27,152,468</u>	<u>23,880,285</u>

#### 5 OTHER INCOME

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Government grants	93,696	102,972
Rental income from lease of property, plant and equipment and investment properties	142,475	140,277
Consultation service income	60,468	65,521
Others	39,917	168,730
	<u>336,556</u>	<u>477,500</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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Finance income		
– Interest income on cash and banks	<u>269,396</u>	<u>232,752</u>
Finance costs		
– Interest expenses on borrowings	(57,453)	(30,415)
– Interest expenses on lease liabilities	(3,627)	(1,661)
– Net foreign exchange income/(losses)	<u>150</u>	<u>(165)</u>
	<u>(60,930)</u>	<u>(32,241)</u>
– Amounts capitalized on qualifying assets	404	526
Finance costs expensed	<u>(60,526)</u>	<u>(31,715)</u>
Finance income – net	<u><u>208,870</u></u>	<u><u>201,037</u></u>

## 7 INCOME TAX EXPENSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current income tax expenses	482,526	628,210
Deferred income tax expenses	<u>26,146</u>	<u>12,917</u>
	<u><u>508,672</u></u>	<u><u>641,127</u></u>

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

Subsidiaries established in Mainland China are subject to CIT at rate of 25% (2021: 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% (2021: 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 2022 (2021: 8.25%). The remaining assessable profits above HK\$2 million will continue to be subject to a tax rate of 16.5% (2021:16.5%).

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% (2021: 25%) applicable to profits of the consolidated entities as follows:

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Profit before income tax	<b><u>1,730,829</u></b>	<u>2,141,842</u>
Tax calculated at the statutory tax rate in the PRC	<b>432,707</b>	535,461
Tax effects of:		
Preferential tax rates on the profits of certain subsidiaries	<b>(36,817)</b>	(46,125)
Tax losses for which no deferred income tax asset was recognized	<b>52,278</b>	73,742
Recognition of previously unrecognized tax losses and other temporary differences	<b>(6,031)</b>	(40,844)
Income not subject to tax	<b>(6,535)</b>	(8,742)
Expenses not deductible for tax purpose	<b>19,533</b>	22,865
Additional deduction of research and development expenses	<b>(17,943)</b>	(9,830)
Withholding tax on profits retained by PRC subsidiaries	<b><u>71,480</u></b>	<u>114,600</u>
Income tax expense	<b><u>508,672</u></b>	<u>641,127</u>

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

	<b>2022</b>			2021		
	<b>Before tax</b>	<b>Tax charge</b>	<b>After tax</b>	Before tax	Tax charge	After tax
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Other comprehensive income:						
– Fair value gains on financial assets at fair value through other comprehensive income, net of tax	–	–	–	23	–	23
– Actuarial gains on defined benefit plans	<b><u>1,578</u></b>	<b><u>(316)</u></b>	<b><u>1,262</u></b>	<u>429</u>	<u>(86)</u>	<u>343</u>
Income tax expense		<b><u>(316)</u></b>			<b><u>(86)</u></b>	

## 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.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit attributable to equity holders of the Company ( <i>RMB'000</i> )	1,222,157	1,500,715
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>28.30 cents</u>	<u>34.74 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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Proposed final dividend of RMB33.95 cents (2021: RMB41.69 cents) per ordinary share	<u>1,466,588</u>	<u>1,800,859</u>

The dividends paid by the Company in 2022 and 2021 for the years ended 31 December 2021 and 2020 amounted to RMB1,807,367,000 and RMB1,622,313,000 respectively.

A dividend in respect of the year ended 31 December 2022 of RMB33.95 cents per share, amounting to a total dividend of RMB1,466,588,000 was proposed by the directors on the board of directors meeting held on 8 March 2023 and is to be proposed for approval at the annual general meeting to be held on 2 June 2023. These financial statements do not reflect this dividend payable.

## 10 TRADE AND BILLS RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables		
– from third parties	816,599	635,669
– from related parties	<u>18,993</u>	<u>17,331</u>
	835,592	653,000
Less: provision for impairment	<u>(19,644)</u>	<u>(15,351)</u>
Trade receivables, net	815,948	637,649
Bills receivables		
– from third parties	<u>3,929</u>	<u>10,882</u>
Trade and bills receivables	<u>819,877</u>	<u>648,531</u>

The credit terms granted to customers by the Group are usually 60 to 90 days (2021: 60 to 90 days). At 31 December 2022, the ageing analysis of trade receivables based on the date of demand note is as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables, gross		
– Within 90 days	<b>761,851</b>	595,300
– 91 to 180 days	<b>62,624</b>	48,181
– 181 to 365 days	<b>10,105</b>	6,526
– Over one year	<b>1,012</b>	2,993
	<u><b>835,592</b></u>	<u>653,000</u>

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables, gross		
– RMB	<b>829,437</b>	649,002
– USD	<b>1,903</b>	1,128
– HKD	<b>4,252</b>	2,870
	<u><b>835,592</b></u>	<u>653,000</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 receivables.

As at 31 December 2022 and 2021, 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

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables		
– to third parties	<b>2,004,296</b>	1,656,116
– to related parties	<b>670,751</b>	461,932
	<u><b>2,675,047</b></u>	<u>2,118,048</u>

The credit terms granted by suppliers to the Group are usually 30 to 90 days. At 31 December 2022, the ageing analysis of trade payables based on the date of demand note is as follows:

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables		
– Within 30 days	<b>2,144,316</b>	1,650,360
– 31-90 days	<b>451,248</b>	392,868
– 91-180 days	<b>32,732</b>	16,543
– 181 to 365 days	<b>18,989</b>	19,765
– Over 1 year	<b>27,762</b>	38,512
	<u><b>2,675,047</b></u>	<u>2,118,048</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 2022, the gross domestic product (“GDP”) of the People’s Republic of China (the “PRC” or “China”) recorded a year-on-year increase of 3.0% and total retail sales of consumer goods declined by 0.2% year-on-year. In the face of multiple difficulties, including a complex and grim geopolitical and economic environment and the recurrent pandemic in China, the PRC government has adjusted and optimized its pandemic prevention policies in a timely manner, reducing the impact on production and daily lives with a view to promoting market recovery and protecting people’s livelihoods and consumption. Although the overall consumer market remains weak under the impact of the pandemic, the food and beverage industry, as a basic necessity for people’s livelihoods, has maintained its recovery momentum. The PRC has proposed a dual circulation strategy to build a new development pattern in which the domestic circulation is the mainstay, and the domestic and international circulation are mutually reinforcing, with the domestic circulation focusing on expanding domestic demand and improving the industrial system, so as to form a growth model driven by consumption and promote economic rebalancing. In 2023, China is expected to witness a stable economic growth, with focuses on expanding domestic demand, promoting a smooth industrial and supply chain cycle, and gradually returning consumer spending to normal level.

