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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)**

**CONTINUING CONNECTED TRANSACTIONS**

**Independent Financial Adviser to the Independent Board Committee and the  
Independent Shareholders**



**CONTINUING CONNECTED TRANSACTIONS**

References are made to the 2012 Announcement and the 2013 Announcement in relation to the Existing CCT Agreements entered into between the Company and UPE. Given that the Existing CCT Agreements will expire on 31 December 2014 and the Company expects that the continuing connected transactions contemplated under the Existing CCT Agreements will continue, the Company entered into the New CCT Agreements (comprising the New Framework Purchase Agreement, the New Framework Sales Agreement, the New Framework Logistics Service Agreement and the New Framework Technical Support Service Agreement) with UPE on 24 October 2014.

**LISTING RULES IMPLICATION**

UPE (as the ultimate controlling shareholder of the Company) is a connected person of the Company. The Continuing Connected Transactions contemplated under the New CCT Agreements constitute continuing connected transactions of the Company.

As regards the New Framework Purchase Agreement, given that the highest of the applicable Percentage Ratios in respect of the proposed Annual Caps for the purchase transactions will, on an annual basis, be more than 5%, the New Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps) would be subject to the reporting, announcement and Independent Shareholders' approval requirements and the annual review requirements under Chapter 14A of the Listing Rules.

As regards the New Framework Sales Agreement, the New Framework Logistics Service Agreement and the New Framework Technical Support Service Agreement, given that the highest of the applicable Percentage Ratios in respect of the proposed respective Annual Caps will, on an annual basis, be 0.1% or more but less than 5%, the New Framework Sales Agreement, the New Framework Logistics Service Agreement, the New Framework Technical Support Service Agreement and the Continuing Connected Transactions respectively contemplated thereunder would be subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules only but exempt from Independent Shareholders' approval requirements under the Listing Rules.

## **EGM**

An EGM will be convened and held by the Company to consider and, if thought fit, approve the New Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps).

An Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise and provide recommendation to the Independent Shareholders on the Continuing Connected Transactions contemplated under the New Framework Purchase Agreement (and the Annual Caps).

Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions contemplated under the New Framework Purchase Agreement (and the Annual Caps).

A circular containing the particulars of the New Framework Purchase Agreement together with a letter from the Independent Board Committee, a letter from the Independent Financial Adviser and a notice of the EGM is expected to be despatched to the Shareholders on or about 5 December 2014 as more time is needed for the preparation of the information to be contained therein.

## **(I) INTRODUCTION**

References are made to the 2012 Announcement and the 2013 Announcement in relation to the Existing CCT Agreements entered into between the Company and UPE. Given that the Existing CCT Agreements will expire on 31 December 2014 and the Company expects that the continuing connected transactions contemplated under the Existing CCT Agreements will continue, the Company entered into the New CCT Agreements (comprising the New Framework Purchase Agreement, the New Framework Sales Agreement, the New Framework Logistics Service Agreement and the New Framework Technical Support Service Agreement) with UPE on 24 October 2014.

## (II) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

### **New Framework Purchase Agreement**

Date:	24 October 2014
Parties:	(1) the Company (members of the Group as purchasers); and (2) UPE (members of UPE Group as sellers).
Term:	Subject to the approval by the Independent Shareholders at the EGM, the New Framework Purchase Agreement is for a fixed term of three years from 1 January 2015 to 31 December 2017.
Nature of transaction:	Pursuant to the New Framework Purchase Agreement, the Company agrees to purchase or procure purchase of, on a non-exclusive basis, from UPE Group, certain raw materials, packaging materials, finished goods, low-cost consumables and such other goods as may be agreed by the Group and UPE Group and/or their respective members in writing from time to time.
Operational Agreement(s):	Pursuant to the New Framework Purchase Agreement, member(s) of the Group may, from time to time during the term of the New Framework Purchase Agreement, enter into separate Operational Agreement(s) (which may be in the form of purchase order(s) and/or purchase agreement(s)) in respect of the purchases covered by the New Framework Purchase Agreement from member(s) of UPE Group provided that such separate Operational Agreement(s) shall always be subject to the terms of the New Framework Purchase Agreement.
Pricing basis:	The prices and terms of the Operational Agreement(s) for specific transaction(s) covered by the New Framework Purchase Agreement shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and on the following principles:  (i) by reference to the prevailing market price of the same or substantially similar products available from independent third parties to the Group of the same period, taking into account of the price of the same or substantially similar products with comparable order quantities and quality offered by independent third party suppliers; and

(ii) in any event no less favourable to the Group than those offered by independent third party suppliers to the Group in comparable transactions of the same period,

and in accordance with the internal control procedures of the Group, details of which are disclosed in the section headed “(IV) Internal Control Measures” below in this announcement.

