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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**

President Shanghai Trading, an indirectly wholly-owned subsidiary of the Company, and Uni-President entered into the Distribution Agreement on 15 July 2009 in respect of the Product Distribution Transactions. The transactions contemplated under the Distribution Agreement constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules and are exempt from the independent shareholders' approval requirements of Rule 14A.34 of the Listing Rules.

### **INTRODUCTION**

On 15 July 2009, President Shanghai Trading, an indirect wholly-owned subsidiary of the Company, entered into the Distribution Agreement in respect of the Product Distribution Transactions. The Product Distribution Transactions carried out under the Distribution Agreement constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules but are exempt from the independent shareholders' approval requirements of Rule 14A.34 of the Listing Rules. Particulars of the Distribution Agreement and other relevant information are set out below:

### **PRODUCT DISTRIBUTION TRANSACTIONS**

#### **Distribution Agreement**

Date of agreement:	15 July 2009
Parties:	Uni-President as supplier; and President Shanghai Trading as distributor
Duration:	With effect from 15 July 2009 to 31 December 2011, and is renewable subject to the Parties' negotiation.

Purpose of Agreement:	To fully capitalize on the competitive edge of each party and achieve maximum economic benefits.
Scope:	Under the Distribution Agreement, Uni-President appoints President Shanghai Trading as its exclusive distributor to distribute the Products in the PRC.  In addition, Uni-President authorizes President Shanghai Trading the right to use the trademarks of the Products solely for the purpose of distribution of the Products.
Price:	The price for each order shall be determined based on production cost plus a margin and disbursements and other expenses incurred and shall not be higher than the market price (the "Price").
Proposed annual caps:	The aggregate value of the Products distributed shall not exceed RMB 1,950,000, RMB 42,000,000 and RMB 144,000,000 for each of the three years ending 31 December 2009, 2010 and 2011 respectively (the "Proposed Annual Caps").
Right of termination:	Either party may terminate the Distribution Agreement upon the breach of the other party and such other party fails to remedy such breach within 30 days after the receipt of a written notice from the non-defaulting party.  Either party may terminate the Distribution Agreement in the event that the other party ceases to operate, declares insolvent or becomes unable to pay its debts as they fall due, passes a resolution for winding up, fails to hold a valid business licence, or receives a winding up notice, petition or order.

In determining the Proposed Annual Caps, the Directors have made the following assumptions:-

- (a) the agreed Price range of the Products;
- (b) the potential growth in the market of premium instant noodles in the PRC;
- (c) the existing sales force of the Company to be allocated on the distribution of the Products in the PRC;
- (d) the resources to be invested by President Shanghai Trading on the marketing of the Products in the PRC; and

- (e) the production capacity of Uni-President to be allocated to the production of the Products for the distribution thereof in the PRC.

In respect of the substantial increase of the caps amount in 2010 and 2011, the Directors have taken into account the following factors:-

- (a) In view of the premium nature of the Products, the Company adopts a moderate and cautious approach in market expansion plan; and
- (b) The Company expects that it will take around one or two years to fully integrate and facilitate the existing sales force of the Company in sales and marketing of the Products; and the synergy might be demonstrated in year 2 and is expected to accelerate the sales of the Products in year 3, on the basis of the above-mentioned market expansion plan.

The Directors consider the above assumptions are reasonable based on the contractual terms according to the provisions of the Distribution Agreement. In the event that the Distribution Agreement is renewed and should there be any variation to the Proposed Annual Caps, the Company shall comply with the requirements under the Listing Rules, including all reporting and announcement requirements and/or independent shareholders' approval (if necessary).

## **REASONS FOR AND BENEFITS OF THE DISTRIBUTION AGREEMENT**

The Group is principally engaged in the manufacturing and sales of beverage and instant noodles products in the PRC, the Product Distribution Transactions will increase the sales of instant noodles and thereby increase its revenue. Currently, the existing instant noodles of the Group are aiming at lower-price mass market. By entering into the Product Distribution Transactions, the Group could explore and develop the niche premium sector of instant noodles market in the PRC and may gain first mover advantage in taking such step.

Furthermore, the Products have been launched by Uni-President in Taiwan area since 1983 and the trademark of “滿漢大餐” are well-known in Taiwan area. By entering into the Product Distribution Transactions, the Group could enjoy scale of economy in production and therefore cost advantage as well as leveraging the branding effect of “滿漢大餐” and experience of Uni-President in Taiwan.