In terms of sourcing raw materials, we also faced the toughest situation in years. Thanks to the close cooperation of our teams, the Group managed to adjust its supply chain in a complex, uncertain and fast-changing environment. In the long run, such agility needs to be extended to R&D, sourcing, planning, manufacturing and logistics. We need to be more sensitive to market demand and respond faster to dynamic forecast, which shall serve as a crucial component of daily supply chain operations, as well as to have a deeper understanding of commodity volatility and risk.

During the lockdown period, new consumption channels such as O2O, community e-commerce and community group purchase have brought new marketing opportunities. The complex and changing external environment has led consumers to reflect on their real needs and desire for a healthier life in their daily purchasing decisions. With the optimization of pandemic prevention and control policies, consumers’ lifestyle and their views on consumption have also changed, whereby demands for healthy, nutritious and quality products increased. As the market changes increasingly accelerate, the use of omnichannel is more important than ever. The Group upholds a value-based marketing strategy and actively responds to changes in consumer trends to meet their diversified needs in different scenarios.

### PROSPECT

The Group always makes decisions and investments in light of our long-term goals, continuously implements effective incentives to strike a balance among short-, medium- and long-term strategies. The Group will continue to focus on its operation and, under the guidance of our operating direction of being “quick, stable and fresh (快、穩、鮮)”, we will achieve our business objectives swiftly and steadily, striving for better operating results.

## **SUSTAINABLE DEVELOPMENT**

The Group pursues sustainable growth with a people-oriented approach by actively responding to the national strategy of “promoting green development for the harmonious coexistence between humanity and nature”, taking into account the latest development of various global environmental issues and undertaking its social responsibility to protect the environment; we have clear medium and long-term emission reduction goals for wastewater, energy, water, greenhouse gases, hazardous and non-hazardous waste; our investment in energy conservation and carbon reduction increased significantly in 2022 as compared with 2021.

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 2022, please refer to the CSR Report published by the Group. The online edition of the CSR 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>).

## **BUSINESS REVIEW**

In 2022, 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, accumulated brand assets to enhance product strengths and optimised product mix. With nimble and flexible organisational and operating capabilities to cope with challenges brought by the pandemic, we achieved record-high revenue in sound operation. We maintained our sharp edges and style with deeper interpretation of our brands’ core messages, thereby bringing us back to the essence of market. From the perspective of consumer demand, we proactively expanded consumption scenarios in line with consumer trends.

The Group recorded revenue of RMB28,257.4 million for the year ended 31 December 2022, representing an increase of 12% 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, while staying 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 RMB11,009.4 million in 2022 from the food business, representing an increase of 15.6% as compared with that of last year.

There have been frequent outbreaks of the pandemic across the PRC in 2022. As the situation remains severe, home consumption has become the mainstream consumption scene, and instant noodles have become a must-have item for consumers. The Group's instant noodle business is committed to cater for the public's needs with ever-evolving products and continuous quality optimisation. Good value for money is also maintained to create perfect consumption experience for consumers. We remained committed to the popular plan by greatly enhancing product strength and optimising consumer experience to convey the brand concept of “make good noodles with our heart (用心做好麵)” to consumers. Meanwhile, in terms of product innovation, we created unique value in response to the personalised and diversified needs of consumers. The Group recorded a revenue of RMB10,619.6 million in 2022 from the instant noodles business, representing an increase of 17.9% as compared with that of last year.

“Soup Daren (湯達人)” has been highly recognized by the market and customers for its revenue growth for 14 consecutive years. In terms of products, we launched “Big Cup (大大杯)” based on consumers' feedback to meet the demand of consumers “who are not full after finishing two cups”. Also, a mixian (round rice noodle) product in nourishing soup has been launched in the fourth quarter of 2022 to enrich the choices for consumers who prefer both non-fried and mixian items and expand the brand's target groups. In terms of communication, “Soup Daren (湯達人)” is committed to developing into a nationally-recognised brand. In 2022, we became the official partner of the Chinese National Women's Football Team, enhancing brand image and consumer loyalty and helping the brand expand to the downstream market.

As the pioneer of ready-to-eat tomato delicacies, “The King of Tomato (茄皇)” keeps exploring the very flavour of tomato, continuously enriching the brand with new elements and empowering the brand, so as to meet the flavour standard of “One Xinjiang Tomato (一顆新疆番茄)”. In 2022, we launched a new product “Tomato Bolognese Instant Pasta (茄皇意式番茄肉醬風味拌麵)” on top of its existing “Tomato Egg Noodles (茄皇雞蛋麵)” and “Tomato Beef Noodles (茄皇牛肉麵)”, which was a proactive endeavour in developing the tomato noodles market and adding vitality to the brand with the well-received new product. The development of “The King of Tomato (茄皇)” gadgets and the launch of “The King of Tomato's Home (茄皇的家)” mini application have created a platform where consumers who are fond of “The King of Tomato (茄皇)” can meet with one another, further revitalising the IP and helping the brand to create a unique identification symbol and stand out from homogeneous competition. In the second half of the year, “The King of Tomato (茄皇)” has enhanced its investment in brand building, and through its cooperation with talk shows, it has thoroughly promoted the brand value as demonstrated by the tagline “Xinjiang Tomato is a Treasure and You Can't go wrong with a bowl of The King of Tomato (新疆番茄是個寶 來碗茄皇錯不了)” and received positive feedback from consumers. The proportion of annual revenue of “The King of Tomato (茄皇)” has increased manyfold for two consecutive years.

“Uni-President Lao Tan Pickled Cabbage and Beef Noodles (統一老壇酸菜牛肉麵)” invited 1,000 consumers to visit the factory with the theme of “Dare to Promise 100% Fermentation by Lao Tan (敢承諾100%經老壇發酵)” to witness the authentic Lao Tan’s fermentation process of pickled cabbage. Two central media of the PRC, CCTV.COM and Xinhua Financial, as well as other authoritative media such as television stations based in provinces and cities across the country, also visited various factories of pickled cabbage of the Group to witness the fully traceable and country-wide safety system of “one pool, one certificate; one pickling jar, one number; one packet, one code (一池一證、一壇一號、一包一碼)”. We conveyed the Group’s food safety concept and sense of social responsibility as a food company to the public. The Group participated in the drafting of the group standard of “Technical Specifications for Production Quality Safety Control and Management of Lao Tan Pickled Cabbage”. Such standard, which defines the authentic Lao Tan Pickled Cabbage, has been approved and published by the expert review committee of the Institute of Food Science and Technology of the PRC. Some 30 media outlets, including Xinhua Financial, testified the Group’s determination as the pioneer of Lao Tan Pickled Cabbage Instant Noodles to contribute to the well-regulated development of the industry. A series of open and transparent initiatives has gained consumer recognition and consolidated the leading position of the Uni-President Lao Tan products.