Other terms: Pursuant to the New Framework Purchase Agreement, all other terms and conditions for the purchase transactions thereunder (including the payment terms) shall be no less favourable to the Group than those can be obtained by the Group from independent third parties offering the same or substantially similar product(s) of the same period.

Termination: The New Framework Purchase Agreement may be terminated before expiration of its full term upon mutual agreement in writing by the parties thereto or by either party in certain circumstances (including material default by the other party).

The types of raw materials, packaging materials, finished goods and low-cost consumables to be purchased by the Group from UPE Group include but not limited to (i) OEM Products produced by UPE Group; and (ii) palm oils, white sugar, juice concentrates, milk powder, various flavourings, paper-based bowls, tea leaves, dressings and other general goods, which are principally used by the Group for the manufacture of its beverage and instant noodles products.

***Historical aggregate values of purchase transactions***

The total actual values of the purchase transactions by the Group with UPE Group for the year ended 31 December 2013 and the eight months ended 31 August 2014 are set out below.

	<b>Year ended 31 December 2013</b>	<b>Eight months ended 31 August 2014</b>
	<i>(RMB) approximately</i>	
Total actual values for purchase transactions	<u>2,365,172,000</u>	<u>2,293,042,000</u>

### ***Proposed Annual Caps for purchase transactions***

The proposed Annual Caps in respect of the Continuing Connected Transactions contemplated under the New Framework Purchase Agreement for each of the three years ending 31 December 2017 are set out below.

	<b>Proposed Annual Caps for purchase transactions for the year ending 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>(RMB)</i>		
Estimated total transaction values	<u>5,700,000,000</u>	<u>6,500,000,000</u>	<u>7,500,000,000</u>

The proposed Annual Caps for purchase transactions have been determined by reference to:

- the historical figures of the purchases by the Group from UPE Group;
- the estimated future demands of the Group having regard to the business growth and the business strategy of the Group;
- the possible increase in the purchase prices associated with the increase in raw materials and packaging materials and (as the case may be) costs of production of UPE Group (due to factors such as fluctuation in prices of raw materials and labour costs); and
- the inflation factor;

and on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and/or UPE Group.

The Group expects there will be a stable increase in demand of purchases from UPE Group and in the estimated maximum aggregate annual transaction values for purchase transactions, having also taken into account the following factors:

- the implementation of the Group's operations outsourcing policy by shifting certain of its manufacturing process across specialised service providers (including UPE Group) for OEM productions. This, in turn, will lead to the increase in purchases from UPE Group, both in terms of quantity and monetary values (especially, the proposed purchases by the Group from UPE Group of the OEM Products manufactured by the CD Machinery and Equipment and the ZJ Machinery and Equipment are expected to result in a significant increase in the purchase transactions upon completion of the CD Transaction and ZJ Transaction (as the case may be)); and

- the expected increase in the Group's market share in the coming years which will result in the demand of the Group for a higher quantity of raw materials, packaging materials, finished goods and low-cost consumables required for its business operation.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) are of the view that the proposed Annual Caps in respect of the Continuing Connected Transactions contemplated under the New Framework Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **(III) CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL**

#### **(A) New Framework Sales Agreement**

Date:	24 October 2014
Parties:	(1) the Company (members of the Group as sellers); and (2) UPE (members of UPE Group as purchasers).
Term:	For a fixed term of three years from 1 January 2015 to 31 December 2017.
Nature of transaction:	Pursuant to the New Framework Sales Agreement, the Company agrees to sell or procure sale of, on a non-exclusive basis, to UPE Group, certain beverage, instant noodles and bakery products, and such other products as may be agreed by the Group and UPE Group and/or their respective members in writing from time to time.
Operational Agreement(s):	Pursuant to the New Framework Sales Agreement, member(s) of the Group may, from time to time during the term of the New Framework Sales Agreement, enter into separate Operational Agreement(s) (which may be in the form of sales order(s) and/or sales agreement(s)) in respect of the sales covered by the New Framework Sales Agreement to member(s) of UPE Group provided that such separate Operational Agreement(s) shall always be subject to the terms of the New Framework Sales Agreement.
Pricing basis:	The prices and terms of the Operational Agreement(s) for specific transaction(s) covered by the New Framework Sales Agreement shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and on the following principles:

- (i) based on the cost of the products actually incurred or reasonably expected plus a reasonable profit margin, such profit margin is determined by reference to, including but not limited to, the nature of products, the sales channel, prevailing market price of similar products and the Group's forecasted demand, and increase in the market price, of such products during the term of the relevant Operational Agreement(s); and
- (ii) no more favourable to UPE Group than those offered to independent third party purchasers by the Group in comparable transactions of the same period,

and in accordance with the internal control procedures of the Group, details of which are disclosed in the section headed "(IV) Internal Control Measures" below in this announcement. It is expected that the aforesaid profit margin will be generally determined by reference to a gross profit margin of not less than 12%, which the management considers to be in line with the industry and no less favourable to the Group than the profit margin charged to independent third parties.

Other terms:

Pursuant to the New Framework Sales Agreement, all other terms and conditions for the sales transactions thereunder (including the payment terms) shall be no less favourable to the Group than those to be offered to independent third parties by the Group of the same or substantially similar products of the same period.

Termination:

The New Framework Sales Agreement may be terminated before expiration of its full term upon mutual agreement in writing by the parties thereto or by either party in certain circumstances (including material default by the other party).

The products to be sold under the New Framework Sales Agreement includes products of the Group (such as tea, juices, coffee, milk tea, bottled water and instant noodles) for retail sale by, and for consumption by the local staff of, the UPE Group.

### ***Historical aggregate values of sales transactions***

The total actual values of the sales transactions by the Group with UPE Group for the year ended 31 December 2013 and the eight months ended 31 August 2014 are set out below.

	<b>Year ended 31 December 2013</b>	<b>Eight months ended 31 August 2014</b>
	<i>(RMB) approximately</i>	
Total actual values for sales transactions	<u>270,743,000</u>	<u>363,336,000</u>

### ***Proposed Annual Caps for sales transactions***

The proposed Annual Caps in respect of the Continuing Connected Transactions contemplated under the New Framework Sales Agreement for each of the three years ending 31 December 2017 are set out below.

	<b>Proposed Annual Caps for sales transactions for the year ending 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>(RMB)</i>		
Estimated total transaction values	<u>700,000,000</u>	<u>800,000,000</u>	<u>950,000,000</u>

The Company expects that there will be a stable increase in the demand of sales from UPE Group and in the estimated maximum aggregate annual transaction values for sales transaction after taking into account of the following factors:

- the historical figures of the sales by the Group to UPE Group;
- the forecasts of future demands by UPE Group of the products of the Group having regard to the business growth and the expansion of the sales network of UPE Group;
- the possible increase in the selling prices associated with the increase in raw materials and costs of production of the Group (due to factors such as fluctuation in prices of raw materials and labour costs); and
- the inflation factor;

and on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and/or UPE Group.



The Directors (including the independent non-executive Directors) are of the view that the proposed Annual Caps in respect of the Continuing Connected Transactions contemplated under the New Framework Sales Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**(B) New Framework Logistics Service Agreement**

- Date: 24 October 2014
- Parties: (1) the Company (members of the Group as service receivers); and  
(2) UPE (members of UPE Group as service providers).
- Term: For a fixed term of three years from 1 January 2015 to 31 December 2017.
- Nature of transaction: Pursuant to the New Framework Logistics Service Agreement, UPE agrees to provide or procure the provision of, on a non-exclusive basis, transportation and logistics service (including, but not limited to, storage and design of, and the provision of support service to, logistics application systems and such other logistics related ancillary and support services as may be agreed by members of the Group and UPE Group in writing from time to time) to the Group.
- Operational Agreement(s): Pursuant to the New Framework Logistics Service Agreement, the Group may, from time to time during the term of the New Framework Logistics Service Agreement, enter into separate Operational Agreement(s) with UPE Group in respect of the receipt (by the Group) and provision (by UPE Group) of transportation and logistics service(s) covered by the New Framework Logistics Service Agreement provided that such separate Operational Agreement(s) shall always be subject to the terms of the New Framework Logistics Service Agreement.
- Pricing basis: The prices and terms of the Operational Agreement(s) for specific transaction(s) covered by the New Framework Logistics Service Agreement shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and on the following principles:
- (i) in relation to logistics and freight services, the fees shall be determined with reference to, including but not limited to, the weight and type of cargo, mode of shipment, cost of freight, type and size of storage space required and the comparable fee charged by independent third party logistics and freight services providers;

