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)

DISCLOSEABLE TRANSACTIONS AND CONNECTED TRANSACTIONS

THE TRANSACTIONS

The Board is pleased to announce that after trading hours on 24 October 2014:

(i) CD President, an indirect wholly-owned subsidiary of the Company, entered into the CD Agreement with the CD Purchaser pursuant to which the CD Purchaser has agreed to acquire the CD Machinery and Equipment from CD President at a consideration of RMB300 million subject to the terms contained in the CD Agreement; and

(ii) ZJ President, an indirect wholly-owned subsidiary of the Company, entered into the ZJ Agreement with the ZJ Purchaser pursuant to which the ZJ Purchaser has agreed to acquire the ZJ Machinery and Equipment from ZJ President at a consideration of RMB220 million subject to the terms contained in the ZJ Agreement.

IMPLICATIONS UNDER THE LISTING RULES

By virtue of being the associates of UPE (the ultimate controlling shareholder of the Company), both of the CD Purchaser and the ZJ Purchaser are connected persons of the Company under the Listing Rules. Accordingly, each of the Transactions constitutes connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules.

As all the percentage ratio (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the Transactions (as if the CD Transaction and the ZJ Transaction were one transaction) is less than 5% with the profits ratio being more than 5% but less than 25%, (i) the Transactions constitute connected transactions and are only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and (ii) the Transactions also constitute discloseable transactions and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

(I) THE TRANSACTIONS

1. The CD Transaction

1.1 The CD Agreement

Date

24 October 2014 (after trading hours)

Parties

CD President: (as vendor)	成都統一企業食品有限公司 (Chengdu President Enterprises Food Co., Ltd.*) CD President is an indirect wholly-owned subsidiary of the Company in the PRC and is principally engaged in the manufacturing and sale of beverage products and instant noodles.
CD Purchaser: (as purchaser)	四川統實企業有限公司 (Sichuan Ton-Yi Industrial Co., Ltd.*) The CD Purchaser is an indirect wholly-owned subsidiary of 統一實業股份有限公司 (Ton Yi Industrial Corp.*), which is in turn owned as to approximately 47.50% by UPE (the ultimate controlling shareholder of the Company). Therefore, the CD Purchaser is an associate of UPE and a connected person of the Company under the Listing Rules. As at the date of this announcement, the CD Purchaser has not commenced any business operation and is expected to be principally engaged in the provision of OEM production services for beverage products after completion of the CD Transaction.

Assets to be sold

The CD Machinery and Equipment (which is primarily comprised of one TP production line, two HPET production lines, one APET production line and ancillary blow molding machinery, plastic injection molding equipment and other ancillary office and warehousing equipment) is mainly used in the manufacturing of beverage products with TP and PET packaging. The original purchase cost of the CD Machinery and Equipment was approximately RMB301.6 million.

CD President will not be held responsible for the quality of the CD Machinery and Equipment.

Consideration

The consideration for the sale of the CD Machinery and Equipment is RMB300 million which will be adjusted based on any tax that may be required to be paid by CD President as a result of the sale of the CD Machinery and Equipment (which the CD Purchaser has agreed to bear) in accordance with the CD Agreement.

Unless CD President agrees otherwise in writing, the consideration for the sale and purchase of the CD Machinery and Equipment is to be settled by the CD Purchaser to CD President in cash by two instalments ((i) as to 60% within 3 days after the receipt of the payment notice issued by CD President (upon the CD Agreement becomes effective); and (ii) the balance of the consideration is to be payable within 20 business days after the receipt of the invoice issued by CD President after all applicable legal and customs procedures for the transfer of the CD Machinery and Equipment have been completed).

The title to the CD Machinery and Equipment will be transferred and vested into the CD Purchaser upon payment of the first instalment of the consideration for the CD Machinery and Equipment as set out above.

The consideration was determined after arm's length negotiations between the parties involved primarily with reference to the valuation as at 31 December 2013 of the CD Machinery and Equipment existed on the date of valuation conducted by an independent valuer in the amount of approximately RMB218.1 million.