“Teng Jiao (藤嬌)” adheres to the branding of products with a continued focus on our rattan pepper-flavoured products and continuous product enhancement to strengthen the fresh and spicy flavour characteristics and address the brand’s core appeal of “the feeling of electric shock (觸電的感覺)”. The product packaging is characterised by a hip-hop style that features the thrill of electric shock through the rhythm and jumping of hip-hop sought after by young people, making it easier for Generation Z to perceive and accept the brand’s appeal of “the feeling of electric shock (觸電的感覺)”.

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)” well-creates its product to provide consumers with “The High-end Private Kitchen (高端私廚)” experience while bringing a sense of culture and ritual. In terms of communication, we utilized the omnimedia matrix including Weibo, Douyin, Bilibili to start the accumulation of brand assets, with a view to building the Chinese fashionable brand style of “Imperial Big Meal (滿漢大餐)”.

#### *Other products*

“Kai Xiao Zao (開小灶)” always aims to promote Chinese cuisines with the vision of becoming the social kitchen for Chinese people. As for products, after the launch of self-heating claypot rice bowls, the instant wonton of “Kai Xiao Zao (開小灶)” was well-received by users. Through the self-innovation of the wonton forming equipment, it made a breakthrough in the industry by getting rid of hand-making wonton, which in turn realized technological innovation for automated processing. It ranked first in terms of sales volume of instant wonton in 2022. “Kai Xiao Zao — Small Wonton in Chicken Soup (開小灶雞湯小餛飩)” won a two-star award from the International Taste Institute in Brussels, Belgium. In terms of communication, the cooperation with Mr. Xiao Zhan has facilitated the rapid development of “Kai Xiao Zao (開小灶)”, bringing a strong boost to the brand. 2023 witnessed the fourth year of such mutual cooperation.

Looking ahead to 2023, as the PRC makes significant adjustments to its COVID-19 prevention and control policies, consumer demand will be changed and confront new challenges and opportunities. National products that are good value for the money will remain popular among consumers, while health, safety and taste will continue to be the main themes of innovative development in the food industry. The Group adheres to a consumer-oriented approach, staying true to its original aspirations without compromising its quality, thereby delivering the brand ideology of “making good noodles with our heart (用心做好麵)” to and showing appeal among consumers through its products. At the same time, the Group will capitalize on its own advantages of continuous innovation to meet the needs of consumers in terms of customisation, diversity and healthiness, with a view to providing consumers with delicacies with good-looking and high quality which are better than ever in terms of safety, nutrition and healthiness. The Group’s food business will take the new round of development opportunities in the instant noodles industry and stay dedicated to integrating healthy food ingredients into the national tastes, integrating new food technology into its production, and promoting the profound Chinese cuisine culture, with an aim to become a food technology advocate, a knowledge officer for consumers, and ultimately a trusted partner for consumers.

## **Beverages Business**

Consumer need is the core of the beverages business of the Group. By focusing on freshness control 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 RMB16,405.4 million in 2022, representing a year-on-year increase of 11.3%. The business performance of our major beverages in 2022 is as follows:

### *Tea Drinks*

Revenue from tea drinks amounted to RMB6,956.8 million in 2022, representing a year-on-year increase of 10.9%. The revenue grew steadily and achieved double-digit increase for two consecutive years. Adhering to value marketing, the tea drinks business further accumulated brand assets through marketing campaigns. In the meantime, in response to the new consumption trends, the Group actively diversified its product specification and enhanced input on new e-commerce channels such as social e-commerce, community group purchases, B2C, private domain traffic operations and O2O, so as to satisfy consumers’ experiential and consumption needs in different scenarios, including family gathering and exquisite drinks for one.

In 2022, “Uni Green Tea (統一綠茶)” continued to build a brand recognised by young people across the nation. In the first half of the year, we collaborated with “May Fourth Youth Day (五四青年節)” to carry out an activity named “Go For It, Young People! (為新青年加油)”, where we joined hand with people from different fields, including players of China women’s national basketball team, awardees of the Touching China campaign/SF Express couriers and the new generation of young talk show comedians, to demonstrate the fighting spirit of our era and set an impactful example for the new generations. In the second half of the year, we crossed-over with national brands, working with Jingdong Logistics to co-create contents and carry out the promotion campaigns themed “Starting the Engine for Health (為健康燃擎)” and “Send coolness to delivery riders (為小哥清涼加飮)”. Through the new format of live-streaming our brand on TikTok, we have created UGC topics and triggered voluntary spreads, thereby linking up the online and offline scenarios in an all-round manner. By initiating heart-touching charity events, we have reached out to youngsters in China comprehensively and deeply, passing on the brand’s green and healthy lifestyle and positivity, as well as deepening the brand’s social responsibility. In the past three years, revenue from “Uni Green Tea (統一綠茶)” has been growing at a compound rate of high single-digit. In 2023, we will continue to foster “Uni Green Tea (統一綠茶)” into a major national brand.

In 2022, “Uni Ice Tea (統一冰紅茶)” continued to cultivate new generations. With our insight on the group preferences of Generation Z, we have created a young image for the brand through “ACG (二次元)” collaboration. In the first half of the year, we crossed-over with two S+ ranking Chinese comics with the help of Tencent Animation Channel (騰訊動漫頻道), an online traffic platform, where we zeroed-in on the young group aged 14 to 22 years old, using multi-faceted interactions and customized products themed with such Chinese comics to attract consumer purchase. In the second half of the year, we selected Bilibili (嗶哩嗶哩), a platform popular among Generation Z, to initiate a deep cooperation, expanding the brand’s exposure through variety show sponsorships and co-creation of UGC youth content, so as to enhance its influence. In 2023, “Uni Ice Tea (統一冰紅茶)” will upgrade its products in response to new trends, highlighting our use of real lemons to formulate marketing campaigns with a focus on the theme of lemon’s refreshing aroma, in order to increase consumers’ purchase frequency and love of the product. In 2022, revenue from “Uni Ice Tea (統一冰紅茶)” achieved a double-digit growth over last year.