- (ii) in relation to the provision of storage facilities and human resources and technology support services for the management and operation of relevant logistics-related facilities, the fee shall be determined with reference to, including but not limited to, the type, size and location of the premises, the relevant expertise required and the fees charged by comparable independent third party services providers; and
- (iii) no less favourable to the Group than those offered by independent third party suppliers to the Group in comparable transactions of the same period,

and in accordance with the internal control procedures of the Group, details of which are disclosed in the section headed “(IV) Internal Control Measures” below in this announcement.

**Other terms:** Pursuant to the New Framework Logistics Service Agreement, all other terms and conditions for the transportation and logistics service transactions thereunder (including the payment terms) shall be no less favourable to the Group than that can be obtained by the Group from independent third parties offering the same or substantially similar service of the same period.

**Termination:** The New Framework Logistics Service Agreement may be terminated before expiration of its full term upon mutual agreement in writing by the parties or by either party in certain circumstances (including material default by the other party).

***Historical aggregate values for transportation and logistics service transactions***

The total actual values of the transportation and logistics service transactions by the Group with UPE Group for the year ended 31 December 2013 and the eight months ended 31 August 2014 are set out below.

	<b>Year ended 31 December 2013</b>	<b>Eight months ended 31 August 2014</b>
	<i>(RMB) approximately</i>	
Total actual values for transportation and logistics service transactions	<u>25,155,000</u>	<u>5,926,000</u>

### ***Proposed Annual Caps for transportation and logistics service transactions***

The proposed Annual Caps in respect of the Continuing Connected Transactions contemplated under the New Framework Logistics Service Agreement for each of the three years ending 31 December 2017 are set out below.

	<b>Proposed Annual Caps for transportation and logistics service transactions for the year ending 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>(RMB)</i>		
Estimated total transaction values	<u>40,600,000</u>	<u>49,400,000</u>	<u>62,000,000</u>

The proposed Annual Caps have been determined by reference to:

- the historical figures;
- the pricing of transportation and logistics services supplied by UPE Group;
- the estimated future demands of transportation and logistics services to accommodate the needs of the Group;

and on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and/or UPE Group.

The Directors (including the independent non-executive Directors) are of the view that the proposed Annual Caps in respect of the Continuing Connected Transactions contemplated under the New Framework Logistics Service Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **(C) New Framework Technical Support Service Agreement**

Date:	24 October 2014
Parties:	(1) the Company (members of the Group as service providers); and (2) UPE (members of UPE Group as service receivers).
Term:	For a fixed term of three years from 1 January 2015 to 31 December 2017.

- Nature of transaction: Pursuant to the New Framework Technical Support Service Agreement, the Company agrees to provide or procure the provision of, on a non-exclusive basis, technical support services (including, but not limited to, the human resources management services and such other technical support services that may be agreed by the Group and UPE Group and/or their respective members in writing from time to time) to UPE Group.
- Operational Agreement(s): Pursuant to the New Framework Technical Support Service Agreement, the Group may, from time to time during the term of the New Framework Technical Support Service Agreement, enter into separate Operational Agreement(s) with UPE Group in respect of the receipt (by UPE Group) and provision (by the Group) of technical support service(s) covered by the New Framework Technical Support Service Agreement provided that such separate Operational Agreement(s) shall always be subject to the terms of the New Framework Technical Support Service Agreement.
- Pricing basis: The prices and terms of the Operational Agreement(s) for specific transaction(s) covered by the New Framework Technical Support Service Agreement shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and on the following principles:
- (i) based on the cost of the service actually incurred or reasonably expected plus a reasonable profit margin, such profit margin is determined by reference to, including but not limited to, the nature of services, the expertise required and the prevailing marketing price of comparable services; and
  - (ii) no more favourable to UPE Group than those offered to independent third party by the Group in comparable transactions of the same period,
- and in accordance with the internal control procedures of the Group, details of which are disclosed in the section headed "(IV) Internal Control Measures" below in this announcement. It is expected that the aforesaid profit margin will be generally determined by reference to a gross profit margin ranging from 1.0% to 8%, which the management considers to be in line with the industry and no less favourable to the Group than the profit margin charged to independent third parties.

