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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**

### **CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Prospectus in relation to the 2007 Framework Purchase Agreement and the 2007 Framework Sales Agreement entered into between the Company and UPEC. According to the 2007 Framework Purchase Agreement, the Company has agreed to purchase certain raw materials and packaging materials from UPEC Group and its associates. Moreover, pursuant to the 2007 Framework Sales Agreement, the Company has agreed to sell certain beverage and instant noodle products and bakery products to UPEC Group and its associates.

Given the 2007 Framework Purchase Agreement and the 2007 Framework Sales Agreement will expire on 31 December 2009 and the Company will continue the continuing connected transactions contemplated under the 2007 Framework Purchase Agreement and 2007 Framework Sales Agreement, the Company entered into the New Framework Purchase Agreement with UPEC on 13 November 2009 and the New Framework Sales Agreement for a term of three years commencing from 1 January 2010, which will expire on 31 December 2012.

UPEC owns the entire issued share capital of Cayman President, which in turn owns approximately 73.5% of the issued share capital of the Company as at the date of this announcement. Cayman President, as a substantial Shareholder holding more than 10% of the issued share capital of the Company, is a connected person of the Company under the Listing Rules, and UPEC, 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.

The New Framework Purchase Agreement constitutes continuing connected transactions for the Company under the Listing Rules. As the relevant percentage ratios (other than the profits ratio), as defined in Rule 14.07 of the Listing Rules, for the transactions contemplated under the New Framework Purchase Agreement are expected to be higher than 2.5% and have an annual consideration of more than HK\$10 million, the New Framework Purchase Agreement (together with the relevant proposed annual caps) would be subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 and the Independent Shareholders' approval requirements under the Listing Rules.

The New Framework Sales Agreement constitutes continuing connected transactions for the Company under the Listing Rules. As the relevant percentage ratios (other than the profits ratio), as defined in Rule 14.07 of the Listing Rules, for the transactions under the New Framework Sales Agreement are expected to be more than 0.1% but less than 2.5% on an annual basis, the New Framework Sales Agreement (together with the relevant proposed annual caps) would be subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but exempt from Independent Shareholders' approval requirements under the Listing Rules.

## **GENERAL**

The Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the New Framework Purchase Agreement (including the relevant proposed annual caps). The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the New Framework Purchase Agreement (including the relevant proposed annual caps) are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and its Shareholders as a whole. Cayman President, being the controlling Shareholder, and UPEC and their respective associates are required to abstain from voting on the resolution approving the New Framework Purchase Agreement and the relevant proposed annual caps at the EGM.

A circular containing, inter alia, (i) further information on the New Framework Purchase Agreement; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the New Framework Purchase Agreement (including the relevant proposed annual caps); (iii) a letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, will be despatched to the Shareholders in accordance with the Listing Rules as soon as possible.

## **INTRODUCTION**

As referred to in the Prospectus, on 23 November 2007, among other things, the Company entered into (i) the 2007 Framework Purchase Agreement with UPEC pursuant to which, the Company had agreed to purchase (on a non-exclusive basis) certain raw materials and packaging materials from UPEC Group and its associates; and (ii) the 2007 Framework Sales Agreement with UPEC pursuant to which, the Company had agreed to sell (on a non-exclusive basis) certain beverage and instant noodle products and bakery products to UPEC Group and its associates. For details of the 2007 Framework Purchase Agreement and the 2007 Framework Sales Agreement, please refer to the Prospectus.

The 2007 Framework Purchase Agreement and the 2007 Framework Sales Agreement will expire on 31 December 2009, and each of which is renewable at the Company's option for another term of three years. The Company expects that the continuing connected transactions under the 2007 Framework Purchase Agreement and the 2007 Framework Sales Agreement will continue going forward, accordingly, the Company entered into the New Framework Purchase Agreement and the New Framework Sales Agreement with UPEC on 13 November 2009 for a term of three years commencing from 1 January 2010 and expiring on 31 December 2012 on substantially the same terms as the 2007 Framework Purchase Agreement and the 2007 Framework Sales Agreement.

## **NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

### **New Framework Purchase Agreement**

On 13 November 2009, the Company entered into the New Framework Purchase Agreement with UPEC. The New Framework Purchase Agreement (including relevant proposed annual caps for the three years ending 31 December 2012) would be subject to the Independent Shareholders' approval to be obtained at the EGM to be held on 22 December 2009.