In 2022, “Uni Plum Green Tea (統一青梅綠茶)” carried out a brand reposition and quickly captured consumers’ hearts with its unique selling point of “Grade A plums (A級軟枝大粒梅)” and differentiated image featuring Chinese traditions. With such reposition, the brand recorded a high double-digit growth in revenue as compared to last year, and become one of the key drivers of our tea drinks business. Focusing on Generation Z, the brand has leveraged on the traditional culture to create two boundary-breaking marketing campaigns: “Seeking for Plum in the Panorama of Rivers and Mountains (千里江山尋梅記)” and “Traditional Chinese Graduation (國風畢業季)”. The campaigns were launched in time with a Chinese historical drama, which helped us to raise brand awareness quickly and successfully establish the brand’s differentiated image of “Plum Green Tea with Chinese Taste (梅香茶爽•中國味)”. In 2023, the brand will be able to enhance its penetration and continue to capturing consumers’ attention by highlighting “Grade A plums (A級軟枝大粒梅)” in its promotion. In the past three years, revenue from “Uni Plum Green Tea (統一青梅綠茶)” has been growing at an exponential compounded annual rate.

The brand of “Classmate Xiaoming (小茗同學)” caters for the aesthetic value of Generation Z students with personalized mixed features. We present the brand image and occupy the niche market with a close focus on the collective identity of “Classmate (同學)”. Meanwhile, on top of traditional video communication, we collaborated with internet celebrities to co-create “viral videos” to represent the brand story, realizing category branding more quickly, and thus achieving the category recognition of “Classmate Xiaoming (小茗同學)”.

In response to the rising health awareness and to capitalize on consumers’ pursuit for tasty sugar-free tea and quality life, in 2022, “Chai Li Won (茶裏王)” joined hands with the heir of Wuyishan Dahongpao (武夷山大紅袍), an intangible cultural heritage, and Impression Dahongpao (印象大紅袍), a cultural IP, to create a seasonal limited product named “Qinggan Dahongpao (青柑大紅袍)”. We have collaborated with tea plantations and invited consumers to trace the source of our product on Wuyishan (武夷山), presenting them with the brand’s dedication to making good tea and a chance to experience the product’s freshly-brew-like taste. At the same time, through the launch of “Cloud Tea Program (雲養茶)”, a DTC platform application, and live-streaming source tracking in tea plantations, we have fully capitalized on the synergy between online and offline contents, giving consumers a direct and all-round representation of the production process of our “good tea”, as well as to enhance their tea-related knowledge and let them know more tea anecdotes, and through which, we have built an authoritative and professional image for the brand. In 2023, “Chai Li Won (茶裏王)” will continue to focus on the product strength, leveraging on the traditional tea-making process and the natural scarcity of tea production areas/tea anecdotes to enhance its stylish image of “good tea like it’s freshly brewed”.

In 2022, the tea drinks business actively diversified into various consumer scenarios and achieved rapid growth in the household and dining scenarios. People’s health awareness has been rising in the post-pandemic era. In 2023, the Group will respond to the needs of target consumers and iteratively upgrade its products to strengthen their health benefits, giving consumers better reasons to buy our products and hence driving our sales growth. Meanwhile, the Group will actively tap into the sugar-free market to meet consumers’ different needs for tea beverages. Looking ahead to 2023, consumption will grow persistently with gradual rebound. With rational purchase and emotional needs becoming the fundamental drivers of consumption, heart-touching, value-driven and trust reinforcement are crucial for brands to win the hearts of consumers.

### *Juice*

In 2022, the aggregated revenue from the juice business of the Group amounted to RMB3,004.5 million, representing an increase of 35.4% over last year, which contributed 18.3% to the Beverage’s revenue, a 6-year high. Always adhering to the ideal of providing tasty and healthy juice to consumers, the juice business continued to optimize the benefits of juice and enrich its flavors. Meanwhile, we concentrated our business strategy on diversifying specifications and scenarios to cater for the mass taste, satisfying consumers’ demand for healthy juice at different place and time by deepening the operation of food and beverage channel, accelerating the expansion of home scenario, and actively participating in the gift set market.

With the 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 reinforce its benefit of being rich in dietary fiber by highlighting the visual image of “fiber (纖)” on the product packaging, which, combined with diversified media promotion, have drawn consumers’ attention to orange juice with more “fiber (纖)”. In terms of channels, we further developed the food and beverage channel to consolidate Orangeate’s image of being the “go-to beverage”. Meanwhile, we seized the opportunity of family consumption and, in response to the needs of today’s household consumers, promoted the product’s benefits with the identity of “Vitamin C-rich household products (富含VC家人常備)”. In the past three years, revenue from “Uni Orangeate (統一鮮橙多)” has been growing at a compounded annual rate of double-digit.

Revolving around the theme of the perfect sweet-sour experience, in 2022, “Uni Guo Yang Kumquat Lemon Beverage (統一果漾金桔檸檬)” continued to reinforce its product image of “Becoming More Outstanding with Sweet and Sourness (酸酸甜甜更出位)”. For promotion, it conveyed the brand message of “Outstanding with Sweet and Sourness (酸甜出位)” through a special bottle design crossed-over with “Heaven Official’s Blessing (天官賜福)”, a popular comic IP, catering to the zeitgeist of the new white-collars and urban blue-collars, who are passionate to life, highly motivated and eager to “becoming more outstanding”. In terms of channels, the product aimed for a rapid market occupation by capturing sales opportunities in a wide range of scenarios. At the same time, we launched a sensational promotion campaign targeting young consumers, in which we presented the brand’s sweet and sour, moistening and refreshing features and conveys its message of “Becoming More Outstanding with Sweet and Sourness (酸酸甜甜更出位)” through immersive scenario marketing. In the past three years, revenue from “Uni Guo Yang Kumquat Lemon Beverage (統一果漾金桔檸檬)” has been growing at an exponential compounded annual rate.



“Haizhiyan (海之言)” continued to penetrate the sweating scenario by persistently expanding its point-of-sale (POS) in terms of channels and, on the promotion front, keep appealing to consumers with its core message: “Drink Haizhiyan after sweating (流汗喝海之言)”, so as to reinforce the brand’s association with “Ocean” and accentuate the benefit that “Mediterranean Sea salt and refreshing juice can rapidly rehydrates and replenishes electrolyte loss from the body (地中海海鹽加清爽果汁，及時補充身體流失的水分、電解質)”

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 in 2022, resulting in increased young consumers. We focused on key cities and continued to increase investment, seizing the sales opportunities in every scenario to give consumers the best ice-cold experience with full efforts in creating a chilling experience. We continued to capitalize on household consumption scenario by promoting community group purchases and seizing the chances to make sales on O2O platforms.