1.2 Financial information of the CD Machinery and Equipment

Based on the management accounts of CD President, the unaudited net book value of the CD Machinery and Equipment as at 30 June 2014 is approximately RMB181.9 million. The unaudited financial information attributable to the CD Machinery and Equipment for the years ended 31 December 2012 and 2013 are as follows:

	Year ended 31 December 2013 *RMB'000*	**Year ended 31 December 2012** *RMB'000*
Revenue	905,550	1,050,839
Net profit before taxation	43,290	76,420
Net profit after taxation	36,797	64,957

1.3 Financial effects of the CD Transaction

For illustration purposes only and subject to audit, it is expected that the Group will record a book gain of approximately RMB128.5 million as a result of the CD Transaction which represents the difference between the consideration thereof and the anticipated net book value of approximately RMB171.5 million as at 30 November 2014 (which is the expected completion date). The anticipated net book value represents the aggregate amount of (i) the unaudited net book value of the CD Machinery and Equipment as at 30 June 2014; and (ii) the expected depreciation from functional and economic obsolescence of the CD Machinery and Equipment since 30 June 2014 and prior to the expected completion date. The actual gain or loss in connection with the CD Transaction will be assessed after completion and is subject to audit.

2. The ZJ Transaction

2.1 The ZJ Agreement

Date

24 October 2014 (after trading hours)

Parties

ZJ President: (as vendor)	湛江統一企業有限公司 (Zhanjiang President Enterprises Co., Ltd.*) ZJ President is an indirect wholly-owned subsidiary of the Company in the PRC and is principally engaged in the manufacturing and sale of beverage products.
ZJ Purchaser: (as purchaser)	湛江統實企業有限公司 (Zhanjiang Ton-Yi Industrial Co., Ltd.*) The ZJ Purchaser is an indirect wholly-owned subsidiary of 統一實業股份有限公司 (Ton Yi Industrial Corp.*), which is in turn owned as to approximately 47.50% by UPE (the ultimate controlling shareholder of the Company). Therefore, the ZJ Purchaser is an associate of UPE and a connected person of the Company under the Listing Rules. As at the date of this announcement, the ZJ Purchaser has not commenced any business operation and is expected to be principally engaged in the provision of OEM production services for beverage products after completion of the ZJ Transaction.

Assets to be sold

The ZJ Machinery and Equipment (which is primarily comprised of one HPET production line and one APET production line and ancillary blow molding machinery, plastic injection molding equipment and other ancillary office and warehousing equipment) is mainly used in the manufacturing of beverage products with PET packaging. The original purchase cost of the ZJ Machinery and Equipment was approximately RMB231.3 million.

ZJ President will not be held responsible for the quality of the ZJ Machinery and Equipment.

Consideration

The consideration for the sale of the ZJ Machinery and Equipment is RMB220 million which will be adjusted based on any tax that may be required to be paid by ZJ President as a result of the sale of the ZJ Machinery and Equipment (which the ZJ Purchaser has agreed to bear) in accordance with the ZJ Agreement.

Unless ZJ President agrees otherwise in writing, the consideration for the sale and purchase of the ZJ Machinery and Equipment is to be settled by the ZJ Purchaser to ZJ President in cash by two instalments ((i) as to 60% within 3 days after the receipt of the payment notice issued by ZJ President (upon the ZJ Agreement becomes effective); and (ii) the balance of the consideration is to be payable within 20 business days after the receipt of the invoice issued by ZJ President after all applicable legal and customs procedures for the transfer of the ZJ Machinery and Equipment have been completed).

The title to the ZJ Machinery and Equipment will be transferred and vested into the ZJ Purchaser upon payment of the first instalment of the consideration of the ZJ Machinery and Equipment as set out above.

The consideration was determined after arm's length negotiations between the parties involved primarily with reference to the valuation as at 31 December 2013 of the ZJ Machinery and Equipment existed on the date of valuation conducted by an independent valuer in the amount of approximately RMB173.5 million.

2.2 Financial information of the ZJ Machinery and Equipment

Based on the management accounts of ZJ President, the unaudited net book value of the ZJ Machinery and Equipment as at 30 June 2014 is approximately RMB198.3 million. The unaudited financial information attributable to the ZJ Machinery and Equipment for the years ended 31 December 2012 and 2013 are as follows:

	Year ended 31 December 2013 *RMB'000*	**Year ended 31 December 2012** *RMB'000*
Revenue	177,286	91,281
Net profit before taxation	19,016	7,879
Net profit after taxation	14,262	5,869

2.3 Financial effects of the ZJ Transaction

For illustration purposes only and subject to audit, it is expected that the Group will record a book gain of approximately RMB31.3 million as a result of the ZJ Transaction which represents the difference between the consideration thereof and the anticipated net book value of approximately RMB188.7 million as at 30 November 2014 (which is the expected completion date). The anticipated net book value represents the aggregate amount of (i) the unaudited net book value of the ZJ Machinery and Equipment as at 30 June 2014; and (ii) the expected depreciation from functional and economic obsolescence of the ZJ Machinery and Equipment since 30 June 2014 and prior to the expected completion date. The actual gain or loss in connection with the ZJ Transaction will be assessed after completion and is subject to audit.