Pursuant to the New Framework Purchase Agreement, the Company agrees to purchase and procure purchase of, on a non-exclusive basis, certain raw materials, packaging materials and commercial goods from UPEC Group and its associates and UPEC Group and its associates agree to supply, on a non-exclusive basis, such raw materials, packaging materials and commercial goods to the Group. Under the New Framework Purchase Agreement, UPEC undertakes, and undertakes to procure, that the quality of the materials and products supplied to the Group shall be comparable to the quality of similar materials and products that the Group can obtain from an independent third party. The New Framework Purchase Agreement was entered into in the ordinary and usual course of the Company's business and is on normal commercial terms.

The Group purchases such raw materials, packaging materials and commercial goods principally for the manufacture of its beverage and instant noodle products as well as its distribution and trading business in the PRC. Such materials and commercial goods include palm oils, white sugar, juice concentrates, milk powder, various flavourings, paper-based bowls, tea leaves, red wine, health food, dressings and other general goods.

### ***Price determination***

The price of raw materials, packaging materials and commercial goods supplied under the New Framework Purchase Agreement shall be a price not exceeding the prevailing market price.

### ***Payment term***

Pursuant to the New Framework Purchase Agreement, the credit terms for the purchase of raw materials, packaging materials and commercial goods by the Group shall be no less favourable than those given to independent third parties by UPEC Group and its associates.

### ***Term and termination***

The New Framework Purchase Agreement will expire on 31 December 2012 and is renewable at the Company's option for another term of three years by giving at least three months' notice prior to the expiry of the initial term, subject to the compliance with the applicable requirements under the Listing Rules. The New Framework Purchase Agreement may be terminated by either party by giving at least three months' prior notice.

### ***Historical purchase value***

The tables below set out the actual purchase value by the Group under the 2007 Framework Purchase Agreement for the years ended 31 December 2007, 31 December 2008 and the nine months ended 30 September 2009 and the existing annual caps for the three years ending 31 December 2009:

	<b>Year ended 31 December 2007</b>	<b>Year ended 31 December 2008</b>	<b>Nine months ended 30 September 2009</b>
		<i>(RMB) approximately</i>	
Total actual purchase value	<u>533,310,000</u>	<u>490,497,000</u>	<u>403,527,000</u>
	<b>Year ended 31 December 2007</b>	<b>Year ended 31 December 2008</b>	<b>Year ending 31 December 2009</b>
		<i>(RMB) approximately</i>	
Existing annual caps	<u>652,700,000</u>	<u>840,200,000</u>	<u>968,600,000</u>

As set out above, the actual purchase value for the two years ended 31 December 2007 and 31 December 2008 and the expected purchase value for the year ending 31 December 2009 was lower than the respective existing annual cap for the three years ending 31 December 2009. The variance was mainly due to the fluctuation in prices of certain raw materials, the change in the purchase mode of certain raw materials by the Group, and the slower in growth in the Group's overall sales during the relevant years as affected by the global financial crisis.

## ***Proposed annual caps***

The maximum aggregate annual amount payable by the Group to UPEC Group and its associates for each of the three years ending 31 December 2012 under the New Framework Purchase Agreement must not exceed the proposed annual caps as set out below:

	<b>Proposed annual caps for the year ending</b>		
	<b>31 December</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<i>(RMB)</i>		
Total purchase value	<u>631,000,000</u>	<u>821,000,000</u>	<u>1,034,000,000</u>

In arriving at the above annual caps in respect of the transactions contemplated under the New Framework Purchase Agreement, the Directors have taken into account (i) the historical figures of the relevant purchases from UPEC Group and its associates in relation to the transactions contemplated under the 2007 Framework Purchase Agreement by the Group; (ii) the expected growth in the Group's sales as a result of the expected increase in the demand of the beverage and instant noodle products of the Group; (iii) the potential development growth of the Group's distribution and trading business of the commercial products (including red wine, health food, dressings and other general goods) to be purchased from UPEC and its associates in the PRC; and (iv) the possible increase in selling prices of relevant raw materials and packaging materials.

The Board (excluding the independent non-executive Directors, the opinion of which will be included in the circular to be despatched to the Shareholders after taking into account of the advice from the Independent Financial Adviser) considers that the entering into of the New Framework Purchase Agreement are in the ordinary and usual course of business of the Company, on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the proposed annual caps set for each of the three years ending 31 December 2012 for the New Framework Purchase Agreement are fair and reasonable.