Centering on its core value of “Vitality is awakened by the freshness and sweetness of fully-ripened fruits (完熟清甜，元氣覺醒)”, “Vitality Awakening (元氣覺醒)” selected fully-ripened fruit from premium production regions around the globe, and completely replicated the freshness and sweetness of fully-ripened fruits. We promoted the positive spirit of aiming for the best and conveyed the brand identity of “Full of vitality and awakening new power (元氣滿滿、覺醒新力量)”. We continued to focus on cultivating 100% juice market in key first-tier cities by developing the contemporary system and e-commerce platforms. At the same time, we rode the trend to expand family scenario and online platforms such as O2O and groceries delivery services and actively created new growth drivers for the juice business in response to the demand for consumer upgrading.

“Uni Tomato Juice (統一蕃茄汁)” makes use of the product benefit of having lycopene to continuously create scenarios for a high-quality life characterized by “Double Vitality & Health (活力&健康翻倍)”. Through the extensive development of e-commerce and TV shopping platforms and multiple scenarios to attract purchases, we continued to cultivate target consumers’ knowledge of lycopene and their drinking habit.

“A-Ha” uses its core value of “Carbonated drink with Vitamin C (含汽、維生素C)” as the key promotion theme. It focused on the food and beverage channel to cultivate consumers and expand brand awareness on a continuous basis.

In 2023, the Group’s juice business will continue to capitalize on the changes in consumption demand and market trend. We will insist on the core value of our juice products’ health benefits, continue to invest more resources in the restaurant, family and gift set scenarios, seize the definite opportunity from the “Mass Taste to Traditions (傳統大口味)” and turn it into our major product, thereby rapidly expanding the market share of our juice business on a continuous basis.

### *Milk Tea*

In 2022, the Group’s milk tea business generated revenue of RMB6,005.4 million, representing an increase of 4.6% over last year. The Group continued to maintain a healthy operating system, conduct proper freshness control and pay attention to the basics, through which we have made “Uni Assam Milk Tea (統一阿薩姆奶茶)” a solid market leader.

As the leading brand in the category, “Uni Assam Milk Tea (統一阿薩姆奶茶)” continued to implement the business strategy of “Deepening and Strengthening (做深做強)”, exploring new opportunities in the drinking scenario, and striving to boost consumers’ mood with smooth and tasty milk tea at any time and anywhere. Large packaged products continued to focus on the scenario of Chinese New Year celebration and sharing through the theme promotion of “Drink Something new for a better New Year (過順年，喝點新花樣)”. As for the exquisite products, we have expanded into the scenarios of household leisure, outdoor sharing and winter hot drinks to enhance the structural product layout and bring consumers a better product experience. We also joined hands with the national app “MoWeather (墨跡天氣)” and, using the traditional “solar terms” as a leverage, interacted with consumers in a high frequency on the brand’s identity of “Good Mood (好心情)”, strengthening the association between such theme and Assam while continuously enhancing consumers’ impression on the brand. In the past five years, revenue from Uni Assam Milk Tea (統一阿薩姆奶茶)” has been growing at a compounded annual rate of double-digit.

### *Coffee*

In 2022, our coffee business focused on brand repositioning and clarified the status of A-Ha (雅哈) as a “National Coffee Flavored Beverage (國民咖啡味飲料)”. The brand adopts a new message of “A-Ha! Getting Started with Vitality! (雅哈一下，活力出發)” and is committed to providing a source of vitality for young urbanites such as blue-collar workers and new white-collar workers, helping them to face new beginnings with full energy. On the promotion front, we have used enchanting TV commercials in our marketing campaign to effectively enhance the brand’s recognition. As for the operational front, we have gained a strong foothold in the cities it based in and gradually enlarged the market share.

In 2023, with the deepened development of China’s coffee market in China and the start of the post-pandemic era, our coffee business will firmly cultivate the sub-segment of “Coffee Flavored Beverage”. In addition to our on-going strategy of focusing on “A-Ha Iced Coffee (雅哈冰咖啡)”, we will endeavor to enlarge our product mix in accordance with consumer trend, providing the new generation of consumers with rich and diverse options in taste. In terms of promotion, focusing on the theme of “Vitality (活力)”, we are committed to enlarge our customer base through marketing campaign with higher interactive level and conversion rate. For channels, we will continue to focus on key cities while actively cultivating potential markets, so as to improve brand penetration and find the new driver for brand growth.

### *Bottled Water*

As the COVID-19 pandemic was being normalized in 2022, consumers’ concern for health and safety has further increased, with more and more consumers willing to choose mineral water with higher quality. Adopting a brand message of “ALKAQUA, simple appearance with unusual properties (愛誇礦泉，從不簡單)”, “ALKAQUA (愛誇)” uses premium mineral water from deep underground sources that contains remarkable metasilicic acid content, presenting its health and safety quality in an exceptionally rational manner. The brand also cooperated with Shanghai’s top-rated radio program to convey the product’s exceptional health and safety quality to consumers through program interaction. With the evolution of consumers’ purchasing pattern, sales from online and family-size package become a major focus. “ALKAQUA (愛誇)” has seized the trend to increase the number of large packaged and multi-packaged products available on various e-commerce platforms, and made appropriate promotional efforts to turn it into a new source of growth.

In 2023, we will further build up the brand image of “ALKAQUA (愛誇)” through its premium standard, making it a representative of mid-to-high-end mineral water with safe and health quality. At the same time, we will convey to consumers a brand message that are more in line with their authentic views and communicate deeply with consumers, so as to pass on the brand’s positivity and optimism.

### *Bottle Can Drinks*

The development of multiple channels has led to an ever-changing consumer demand for ready-to-drink beverages. In order to diversify beverage products, the Group has continuously developed a series of high-end bottle can drinks. With the Cantonese dessert “Mango & Pomelo Sweet Soup (楊枝甘露)” as the first flavour, “Keep Sweet (恬蜜光年)” leave consumers’ palates with a long-lingering aftertaste through the inherent technology of aluminum cans and selection of ingredients. Also, in 2022, we continued to further develop the regional market with “Sweetening your life a bit (給你的生活一點恬)” as the main axis of the brand, and effectively enhanced the brand scale and market visibility in the region through online short videos and other means of communication. During the winter of this year, we have launched the “Red Bean Coconut Milk (紅豆椰露)” as a winter-exclusive product, in which northeastern red beans and sunshine oat groats are selected to combine traditional red bean paste with Hainan coconut milk, giving the classic dessert an innovative taste and targeting the recently popular cereal drinks to meet consumer demand. The product received positive feedback from consumers after its launch, while in the future, we will continue to further develop the dessert and beverage business with insights into consumers’ needs.

### *E-COMMERCE*

There are 1 billion Internet users in the PRC, and the national online retail sales in 2022 reached approximately RMB12 trillion, representing 27% of the total retail sales of consumer goods in China. This trend will be driven by improved consumer satisfaction and a desire for convenience and efficiency. The Group will establish effective marketing strategies based on consumer behavior patterns, including purchase frequency and consumer decision-making chains, etc.