(II) INFORMATION REGARDING THE GROUP AND UPE GROUP

The Group

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sale of beverage and instant noodles products in the PRC.

UPE Group

UPE is a limited liability company whose shares are listed on the Taiwan Stock Exchange Corporation and is the ultimate controlling shareholder of the Company. UPE is one of the largest food and beverage conglomerate in Taiwan and UPE Group engages in a wide spectrum of business, including food manufacturing, retail business, logistics, trade and investment.

Non-competition between the Group and UPE Group

In preparation for the listing of the Company, the Company and UPE entered into a deed of non-competition dated 23 November 2007 ("**Deed of Non-Competition**"). As disclosed in the prospectus of the Company dated 4 December 2007, subject to the terms and conditions of the Deed of Non-Competition, UPE undertook that it (except certain excluded businesses as set out in the Deed of Non-Competition) shall not, and shall use its reasonable endeavours to ensure that its subsidiaries shall not, except through the Group, carry on, engage in or make any investment in the "manufacture and wholesale" of any defined food products and any defined beverage products within the PRC save as pursuant to the exceptions provided therein. The principal business of the Group has always been the manufacturing and sale of its owned branded products. In delineating the respective markets of the Group and UPE Group, the Directors (including the independent non-executive Directors) considered that it should be taken into account the principal business of the Group and the underlying philosophy of the Deed of Non-Competition, which is to avoid possible competition between the businesses of the Group and UPE Group. Accordingly, the Directors (including the independent non-executive Directors) are of the view that (i) the Deed of Non-Competition does not intend to cover or restrict the OEM business undertaken and/or to be undertaken by UPE Group in the PRC; and (ii) there has not been and will not be any competition between the Group's beverage manufacturing business which targets the retail sector and UPE Group which targets the OEM market sector in the PRC. The Group and UPE Group will continue to observe the terms and conditions of and comply with the Deed of Non-Competition in the future.

(III) REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Parallel strategy of the beverage production capacity of the Group

The Group's beverage production capacity has all along been pursuing a parallel strategy of self-production and outsourcing to plan, execute and expand its production capacity of beverage products as and when appropriate. On one hand, the Group has its own production plants and facilities for the manufacturing of its products. On the other hand, the Group also outsources part of its production to dependable manufacturing partners who are able to meet the Group's high standard of quality and with whom the Group can establish long-term relationships.

By adopting such a "parallel strategy", the Group believes that it can enjoy the two-fold benefits of better risk management and flexibility in production planning. The Group experiences seasonal fluctuations in demand of its beverage products. For example, the demand of beverage products in spring and summer with hot weather is usually higher. In view of such seasonal nature of the beverage products of the Group, there are fluctuations in the utilisation rates of its productions lines and facilities. By outsourcing certain proportion of its beverage production to suitable OEM partners, the Group can adjust its production capacity more flexibly and, when necessary, increase the production capacity in a timely manner without incurring additional capital expenditure, which in turn can enable the Group to use its financial resources on areas where the Group believes will have greater value, such as brand building and product development.

The Group is expected to record a book gain of approximately RMB159.8 million as a result of the Transactions. The Transactions can also reduce the on-going capital expenditure in respect of the CD Machinery and Equipment and the ZJ Machinery and Equipment and enable the Group to use more efficiently of its resources which would otherwise be required for self-operation of the CD Machinery and Equipment and the ZJ Machinery and Equipment by focusing on brand building and product development.

In exploring the co-operation opportunities with the Group, UPE Group demonstrated not only its strong financial capacity to perform the Transactions, but also its specialty in food and beverage production and interests in the Proposed OEM Arrangements. Having years of outsourcing experience, the Group considered UPE Group, being a renowned food and beverage conglomerate, as one of the most reliable manufacturing partners which can always meet and satisfy the quality standards of the Group. In particular, the CD Machinery and Equipment and the ZJ Machinery and Equipment, which were specifically procured by the Group for production of its products, can best suit the product specifications of the Group and is capable of producing quality products to meet the highest standard of food safety. It follows that the Transactions are in essence a strategic move of the Group to implement the above business strategy by pursuing strategic alliance with specialised OEM partners.