## **CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL**

### **New Framework Sales Agreement**

On 13 November 2009, the Company entered into the New Framework Sales Agreement with UPEC. Pursuant to the New Framework Sales Agreement, the Company agrees to sell and procure sale of (on a non-exclusive basis) certain beverage and instant noodle products and bakery products to UPEC Group and its associates. The products to be sold to UPEC Group and its associates include products of the Group purchased by UPEC's associates in the PRC for consumption by their local employees as staff benefit and products manufactured by the Group for sale by UPEC Group and its associates. The New Framework Sales Agreement was entered into in the ordinary and usual course of the Company's business and is on normal commercial terms.

### ***Price determination***

The prices of the products to be sold to UPEC Group and its associates under the New Framework Sales Agreement shall be no less than the market price at which the Group sells the same to independent third parties.

### ***Payment term***

Pursuant to the New Framework Sales Agreement, the credit terms provided to UPEC Group and its associates for sale of the Group's products shall be no more favourable than those given to independent third parties by the Group.

### ***Term and termination***

The New Framework Sales Agreement will expire on 31 December 2012 and is renewable at the Company's option for another term of three years by giving at least three months' notice prior to the expiry of the initial term, subject to compliance with the applicable requirements under the Listing Rules. The New Framework Sales Agreement may be terminated by either party by giving at least three months' prior notice.

### ***Historical sales value***

The tables below set out the actual sales value under the 2007 Framework Sales Agreement for the years ended 31 December 2007, 31 December 2008 and the nine months ended 30 September 2009 and the existing annual caps for the three years ending 31 December 2009:

	<b>Year ended 31 December 2007</b>	<b>Year ended 31 December 2008</b>	<b>nine months ended 30 September 2009</b>
Total actual sales value	<u>23,991,000</u>	<u>17,580,000</u>	<u>25,148,000</u>

	<b>Year ended 31 December 2007</b>	<b>Year ended 31 December 2008</b>	<b>Year ending 31 December 2009</b>
Existing annual caps	<u>61,000,000</u>	<u>301,400,000</u>	<u>445,400,000</u>

As set out above, the actual sales value for the two years ended 31 December 2007 and 31 December 2008 and the expected sales value for the year ending 31 December 2009 was lower than the respective existing annual cap for the three years ending 31 December 2009. The difference was mainly due to the actual growth in the operational plan of UPEC Group and its associates in the PRC was slower than expected as affected by the global financial crisis and thus the demand for the Groups' products during such period was lower than the expected amount.

### ***Proposed annual caps***

The maximum aggregate annual amount payable by UPEC Group and its associates to the Group for each of the three years ending 31 December 2012 under the New Framework Sales Agreement must not exceed the proposed annual caps as set out below:

	<b>Proposed annual caps for the year ending 31 December</b>		
	2010	2011	2012
	<i>(RMB)</i>		
Total sales value	<u>66,000,000</u>	<u>95,000,000</u>	<u>132,000,000</u>

In arriving at the above annual caps in respect of the transactions contemplated under the New Framework Sales Agreement, the Directors have taken into account (i) the historical figures of the sales revenue from UPEC Group and its associates in relation to the transactions contemplated under the 2007 Framework Sales Agreement; (ii) the forecasts of demand (including the consumption by UPEC Group and its associates and the products manufactured by the Group for sale by UPEC Group and its associates) for the products of the Group by UPEC Group and its associates for the three years ending 31 December 2012; and (iii) the possible increase in selling price and expected growth in quantities of the products of the Group to be sold to UPEC Group and its associates.

The Board (including the independent non-executive Directors) considers that the entering into of the New Framework Sales Agreement are in the ordinary and usual course of business of the Company, on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the proposed annual caps set for each of the three years ending 31 December 2012 for the New Framework Sales Agreement are fair and reasonable.

### **REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS**

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.

UPEC is a limited liability company whose shares are listed on the Taiwan Stock Exchange and is the ultimate controlling Shareholder. UPEC is the largest food and beverage conglomerate in Taiwan and engages in the manufacturing and marketing of a wide range of products, including instant food products, dairy and beverage products.

As described above, the continuing connected transactions between the Group and UPEC Group and its associates have been taking place since the Company became listed on the Stock Exchange in 2007. The continuation of these continuing connected transactions is essential for the continued operation and growth of the business of the Group. UPEC Group and its associates have been reliable suppliers to the Group and they have been engaging in the manufacturing of a diversified product range. Accordingly, through the purchases by the Group from UPEC Group and its associates, it is expected that the Group will be enabled to maintain a more stable supply of raw materials and packaging materials and thus maintaining the quality of its beverage and instant noodle products, and purchase of the commercial

goods shall facilitate the Group to develop distribution and trading business in the PRC. Moreover, given UPEC Group and its associates are expected to increase its sales network in the PRC, the sales by the Group to UPEC Group and its associates will enhance the Group's overall sales.