In 2022, the Group explored three new business models for its online business, under which, it is dedicated to conducting business by capitalizing on social traffic, opening flagship stores and live-streaming rooms on e-commerce platforms for interest circles, and engaging parties ranging from direct store fans to cooperating KOLs/KOCs, to provide consumers with convenient and safe shopping options while creating new marketing channels for the Group’s brands. In response to the new changes in traffic, our private e-commerce platform has developed “Uni Happy Planet (統一快樂星球)”, a shopping application that covers various functions from brand reputation to brand efficiency conversion. During the pandemic, we received orders through community/corporate group purchase. Our constant optimization has made the whole group purchase process more systematic, demonstrating the entrepreneurial spirit of our team.

“That Street That Lane (那街那巷)” is committed to recreating authentic street food to consumers, enlivening the city with traditional cuisines. The signature product “Lanzhou Beef Noodles (蘭州牛肉麵)” continued to achieve stable growth. The brand continued to explore into new fields and launched “Leshan Spicy Bobo Chicken (樂山紅油鉢鉢雞)” in March 2022 to tap into the braised dishes business segment, which consecutively ranked the first in the Tmall cold hot pot category since its launch and was awarded the Outstanding Innovative Product for the Instant Food Industry in the PRC in 2021–2022.

## RESEARCH AND DEVELOPMENT

In 2022, the third year since the outbreak of the COVID-19, people's perception towards the pandemic has shifted from the initial fear of the virus to concern over work and life disturbance, which could be evidenced in every facet of life, causing new generations of consumers to change their spending and shopping behaviors. The Group's business research institute has been well aware of these new consumption scenarios and opportunities, and adhered to the concept of "be comfortable and happy to eat (吃得安心，吃得開心)" by focusing on the optimization of featured products for livelihood while continuing to develop a variety of new products that were in line with the trend, contributing to a new record high of revenue for 2022.

On the other hand, the Group's business research institute continued to build protection for its core technologies. In 2022, 28 patents were granted and 23 new patent applications have been filed. As of December 2022, the cumulative number of patents granted has reached 148.

### Insights into Consumer Trends

Throughout the war against the pandemic, food and beverage manufacturers have been launching new products with health features that are well-known by the publics, a trend which is becoming increasingly clear.

In the area of beverages, beverages with health benefits and functional ingredients such as coconut and lime are gaining popularity and changing the competitive landscape of plant-based and frozen juice. Given the trend, the Group's business research institute is rapidly developing innovative products in this category. Our "coconut and oat milk tea under Pure and Noble Milk Tea (布諾乳茶生椰燕麥奶茶)" is made from dual plant base of raw coconut and oat with strong flavour black tea, which is cholesterol-free, of pure coconut flavour, rich tea flavour and natural wheat taste. The "Fruit Trio Calamansi Juice(果重奏青金桔汁)" is a refrigerated product that meets the post-pandemic consumer demand for a functional product that is rich in VC, with a refreshing taste and clean label, which echoes with the current pursuit by consumers for healthy and non-additive ingredients. With the prevalence of sugar-free beverages, "sugar reduction" has also become a key word that cannot be ignored. Milk tea has been the first target of sugar reduction, and "Uni Assam Milk Tea (統一阿薩姆奶茶)" has quickly responded to consumer demand by optimizing the amount of sugar added to its recipe for Fried Green Milk Tea (煎茶奶綠) and Rock Salt Cheese (岩鹽芝士) to achieve a taste effect of reduced sugar but same sweetness, conquering the taste buds of more young consumers.

In the area of food products, under the impact of the pandemic, food products for livelihood such as instant food and prepared food that are suitable for home scenarios are becoming increasingly popular among consumers, and their substitution effect on take-out and regular meals is beginning to emerge. Inspired by Chinese cuisine, the Group's business research institute is rapidly launching a variety of food products for everyday lives that use natural ingredients and new-generation seasoning technology to restore the natural flavour to the greatest extent. We adopted the "stock cooking techniques (原湯料理)" for our "That Street That Lane Leshan Spicy Bobo Chicken (那街那巷樂山風味紅油鉢鉢雞)" to provide consumers with the ultimate convenience of "no water (不加水)" and "no heating (不加熱)", restoring the authentic taste of Leshan traditions. Our "Tomato Beef Topping (番茄牛肉下飯澆頭)" and "Beef Curry Topping (咖喱牛肉下飯澆頭)" under the "Kai Xiao Zao (開小灶)" utilize high pressure aseptic preservation technology<sup>TM</sup> without adding preservatives, giving the taste as if it is made by a restaurant chef and presenting the essence of traditional Chinese cuisine. Our "hot and sour mixian in small pot (小鍋酸辣米線)" and "mixian with thick sauce in small pot (小鍋肥汁米線)" under the "Soup Daren (湯達人)" are the first non-fried cup products that use finely rounded mixian to match the popular flavour of small pot mixian in the market, which, with the support of our unique broth flavouring technique, can be brewed and served within five minutes and is therefore tasty, burden-free and with good value for money.

## Creating Barriers for Competition

The prolonged pandemic in 2022 has also led to fierce competition in the catering and fast-moving consumer goods industry, prompting traditional brands to launch cross-sector new products and new entrants to capture market shares fearlessly by rapid iteration, thus giving rise to increasing market competition. Confronted by various challenges, the Group's business research institute insisted on consumer value innovation through continuous empowerment of existing featured products for livelihood and development of new products (categories) to meet the diversified needs of consumers to the greatest extent, while improving its flavouring technology to differentiate and personalize tastes, which served as a protection added to the competitiveness of our products.

On one hand, the Group continued to empower its featured products for livelihood by iteration and innovation through constantly optimizing the traditional flavour of "Uni-stewed beef flavoured noodles (統一紅燒牛肉麵)", where the freshness was enhanced and side dishes were optimised to bring more perfect experience on consumption. For the Vine Pepper Beef Noodles (藤椒牛肉麵) under "Teng Jiao (藤嬌)", the core ingredients have been continuously improved to ensure the stable quality of vine pepper and stimulate the taste buds of young consumers through flavour upgrades. For "Uni Ice Tea (統一冰紅茶)", the stability of tastes during shelf life was ensured through optimization of production process and enhancement in the quality of its core ingredients such as tea powder and flavouring, which highlighted the characteristics of its flavour. The product colour and flavour of "Uni Green Tea (統一綠茶)" was further improved through the establishment of detailed colour standards for shelf life and process standard. With respect to the "Uni More Juice Series (統一多果汁系列)", we continued to optimise the production process, allowing consumers to truly experience the stability of taste, while at the same time launching an 1-liter package with good value for money and a canned series exclusively for the catering channel to serve the secondary market.