Future plan

Following completion of the Transactions, the Company has no current plan to become an asset light company or to focus purely in the retail market of its beverage products. In this regard, there is no current proposal to dispose of its machinery and equipment to UPE Group in 2015. The Company will continuously review the operating performance of the Group and where there is a trend towards the annual growth of more than 15%, or monthly growth of more than 20%, of the revenue of the beverage products in 2016 and/or 2017, the Group may conduct further disposal(s), the proceeds of which will enable the Group to strengthen its working capital position and increase the cash flow for the implementation of the corresponding plans (including brand building, development of new products and enhance the expansion of sales channels and networks) to cater for the increase in demand of the beverage products of the Group. Any possible disposal(s) will be subject to the prevailing market conditions, business needs and mutual agreement of the parties.

Going forward, the Group will continue to adopt the parallel strategy to maximise the benefits of the Shareholders and the Group as a whole. Please refer to the sub-section headed "(III) Reasons for and benefits of the Transactions – Parallel strategy of the beverage production capacity of the Group" in this announcement for further details. For the three years ended 31 December 2013 and six months ended 30 June 2014, the total revenue generated by all OEM beverage products manufacturers (including UPE Group) respresented approximately 24%, approximately 19%, approximately 28% and approximately 31% of the total revenue generated by the beverage segment of the Group respectively, among which the revenue generated by the OEM beverage products manufactured by UPE Group respresented nil, approximately 4%, approximately 15% and approximately 24% of the total revenue generated by the beverage segment of the Group for the corresponding periods respectively.

In the long run, depending on the prevailing market situation, the Group intends to outsource 40% of its total production capacity of beverage products to OEM factories and retain 60% of the total production capacity by its self-owned beverage production lines. The Group believes that such "6:4" self-produced and outsourcing percentage to be the most optimal allocation of production capacity of its beverage products which can maximise the efficiency and productivity of the Group.

Continuing connected transactions

On 28 March 2013, the Company entered into a framework purchase agreement ("**2013 Framework Purchase Agreement**") with UPE Group in connection with the purchase ("**OEM Purchases**") of, among other goods, beverage products from UPE Group (as the OEM manufacturer of the Group), details of which are disclosed in the circular and the announcement of the Company dated 26 April 2013 and 14 May 2013 respectively. Given that the 2013 Framework Purchase Agreement will expire on 31 December 2014 and the Company will continue the continuing connected transactions contemplated under the 2013 Framework Purchase Agreement and enter into the Proposed OEM Arrangements, on 24 October 2014, the Company entered into a new framework purchase agreement with UPE ("**New Framework Purchase Agreement**") to take effect, subject to independent shareholders' approval, after the expiry of the 2013 Framework Purchase Agreement to regulate such continuing connected transactions, further details of which are disclosed in the announcement of the Company dated 24 October 2014 entitled "Continuing Connected Transactions".

Use of proceeds

The net proceeds to be received by the Group from the sale of the CD Machinery and Equipment and the ZJ Machinery and Equipment are intended to be utilised as general operating funds for uses such as brand building, research and development of new products and development of sales channels.

Directors' view

Having considered the above reasons, the Directors (including the independent non-executive Directors) are of the view that the overall arrangements of the CD Transaction and the ZJ Transaction are mutually beneficial in terms of economic of scale, synergy and specialisation and the Group is expected to achieve greater cost competitiveness and productivity for its beverage products.

The Directors (including the independent non-executive Directors) consider that the entering into of the CD Agreement and the ZJ Agreement are not in the ordinary and usual course of business of the Group but the terms of the CD Transaction and the ZJ Transaction, which are determined after arm's length negotiations between the respective parties to the CD Agreement and the ZJ Agreement, are on normal commercial terms and are fair and reasonable and thus the entering into of the CD Transaction and the ZJ Transaction are in the interests of the Company and the Shareholders as a whole.

None of the Directors has material interests in the CD Transaction and the ZJ Transaction. Nevertheless and for the sake of good corporate governance, those Directors (namely, Mr Lo Chih-Hsien and Mr Lin Lung-Yi) who is either a common director of the Company and UPE and/or holds an insignificant, indirect equity interests (less than 2%) in UPE had abstained from voting in the meeting of the Board approving the CD Transaction and the ZJ Transaction.