## **LISTING RULES IMPLICATIONS**

UPEC owns the entire issued share capital of Cayman President, which in turn owns approximately 73.5% of the issued share capital of the Company as at the date of this announcement. Cayman President, as a substantial Shareholder holding more than 10% of the issued share capital of the Company, is a connected person of the Company under the Listing Rules, and UPEC, 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.

The New Framework Purchase Agreement constitutes continuing connected transactions for the Company under the Listing Rules. As the relevant percentage ratios (other than the profits ratio), as defined in Rule 14.07 of the Listing Rules, for the transactions under the New Framework Purchase Agreement are expected to be higher than 2.5% and have an annual consideration of more than HK\$10 million, the New Framework Purchase Agreement (together with the relevant proposed annual caps) would be subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 and the Independent Shareholders' approval requirements under the Listing Rules.

The New Framework Sales Agreement constitutes continuing connected transactions for the Company under the Listing Rules. As the relevant percentage ratios (other than the profits ratio), as defined in Rule 14.07 of the Listing Rules, for the transactions under the New Framework Sales Agreement are expected to be more than 0.1% but less than 2.5% on an annual basis, the New Framework Sales Agreement (together with the relevant proposed annual caps) would be subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but exempt from Independent Shareholders' approval requirements under the Listing Rules.

## **GENERAL**

The Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the New Framework Purchase Agreement (including the relevant proposed annual caps). The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the New Framework Purchase Agreement (including the relevant proposed annual caps) are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and its Shareholders as a whole. Voting at the EGM will be conducted by way of poll. Cayman President, being the controlling Shareholder, and UPEC and their respective associates are required to abstain from voting on the resolution approving the New Framework Purchase Agreement and the relevant proposed annual caps at the EGM.

A circular containing, inter alia, (i) further information on the New Framework Purchase Agreement; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the New Framework Purchase Agreement (including the relevant proposed



annual caps); (iii) a letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, will be despatched to the Shareholders in accordance with the Listing Rules as soon as possible.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“2007 Framework Purchase Agreement”	a framework purchase agreement dated 23 November 2007 entered into between the Company and UPEC pursuant to which the Company agreed to purchase (on a non-exclusive basis) certain raw materials and packaging materials from UPEC Group and its associates
“2007 Framework Sales Agreement”	a framework sales agreement dated 23 November 2007 entered into between the Company and UPEC pursuant to which the Company agreed to sell (on a non-exclusive basis) certain beverage and instant noodle products and bakery products to UPEC Group and its associates
“associate(s)”	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 UPEC
“Company”	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, the issued Shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, inter alia, the New Framework Purchase Agreement (including the relevant proposed annual caps)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent board committee, comprising all of the independent non-executive Directors, namely Mr. Chen Sun-Te, Mr. Fan Ren-Da, Anthony, Mr. Hwang Jenn-Tai, Mr. Yang Ing-Wuu and Mr. Lo Peter, formed to advise the Independent Shareholders in respect of the New Framework Purchase Agreement (including the relevant proposed annual caps)
“Independent Financial Adviser”	the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Framework Purchase Agreement (including the relevant proposed annual caps)
“Independent Shareholders”	Shareholders other than Cayman President, UPEC and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Framework Purchase Agreement”	a framework purchase agreement dated 13 November 2009 entered into between the Company and UPEC pursuant to which the Company agreed to purchase and procure purchase (on a non-exclusive basis) certain raw materials, packaging materials and commercial goods from UPEC Group and its associates
“New Framework Sales Agreement”	a framework sales agreement dated 13 November 2009 entered into between the Company and UPEC pursuant to which the Company agreed to sell and procure sale of (on a non-exclusive basis) certain beverage and instant noodle products and bakery products to UPEC Group and its associates
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 4 December 2007
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiwan Stock Exchange”	the Taiwan Stock Exchange Corporation
“UPEC”	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 on 28 December 1987 under the stock code 1216, which is the ultimate controlling Shareholder

“UPEC Group”

UPEC and its subsidiaries (excluding, except where the context otherwise requires, the Company and its subsidiaries)

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

Hong Kong, 13 November 2009

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

\* *For identification purpose only*