Other terms: Pursuant to the New Framework Technical Support Service Agreement, all other terms and conditions for the technical support service transactions thereunder (including the payment terms) shall be no less favourable to the Group than those to be offered to independent third parties by the Group of the same or substantially similar service of the same period.

Termination: The New Framework Technical Support Service Agreement may be terminated before expiration of its full term upon mutual agreement in writing by the parties or by either party in certain circumstances (including material default by the other party).

***Historical aggregate values for technical support service transactions***

The total actual values of the technical support service transactions by the Group with UPE Group for the year ended 31 December 2013 and the eight months ended 31 August 2014 are set out below.

	<b>Year ended 31 December 2013</b>	<b>Eight months ended 31 August 2014</b>
	<i>(RMB) approximately</i>	
Total actual values for technical support service transactions	<u>21,871,000</u>	<u>27,390,000</u>

***Proposed Annual Caps for technical support service transactions***

The proposed Annual Caps in respect of the Continuing Connected Transactions contemplated under the New Framework Technical Support Service Agreement for each of the three years ending 31 December 2017 are set out below.

	<b>Proposed Annual Caps for technical support service transactions for the year ending 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>(RMB)</i>		
Estimated total transaction values	<u>103,000,000</u>	<u>115,000,000</u>	<u>128,000,000</u>

The proposed Annual Caps have been determined by reference to:

- the historical figures;
- the possible increase in the pricing of the technical support services supplied by the Group (due to factors such as fluctuation in labour costs);
- the estimated future demands of technical support services from UPE Group, taking into account of the expected increase in demand of support services to UPE Group in relation to the CD Machinery and Equipment and ZJ Machinery and Equipment after completion of the CD Transaction and (as the case may be) the ZJ Transaction;

and on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and/or UPE Group.

The Directors (including the independent non-executive Directors) are of the view that the proposed Annual Caps in respect of the Continuing Connected Transactions contemplated under the New Framework Technical Support Service Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **(IV) INTERNAL CONTROL MEASURES**

In determining whether the price and/or payment terms offered to or by UPE Group are reasonable or no less favourable to the Group than those offered by or to the independent third parties, the Group will:

- (i) as an active market participant, through market research, obtain sufficient market intelligence to enable it to ascertain the prevailing market rate, payment terms and practices as well as the latest market and independent third party information at any point in time;
- (ii) in respect of procurement of products/service under the New Framework Purchase Agreement and the New Framework Logistics Service Agreement, where sufficient comparable transactions are available, invite quotations from at least two independent suppliers/service providers to get a reference on the prevailing prices for the relevant products/services to be procured to the extent that those products and/or services are of comparable nature, quality, quantity and condition. Such quotations will be reviewed and evaluated from the commercial perspective by the designated team composed of various relevant departments of the Group and compared against the quote from UPE Group. The head of the relevant departments will approve the proposed transactions to ensure that the products/services to be procured from UPE Group are comparable to the prices for such products/services being offered by independent third parties; and

(iii) for products/services in respect of which there is no sufficient comparable transaction available, the prices will be determined after arm's length negotiation according to the historical price of the products/services supplied in the past and by reference to the cost analysis to be conducted.

To ensure the actual prices for the Continuing Connected Transactions will be on normal commercial terms and on terms no less favourable to the Group than that available from or to independent third parties, the Group, by means of cross-checking between the subsidiaries and internal review by the audit department of the Group, will assess, on a periodic or non-periodic basis, whether the products/services have been supplied/purchased/provided in accordance with the terms of the New CCT Agreements. In addition, the Company has engaged auditors to conduct an annual review of the continuing connected transactions of the Group. Given the Continuing Connected Transactions respectively contemplated under the New CCT Agreements have to adhere strictly to their respective pricing policy as disclosed in this announcement, the Directors (including the independent non-executive Directors), are of the view that the procedures adopted by the Group to govern the Continuing Connected Transactions can ensure them to be conducted under normal commercial terms and are not prejudicial to the interest of the Company and its minority Shareholders.

## **(V) INFORMATION REGARDING THE GROUP AND UPE GROUP**

### **The Group**

The Company is an investment holding company. The Group is one of the leading manufacturers of beverage and instant noodles products in the PRC and 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 with a wide distribution network.