(IV) IMPLICATIONS UNDER THE LISTING RULES

As stated above, each of the CD Purchaser and the ZJ Purchaser is an associate of UPE and therefore is a connected person of the Company. Accordingly, each of the Transactions constitutes connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules.

As all the percentage ratio (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the Transactions (as if the CD Transaction and the ZJ Transaction were one transaction) is less than 5% with the profits ratio being more than 5% but less than 25%, (i) the Transactions constitute connected transactions and are only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and (ii) the Transactions also constitute discloseable transactions and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

(V) DEFINITIONS

Unless the context otherwise requires, the following expressions have the meanings set out in this announcement:

"APET"	aseptic PET
"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"CD Agreement"	the sale and purchase agreement dated 24 October 2014 entered into between CD President and the CD Purchaser in relation to the CD Transaction
"CD Machinery and Equipment"	the machinery and equipment mainly for use by the production lines of beverage products with TP and PET packaging to be sold by CD President to the CD Purchaser under the CD Agreement
"CD President"	成都統一企業食品有限公司 (Chengdu President Enterprises Food Co., Ltd.*), an indirect wholly-owned subsidiary of the Company in the PRC and the vendor of the CD Agreement
"CD Purchaser"	四川統實企業有限公司 (Sichuan Ton-Yi Industrial Co., Ltd.*), of which UPE (the ultimate controlling shareholder of the Company) is indirectly interested in 30% or more of the voting power of it and is an associate of UPE and a connected person of the Company
"CD Transaction"	the sale and transfer by CD President of the CD Machinery and Equipment subject to and upon the terms contained in the CD Agreement
"Company"	Uni-President China Holdings Ltd., an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries from time to time
"HPET"	hot-filling PET
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"OEM"	original equipment manufacturer/outsourced professional third party manufacturer
"PET"	polyethylene glycol-terephthalate, a material used to make plastic beverage bottles
"PRC"	the People's Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Proposed OEM Arrangements"	the possible OEM arrangements to be made with UPE Group after completion of the Transactions, pursuant to which the Group proposes to purchase the finished goods manufactured by the CD Machinery and Equipment and the ZJ Machinery and Equipment from the CD Purchaser and/or ZJ Purchaser which, if materialise, will constitute continuing connected transactions of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholders"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Code on Takeovers and Mergers
"TP"	Tetra Pak

“Transactions”	collectively, the CD Transaction and the ZJ Transaction
“UPE”	統一企業股份有限公司 (Uni-President Enterprises Corporation*), a limited liability company incorporated under the laws of Taiwan on 25 August 1967 whose common shares were listed on the Taiwan Stock Exchange Corporation on 28 December 1987 under the stock code 1216, which is the ultimate controlling shareholder of the Company
“UPE Group”	UPE, its subsidiaries and/or any company in the equity capital of which UPE and/or any of its subsidiaries taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other threshold as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings from time to time, but excluding member(s) of the Group
“ZJ Agreement”	the sale and purchase agreement dated 24 October 2014 entered into between ZJ President and the ZJ Purchaser in relation to the ZJ Transaction
“ZJ Machinery and Equipment”	the machinery and equipment mainly for use by the production lines of beverage products with PET bottling to be sold by ZJ President to the ZJ Purchaser under the ZJ Agreement
“ZJ President”	湛江統一企業有限公司 (Zhanjiang President Enterprises Co., Ltd.*), an indirect wholly-owned subsidiary of the Company in the PRC and the vendor of the ZJ Agreement
“ZJ Purchaser”	湛江統實企業有限公司 (Zhanjiang Ton-Yi Industrial Co., Ltd.*), of which UPE (the ultimate controlling shareholder of the Company) is indirectly interested in 30% or more of the voting power of it and is an associate of UPE and a connected person of the Company

"ZJ Transaction"	the sale and transfer by ZJ President of the ZJ Machinery and Equipment subject to and upon the terms contained in the ZJ Agreement
"%"	per cent.

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

24 October 2014

As at the date of this announcement, the board of directors of the Company comprised Mr Lo Chih-Hsien, Mr Hou Jung-Lung and Mr Chen Kuo-Hui as executive Directors; Mr Lin Lung-Yi and Mr Su Tsung-Ming as non-executive Directors; and Mr Chen Sun-Te, Mr Fan Ren-Da, Anthony, Mr Yang Ing-Wuu and Mr Lo Peter as independent non-executive Directors.

* *For identification purposes only*