On the other hand, the Group actively developed new products (categories), namely, the "A-Ha raw coconut flavoured latte (雅哈生椰拿鐵)", which caters to the demand of consumers for plant-based food by using coconut milk and coconut water instead of milk for coconut-based coffee and is friendly to lactose intolerant people with its lactose free feature, and the flavour collision with coffee is excellent enough to provide a pleasant taste while refreshing the mind; and the "Tomato Bolognese Instant Pasta (茄皇意式番茄肉醬風味拌麵)", which aimed at the fast-growing instant pasta market in recent years, where products are served with the sauce made of from a Xinjiang tomato and the essence of beef, accompanied by the Italian specialty of cheese, basil and parsley, contributing to the fresh and rich sweet-sour tastes of the chewy noodles.

To ensure our long-term competitiveness, the Group's business research institute continued to work on more than 10 core technology projects in 2022 through internal and external collaborative innovation and independent innovation, in which, the lemon project was successfully applied to the "Fruit Trio Calamansi Juice (果重奏青金桔汁)", while the beef project was successfully applied to the optimization of our featured products for livelihood, namely the "Stewed Beef Flavoured noodles (紅燒牛肉麵)" and the "Spicy Beef Flavoured noodles (香辣牛肉麵)" and several new flavours related to lemon or beef were stockpiled at the same time. Meanwhile, the Group's business research institute actively promoted domestic production of core ingredients and the identification of secondary suppliers. During the pandemic, the Group activated the reserve recipe and swiftly developed the ingredients of relevant secondary suppliers. The small percentage substitution and steady advancement of the domestically produced tea leaves for the "Uni Assam Milk Tea (統一阿薩姆奶茶)" has ensured the safety of supply while establishing the technical barrier of tea blending.

## RESEARCH AND DEVELOPMENT PLANNING STRATEGY

In the midst of the 2022 pandemic, consumers felt more intuitively the importance of food as a necessity of life. Based on the “Y+5” corporate strategic plan, the Group’s business research institute focused on the continuous optimization of livelihood products through relentless empowerment of existing classic flavours and the maintenance of “3Ys”, i.e. stability, continuity and consistency, so as to make them have better value for money and better meet the needs of consumers. We have continued to expand consumption scenarios, such as the development of canned flavours in the post-pandemic era with higher growth potential in the dining scenario, and the development of exquisite drinks of 300ml volume and large packaged beverage products with 1.5 liter or larger volume for household consumption, as well as new food products such as affordable bagged noodles and noodle toppings.

The Group will develop new on-trend products (categories), including the extension of old categories, such as the expansion of sub-categories under large categories, the exploration of local fruit flavours, and the development of more regional cuisines; and the expansion of new products, such as affordable sugar-free tea and cereal tea, prepared dishes flavoured with healthy ingredients, tasty and burden-free leisure snacks, sugar-free versions of classic flavoured soft drinks, and refrigerated beverages that maintain the ingredients’ freshness.

In 2023, the Group will continue to focus on core technologies and collaborate with research institutes with advanced technologies in the industry and the parent company’s business research institute in Taiwan to innovate and deploy in core technology development projects such as non-fried, sugar-free, and Three Reduction and Three Kind of Health (三減三健), i.e. Sugar Reduction, Salt Reduction, and Oil Reduction (減糖、減鹽、減油) that are in line with the future trends in a forward-looking manner to enhance the innovation capability of the Group’s business research institute.

## FOOD SAFETY

We uphold the philosophy of “Three Goods and One Fairness (三好一公道)”, i.e. Good Quality, Good Credit, Good Service and Fair Price (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 the Food Safety and Quality Committee with our 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 and Quality Committee cover all relevant departments including the business research institute, procurement resources management office, the production management group, food safety and management office, etc. The Committee holds meetings periodically to discuss food safety management issues. Besides, we have set up the Food Safety and Management Office as the food safety management department to establish a food safety assurance system, formulate and put in place food safety policies, deepen food safety risk assessment, provide 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 and Management Office has set up a 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). 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 projects. The Group's testing capability of food safety projects 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 2022, 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 six with the HACCP certification.

## **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 2022 (the “Year”), the Group recorded revenue of RMB28,257.4 million, representing an increase of 12.0% from RMB25,230.6 million for 2021. Revenue from the food business amounted to RMB11,009.4 million, representing an increase of 15.6% as compared with the corresponding period of last year, which accounted for 39.0% of the Group's total revenue, and revenue from the beverages business amounted to RMB16,405.4 million, representing an increase of 11.3% as compared with the corresponding period of last year, which accounted for 58.1% of the Group's total revenue. During the Year, gross profit of the Group decreased from 8,218.9 million for the corresponding period last year to RMB8,187.9 million, representing a decrease of 0.4% while the gross profit margin decreased by 3.6 percentage points from 32.6% for the corresponding period last year to 29.0%, which was mainly due to the effect of the increase in the cost of bulk raw materials.

During the Year, the selling and marketing expenses increased by approximately RMB343.8 million to RMB5,886.6 million (2021: RMB5,542.8 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 RMB1,047.4 million (2021: RMB1,048.8 million), representing a slight decrease as compared with the corresponding period of last year.

As a result of the combined effect of the increase in bulk raw material prices and the increase in transportation costs, operating profit was RMB1,495.8 million for the Year (2021: RMB1,905.8 million), representing a decrease of 21.5% as compared to the corresponding period last year. The share of profits of investments accounted for using the equity method amounted to RMB26.1 million (2021: RMB35.0 million) during the Year, such decrease as compared to the corresponding period last year was mainly due to the share of loss of joint ventures. Profit attributable to equity holders of the Company for the Year was RMB1,222.2 million (2021: RMB1,500.7 million), representing a decrease of 18.6% as compared to the corresponding period last year. Earnings per share during the Year were RMB28.30 cents (2021: RMB34.74 cents).

## FINANCIAL ANALYSIS

### Cash and Borrowings

As at 31 December 2022, the Group had cash at bank and on hand of RMB6,654.2 million (31 December 2021: RMB6,078.3 million), among which 99.97% was denominated in Renminbi, 0.01% was denominated in United States dollar and 0.01% was denominated in Hong Kong dollar. The Group mainly financed its operation and capital expenditures with internally generated cash flow. As at 31 December 2022, the Group's total financial liabilities amounted to RMB869.5 million (31 December 2021: RMB149.7 million), representing an increase of 480.8% as compared to the corresponding period last year, which was mainly attributable to the increase in short-term borrowings and lease liabilities. Our short-term working capital was relatively sufficient to repay our bank borrowings. 100% of borrowings of the Group's total financial liabilities was denominated in Renminbi. As at 31 December 2022, all of the Group's financial liabilities bore floating interest rates. As at 31 December 2022, the Group did not have any secured bank borrowing (31 December 2021: Nil).