## **(VI) REASONS FOR, AND BENEFITS OF, ENTERING INTO THE NEW CCT AGREEMENTS**

The Group has been having business co-operation with UPE Group since the Company became listed on the Stock Exchange in 2007. During the past years, UPE Group has demonstrated itself as a reliable and trustworthy business partner of the Group. Through the close cooperation relationship, UPE Group has established a thorough understanding of the standard and requirement of the Group which enable it to provide more reliable goods or products and/or efficient services to the Group. The continuation of such continuing connected transactions is essential for the continued operation and growth of the business of the Group.

The Directors believe that the securing of a long-term support with UPE Group, which leverages on its profound experience in the food and beverage industry, wide sales and service network and well-established information system and facilities, is beneficial to the Group. The maintaining of the strategic and continual business relationship with UPE Group would also allow the realisation of synergies in terms of efficiency and operational support and the attainment of economies of scale, and be expected to bring sustainable and stable contribution to the Group's revenue and profitability in the long run.

The transactions contemplated under the New CCT Agreements are and are to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group and UPE Group. The entering into of the New CCT Agreements would provide a single basis on which the Company will comply with the reporting, announcement and/or Independent Shareholders' approval requirements (as the case may be) in compliance with the Listing Rules and thereby reduce the administrative burden and costs on the Company to comply with such requirements in relation to the execution of each Operational Agreements in respect of the Continuing Connected Transactions.

The Directors (excluding, as regards the New Framework Purchase Agreement only, the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) are of the view that the terms of the New CCT Agreements are fair and reasonable, and in the interests of the Company and the Shareholders as a whole, and that it is beneficial to the Company to enter into the New CCT Agreements.

## **(VII) LISTING RULES IMPLICATION**

UPE (as the ultimate controlling shareholder of the Company) is a connected person of the Company. The Continuing Connected Transactions contemplated under the New CCT Agreements constitute continuing connected transactions of the Company.



### **New Framework Purchase Agreement**

Given that the highest of the applicable Percentage Ratios in respect of the proposed Annual Caps for the purchase transactions will, on an annual basis, be more than 5%, the New Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps) would be subject to the reporting, announcement and Independent Shareholders' approval requirements and the annual review requirements under Chapter 14A of the Listing Rules.

### **New Framework Sales Agreement**

Given that the highest of the applicable Percentage Ratios in respect of the proposed Annual Caps for the sales transaction will, on an annual basis, be 0.1% or more but less than 5%, the New Framework Sales Agreement and the Continuing Connected Transactions contemplated thereunder would be subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules only but exempt from Independent Shareholders' approval requirements under the Listing Rules.

### **New Framework Logistics Service Agreement**

Given that the highest of the applicable Percentage Ratios in respect of the proposed Annual Caps for the transportation and logistics service will, on an annual basis, be 0.1% or more but less than 5%, the New Framework Logistics Service Agreement and the Continuing Connected Transactions contemplated thereunder would be subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules only but exempt from Independent Shareholders' approval requirements under the Listing Rules.

### **New Framework Technical Support Service Agreement**

Given that the highest of the applicable Percentage Ratios in respect of the proposed Annual Caps for the technical support service provided by the Group will, on an annual basis, be 0.1% or more but less than 5%, the New Framework Technical Support Service Agreement and the Continuing Connected Transactions contemplated thereunder would be subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules only but exempt from Independent Shareholders' approval requirements under the Listing Rules.

The Company will comply with the continuing obligations under Chapter 14A of the Listing Rules and/or any other applicable requirements under the Listing Rules at the relevant time and will re-comply with the applicable Listing Rules in the event that any of the Annual Caps is exceeded or when there is a material change to the terms of any of the New CCT Agreements pursuant to Rule 14A.54 of the Listing Rules.

## **(VIII) APPROVAL OF THE BOARD**

None of the Directors had material interests in the Continuing Connected Transactions contemplated under any of the New CCT Agreements. 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 shareholding interests (less than 2%) in UPE had abstained from voting in the resolutions of the Board approving the Continuing Connected Transactions contemplated under the New CCT Agreements.

## **(IX) EGM**

An EGM will be convened and held by the Company to consider and, if thought fit, approve the New Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps). The voting at the EGM will be taken by poll. Cayman President (a wholly-owned subsidiary of UPE), being the controlling shareholder of the Company, and its associates will abstain from voting at the EGM to approve the relevant resolution(s) in respect of the New Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps).

An Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise and provide recommendation to the Independent Shareholders on the Continuing Connected Transactions contemplated under the New Framework Purchase Agreement (and the Annual Caps).

Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions contemplated under the New Framework Purchase Agreement (and the Annual Caps).

A circular containing the particulars of the New Framework Purchase Agreement together with a letter from the Independent Board Committee, a letter from the Independent Financial Adviser and a notice of the EGM is expected to be despatched to the Shareholders on or about 5 December 2014 as more time is needed for the preparation of the information to be contained therein.

## (X) DEFINITIONS

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

“Annual Caps”	the proposed estimated maximum aggregate annual transaction values in respect of the Continuing Connected Transactions contemplated under the New Framework Purchase Agreement, the New Framework Sales Agreement, the New Framework Logistics Service Agreement and the New Framework Technical Support Service Agreement (as the case may be)
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Cayman President”	Cayman President Holdings Ltd., a company incorporated in the Cayman Islands and a wholly-owned subsidiary of UPE and a controlling shareholder of the Company
“CD Machinery and Equipment”	certain machinery and equipment mainly for use by the production lines of beverage products of the Group, which are the assets under sale in the CD Transaction
“CD Transaction”	the disposal of the CD Machinery and Equipment pursuant to the sale and purchase agreement dated 24 October 2014 entered into between 成都統一企業食品有限公司 (Chengdu President Enterprises Food Co., Ltd.*) (as vendor), an indirect wholly-owned subsidiary of the Company in the PRC, and 四川統實企業有限公司 (Sichuan Ton-Yi Industrial Co., Ltd.*) (as purchaser), an associate of UPE, as disclosed in the announcement of the Company dated 24 October 2014 entitled “Discloseable Transactions and Connected Transactions”
“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
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the New Framework Purchase Agreement, the New Framework Sales Agreement, the New Framework Logistics Service Agreement and the New Framework Technical Support Service Agreement (as the case may be)

“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the New Framework Purchase Agreement (and the Annual Caps)
“Existing CCT Agreements”	collectively, the 2012 Framework Sales Agreement, the 2013 Framework Purchase Agreement, the 2013 Framework Logistics Service Agreement and the 2013 Framework Technical Support Service Agreement
“Group”	the Company and its subsidiaries from time to time
“Independent Board Committee”	an independent committee of the Board (which comprises Mr Chen Sun-Te, Mr Fan Ren-Da, Anthony, Mr Yang Ing-Wuu and Mr Lo Peter, being all the independent non-executive Directors) established to advise the Independent Shareholders with regard to the Continuing Connected Transactions contemplated under the New Framework Purchase Agreement (and the Annual Caps)
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the Continuing Connected Transactions contemplated under the New Framework Purchase Agreement (and the Annual Caps)
“Independent Shareholders”	the Shareholders, other than Cayman President (being the controlling shareholder of the Company) and its associates, who do not have any material interest in the Continuing Connected Transactions contemplated under the New Framework Purchase Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“OEM”	original equipment manufacturer/outsourced professional third party manufacturer
“OEM Products”	finished beverage products of the Group manufactured under OEM arrangements

“Operational Agreements”	the individual agreements which may from time to time be entered into between a member of the Group and a member of UPE Group subject and pursuant to the New Framework Purchase Agreement, the New Framework Sales Agreement, the New Framework Logistics Service Agreement or the New Framework Technical Support Service Agreement (as the case may be), and “Operational Agreement” means any of them
“Percentage Ratios”	the applicable percentage ratios (other than the profits and the equity capital ratios) under Rule 14.07 of the Listing Rules
“New CCT Agreements”	collectively, the New Framework Purchase Agreement, the New Framework Sales Agreement, the New Framework Logistics Service Agreement and the New Framework Technical Support Service Agreement
“New Framework Logistics Service Agreement”	the framework logistics service agreement dated 24 October 2014 entered into between the Company and UPE in connection with the provision by UPE Group of (on a non-exclusive basis) certain transportation and logistics service as set out thereto to the Group
“New Framework Purchase Agreement”	the framework purchase agreement dated 24 October 2014 entered into between the Company and UPE pursuant to which the Company agreed to purchase and procure purchase of (on a non-exclusive basis) certain raw materials, packaging materials, finished goods, low-cost consumables and such other goods as may be agreed by the Group and UPE Group and/or their respective members in writing from time to time from UPE Group
“New Framework Sales Agreement”	the framework sales agreement dated 24 October 2014 entered into between the Company and UPE pursuant to which the Company agreed to sell and procure sale of (on a non-exclusive basis) certain beverage, instant noodles and bakery products and such other products as may be agreed by the Group and UPE Group and/or their respective members in writing from time to time to UPE Group
“New Framework Technical Support Service Agreement”	the framework technical support service agreement dated 24 October 2014 entered into between the Company and UPE pursuant to which the Company agreed to provide and procure provision of (on a non-exclusive basis) certain technical support services as set out thereto to UPE Group