In addition, pursuant to the non-competition deed entered between Uni-President and the Company on 23 November 2007, Uni-President shall not engage in wholesale of its instant noodle products in the PRC, except through the Group.

President Shanghai Trading is of the view that the Product Distribution Transactions are of a recurrent nature and will take place on a regular and continuing basis in the ordinary and usual course of business of the Group; and that in future, the value of such transactions on an annual basis is expected to remain at a level above the de minimis thresholds under Rule 14A.33 of the Listing Rules but below the thresholds under Rule 14A.34 of the Listing Rules. On the basis of the above, President Shanghai Trading entered into the Distribution Agreement to regulate the distribution of the Products with Uni-President. The board of Directors (including the independent non-executive Directors) is of the view that the terms of

the Distribution Agreement are fair, reasonable and in the interests of the Group and the shareholders of the Company as a whole and that it is beneficial to the Company for President Shanghai Trading to enter into such agreement.

## **REQUIREMENTS OF THE LISTING RULES**

The transactions contemplated under the Distribution Agreement will constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules.

It is anticipated that, on an annual basis, the aggregate value of the Product Distribution Transactions may exceed the thresholds stipulated in Rule 14A.33(3) of the Listing Rules but remain under the thresholds stipulated in Rule 14A.34 of the Listing Rules. Accordingly, the Distribution Agreement is subject to the reporting and announcement requirements of Rules 14A.45 to 14A.47 and also Rules 14A.37 to 14A.41 of the Listing Rules but exempt from the independent shareholders' approval requirements.

## **GENERAL**

Uni-President owns the entire issued share capital of Cayman President, which in turn owns approximately 73.5% of the issued share capital of the Company. Cayman President, as a substantial shareholder holding more than 10% of the share capital of the Company, is our connected person and Uni-President, as the holding company of Cayman President, is its associate as defined in the Listing Rules and, therefore, also the connected person of the Company.

Uni-President is a limited liability company whose shares are listed on the Taiwan Stock Exchange Corporation and is the ultimate controlling shareholder of the Company. Uni-President is the largest food and beverage conglomerate in Taiwan and engages in the manufacturing and marketing of, among others, instant food products, dairy and beverage products.

The Group is one of the leading manufacturers of beverage and instant noodle products in the PRC and is principally engaged in the manufacturing and sales of beverage and instant noodle products in the PRC.

## **DEFINITIONS**

Unless otherwise stated, the terms in this announcement have the following meanings:

“Cayman President”	Cayman President Holdings Ltd., a company incorporated in the Cayman Islands and a wholly-owned subsidiary of Uni-President
“Company”	Uni-President China Holdings Ltd., a company incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law, whose shares are listed on the Main Board of the Stock Exchange and, where the context otherwise requires, all of its subsidiaries and associated companies
“Directors”	directors of the Company

“Distribution Agreement”	a distribution agreement dated 15 July 2009 and entered into between Uni-President and President Shanghai Trading
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (other than the regions of Hong Kong, Macau and Taiwan)
“President Shanghai Trading”	統一(上海)商貿有限公司 (President (Shanghai) Trading Co., Ltd.*), a wholly foreign owned enterprise established under the laws of the PRC and is an indirect wholly-owned subsidiary of the Company
“Products”	all the instant noodle products under the trademark of “滿漢大餐”
“Product Distribution Transactions”	transactions under which Uni-President appoints President Shanghai Trading as the exclusive distributor of the Products in the PRC, details of which are described under the heading titled “Product Distribution Transactions’ in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Uni-President”	統一企業股份有限公司 (Uni-President Enterprises Corporation*), a limited liability company incorporated under the laws of Taiwan, whose common shares are listed on the Taiwan Stock Exchange Corporation under the stock code 1216, which is the ultimate controlling shareholder of the Company

By Order of the board of Directors  
**Uni-President China Holdings Ltd.**  
**Lo Chih-Hsien**  
*Chairman*

15 July 2009

*As at the date of this announcement, the board of Directors consists of Mr. Lo Chih-Hsien and Mr. Lin Wu-Chung as executive Directors, Mr. Kao Chin-Yen, Mr. Lin Chang-Sheng, Mr. Lin Lung-Yi and Mr. Su Tsung-Ming as non-executive Directors and Mr. Chen Sun-Te, Mr. Fan Ren-Da, Anthony, Mr. Hwang Jenn-Tai, Mr. Yang Ing-Wuu and Mr. Lo Peter as independent non-executive Directors.*

\* For identification purpose only