### Financing

The Group aims to maintain an appropriate capital structure. The gearing ratios of the Group as at 31 December 2022 and 31 December 2021 were as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Total borrowings (including lease liabilities)	<b>869,496</b>	149,719
Less: cash at bank and on hand	<b>(6,654,208)</b>	(6,078,271)
Net cash	<b>(5,784,712)</b>	(5,928,552)
Total equity	<b>13,181,353</b>	13,765,301
Gearing ratio ( <i>Note</i> )	<b>(43.89%)</b>	(43.07%)

*Note 1:* As at 31 December 2022, cash at bank and on hand excluded the Group's purchase of financial products issued by commercial banks. As at 31 December 2022, the Group had financial assets at fair value through profit or loss of RMB1,018.5 million (31 December 2021: RMB1,715.4 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 2022, the Group recorded a year-on-year net decrease in cash and cash equivalents of RMB177.1 million, comprising net cash inflow from operating activities of RMB1,430.3 million, net cash outflow from investing activities of RMB416.8 million and net cash outflow from financing activities of RMB1,190.7 million. The Group's capital expenditure for the Year was RMB545.9 million (31 December 2021: RMB437.3 million).

## Analysis of Operating Efficiency

The Group stringently controls and manages the levels of trade receivables, trade payables and inventories. Sales to most customers are made on a delivery on payment basis. Trade receivables are generated from credit sales to credit customers from modern channels 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, as product preparation for Chinese New Year has been moved up to December 2022 and the products prepared for e-commerce channels and modern channels has increased. As a result, net trade receivables increased by RMB171.4 million to RMB819.9 million (31 December 2021: RMB648.5 million).

The Group's inventories mainly comprised raw materials, packaging materials, finished goods and low-value consumables. As at 31 December 2022, the inventories balance increased by RMB130.0 million to RMB2,522.5 million (31 December 2021: RMB2,392.5 million) as compared to the beginning of the Year, which was attributable to the growth in cost of bulk raw materials and early preparation of products for the Chinese New Year sales. The inventories turnover days decreased by two day as compared with 2021. The Group's trade payables mainly arise from credit purchases of raw materials and finished goods. During the Year, trade payables increased by RMB557.0 million to RMB2,675.0 million (31 December 2021: RMB2,118.0 million), which was attributable to the increase in purchases of finished 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	
	2022	2021
Trade receivables turnover days	9	9
Inventory turnover days	44	46
Trade payables turnover days	43	42

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 the number of 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 the number of days in the year.

Trade payables 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 the number of 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 continued to advance the progress of financial intellectualization and carried out daily settlement at all key nodes to provide more accurate services to all business systems, while significantly improving the efficiency of our closed-loop corporate governance, reducing costs and increasing efficiency.

### **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 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 2022, 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 2022.

## **CHARGES ON GROUP ASSETS**

The Group did not have any charge on group assets as at 31 December 2022.

## **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 2022, the total number of employees of the Group was 33,555. 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 of the employees.

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 RMB4,324.3 million (2021: RMB4,030.6 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 2022 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 RMB33.95 cents per share of the Company for the Year (the “Proposed Final Dividends”), amounting to a total dividend of approximately RMB1,466.6 million. The Proposed Final Dividends shall be declared in RMB and paid in Hong Kong dollars. The actual amount of dividend payable in Hong Kong dollars will be calculated based on the average central parity rate of RMB against Hong Kong dollars as published by the People’s Bank of China for the five business days in Hong Kong immediately preceding the date of the forthcoming annual general meeting of the Company (the “Annual General Meeting”).

The Proposed Final Dividend, subject to the approval of shareholders of the Company (the “Shareholders”) at the Annual General Meeting to be held on or around Friday, 2 June 2023, will be paid on or around Wednesday, 28 June 2023 to Shareholders whose names appear on the register of members of the Company on Monday, 12 June 2023.

## **CORPORATE GOVERNANCE CODE**

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

On 3 March 2023, 合肥統一企業有限公司 (unofficial English translation being Hefei President Enterprises Co., Ltd.) (the “Hefei President”), an indirect wholly-owned subsidiary of the Company, and 合肥市土地儲備中心 (unofficial English translation being Hefei Land Reserve Centre) (the “Land Reserve Centre”), entered into a disposal agreement pursuant to which the Land Reserve Centre agreed to acquire, and Hefei President agreed to dispose of the land use right of a piece of land (the “Land”) situated in 中國合肥市經開區繁華大道8278號 (unofficial English translation being No. 8278, Fan Wa Avenue, Hefei Economic Development Zone, Hefei City, the PRC) for a compensation of approximately RMB582.51 million (the “Disposal”). It is expected to recognise an unaudited net gain (before tax) from the Disposal of approximately RMB351.41 million. The actual gain from the Disposal may differ as the estimated gain as set out above is based on a number of assumptions and the amount will be calculated upon completion of the Disposal. The proceeds from the Disposal are intended to be applied as general working capital of the Group. Upon completion of the Disposal, the Group will cease to hold any interest in the Land. Further details of the Disposal were disclosed in the announcement of the Company dated 3 March 2023.

## **RE-ELECTION OF DIRECTORS**

In accordance with Article 130 of the articles of association of the Company (the “Articles of Association”), each of Mr. Lo Chih-Hsien, Mr. Liu Xinhua and Mr. Chen Kuo-Hui, will retire by rotation at the forthcoming annual general meeting of the Company. Each of Mr. Lo Chih-Hsien, Mr. Liu Xinhua and Mr. Chen Kuo-Hui being eligible, will offer himself for re-election. Pursuant to Article 114 of the Articles of Association, Ms. Chien Chi Lin shall hold office only until the Annual General Meeting and shall then be eligible for re-election at the same meeting. Ms. Chien Chi Lin will offer herself for re-election at the Annual General Meeting.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 29 May 2023 to Friday, 2 June 2023 (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 Thursday, 25 May 2023.

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, 8 June 2023 to Monday, 12 June 2023 (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, 7 June 2023.

Subject to the approval of the Shareholders at the Annual General Meeting, the final dividend will be paid on or around Wednesday, 28 June 2023 to Shareholders whose names appear on the register of members of the Company on Monday, 12 June 2023.

## **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 2021 or 2022 but is derived from those financial statements. The 2022 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*

8 March 2023

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