“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
“subsidiaries”	any entity which falls within the definition of “subsidiary” has the meaning ascribed to it under the Listing Rules or the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Takeovers Code”	the Code on Takeovers and Mergers
“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 Machinery and Equipment”	certain machinery and equipment mainly for use by the production lines of beverage products of the Group, which are the assets under sale in the ZJ Transaction
“ZJ Transaction”	the disposal of the ZJ Machinery and Equipment pursuant to the sale and purchase agreement dated 24 October 2014 entered into between 湛江統一企業有限公司 (Zhanjiang President Enterprises Co., Ltd.*) (as vendor), an indirect wholly-owned subsidiary of the Company in the PRC, and 湛江統實企業有限公司 (Zhanjiang Ton-Yi Industrial Co., Ltd.*) (as purchaser), an associate of UPE, as disclosed in the announcement of the Company dated 24 October 2014 entitled “Discloseable Transactions and Connected Transactions”

“2012 Framework Sales Agreement”	the framework sales agreement dated 30 March 2012 entered into between the Company and UPE pursuant to which the Company agreed to sell and procure sale of (on a non-exclusive basis) certain beverage, instant noodles and bakery products to UPE Group as disclosed in the 2012 Announcement, the 2012 Circular and the 2012 EGM Poll Results Announcement
“2012 Announcement”	the announcement of the Company dated 30 March 2012 in connection with, among others, the entering into of the 2012 Framework Sales Agreement
“2012 Circular”	the circular of the Company dated 25 April 2012 in connection with, among others, the 2012 Framework Sales Agreement
“2012 EGM”	the extraordinary general meeting of the Company held on 17 May 2012 approving, among others, the 2012 Framework Sales Agreement and the continuing connected transactions contemplated thereunder
“2012 EGM Poll Results Announcement”	the announcement of the Company dated 17 May 2012 regarding the voting results of the 2012 EGM approving, among others, the 2012 Framework Sales Agreement
“2013 Announcement”	the announcement of the Company dated 28 March 2013 in connection with, among others, the entering into of the 2013 Framework Purchase Agreement, the 2013 Framework Logistics Service Agreement and the 2013 Framework Technical Support Service Agreement
“2013 Circular”	the circular of the Company dated 26 April 2013 in connection with, among others, the 2013 Framework Purchase Agreement
“2013 EGM”	the extraordinary general meeting of the Company held on 14 May 2013 approving, among others, the 2013 Framework Purchase Agreement and the continuing connected transactions contemplated thereunder
“2013 EGM Poll Results Announcement”	the announcement of the Company dated 14 May 2013 regarding the voting results of the 2013 EGM approving, among others, the 2013 Framework Purchase Agreement

“2013 Framework Logistics Service Agreement”	the framework logistics service agreement dated 28 March 2013 entered into between the Company and UPE in connection with the provision by UPE Group of (on a non-exclusive basis) certain transportation and logistics services as set out thereto to the Group and as disclosed in the 2013 Announcement
“2013 Framework Purchase Agreement”	the framework purchase agreement dated 28 March 2013 entered into between the Company and UPE pursuant to which the Company agreed to purchase and procure purchase of (on a non-exclusive basis) certain raw materials, packaging materials, finished and semi-finished goods, low-cost consumables and such other products as may be agreed by the parties from UPE Group as disclosed in the 2013 Announcement, the 2013 Circular and the 2013 EGM Poll Results Announcement
“2013 Framework Technical Support Service Agreement”	the framework technical support service agreement dated 28 March 2013 entered into between the Company and UPE pursuant to which the Company agreed to provide and procure provision of (on a non-exclusive basis) certain technical support services as set out thereto to UPE Group and as disclosed in the 2013 Announcement
“%”	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*