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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Uni-President China Holdings Ltd.**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 AND NOTICE OF EGM

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



Shenyin Wanguo Capital (H.K.) Limited

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 21 to 22 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 46 of this circular.

A notice convening the EGM to be held on Thursday, 17 May 2012 at 3:00 p.m. (and immediately after the annual general meeting of the Company convened to be held on the same day shall have been concluded or adjourned) at Falcon Room, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong is set out on pages 51 to 53 of this circular.

Whether or not you are able to attend the EGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

25 April 2012

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	6
Non-exempt Continuing Connected Transactions	7
Reasons for, and benefits of, the Continuing Connected Transactions	16
Opinions of the Directors	17
Approval of the Board	17
Connection between the parties	17
Listing Rules implication	18
Information regarding the Group and the UPEC Group	18
Recommendation	19
EGM	19
Further information	20
Letter from the Independent Board Committee	21
Letter from Shenyin Wanguo	23
Appendix – General Information	47
Notice of the EGM	51

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Annual Caps”	the proposed or estimated maximum aggregate annual transaction values in respect of the Continuing Connected Transactions contemplated under the 2012 Framework Purchase Agreement or the 2012 Framework Sales Agreement (as the case may be)
“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), 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 same meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the 2012 Framework Purchase Agreement or the 2012 Framework Sales Agreement (as the case may be)
“Director(s)”	the 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 2012 Framework Purchase Agreement and the 2012 Framework Sales and the respective Continuing Connected Transactions contemplated thereunder (including the respective Annual Caps)

DEFINITIONS

“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement and the respective Continuing Connected Transactions contemplated thereunder (including the respective Annual Caps)
“Independent Financial Adviser”	Shenyin Wanguo
“Independent Shareholder(s)”	the Shareholders, other than Cayman President (being the controlling Shareholder) and UPEC and their respective associates, who do not have any material interest in the Continuing Connected Transactions
“Independent Third Parties”	person(s) or company(ies) which is/are independent of any member of the Group, the directors, the chief executives, the substantial shareholders of the Company or its subsidiaries, and their respective associates
“Latest Practicable Date”	20 April 2012, being the latest practicable date for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Companies, being Appendix 10 to the Listing Rules

DEFINITIONS

“Operational Agreements”	the individual agreements which may from time to time be entered into between a member of the Group and a member of the UPEC Group subject and pursuant to the 2012 Framework Purchase Agreement or the 2012 Framework Sales 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 ratio) under Rule 14.07 of the Listing Rules
“PET”	beverage or PET bottles made with polyethylene glycol-terephthalate (聚對苯二甲酸乙二醇酯), a material used to make plastic beverage bottles
“PRC”	The People’s Republic of China which, for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Shenyin Wanguo”	Shenyin Wanguo Capital (H.K.) Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement (including the respective Annual Caps)

DEFINITIONS

“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 32 of the Laws of Hong Kong)
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“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, its subsidiaries and/or any company in the equity capital of which UPEC 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
“2009 Announcements”	(i) the announcement of the Company dated 13 November 2009 in connection with the entering into of the 2009 Framework Purchase Agreement and the 2009 Framework Sales Agreement; and (ii) the announcement of the Company dated 22 December 2009 concerning the voting results of the 2009 EGM approving the 2009 Framework Purchase Agreement
“2009 Circular”	the circular of the Company dated 4 December 2009 in connection with the 2009 Framework Purchase Agreement

DEFINITIONS

“2009 EGM”	the extraordinary general meeting of the Company held on 22 December 2009 approving, among others, the 2009 Framework Purchase Agreement and the transactions contemplated thereunder
“2009 Framework Purchase Agreement”	the 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 of (on a non-exclusive basis) certain raw materials, packaging materials and commercial goods from the UPEC Group as disclosed in the 2009 Announcements
“2009 Framework Sales Agreement”	the 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 the UPEC Group as disclosed in the 2009 Announcements and the 2009 Circular
“2012 Framework Purchase Agreement”	the framework purchase agreement dated 30 March 2012 entered into between the Company and UPEC 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 and low-cost consumables goods from the UPEC Group
“2012 Framework Sales Agreement”	the framework sales agreement dated 30 March 2012 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 the UPEC Group
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

LO Chih-Hsien (*Chairman*)

HOU Jung-Lung (*President*)

Non-executive Directors:

KAO Chin-Yen

LIN Chang-Sheng

LIN Lung-Yi

SU Tsung-Ming

Independent non-executive Directors:

CHEN Sun-Te

FAN Ren-Da, Anthony

YANG Ing-Wuu

LO Peter

Registered office:

P.O. Box 309

Ugland House

Grand Cayman

KY-1104

Cayman Islands

Principal place of

business in Hong Kong:

Unit 703A, 7/F

Golden Centre

188 Des Voeux Road Central

Hong Kong

25 April 2012

To the Shareholders

Dear Sir or Madam

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the announcement dated 30 March 2012 of the Company regarding, among other matters, certain Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement.

LETTER FROM THE BOARD

The Company is required to comply with the applicable requirements of the Listing Rules relating to the Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement including the convening and holding of the EGM for the approval of these Continuing Connected Transactions.

The purpose of this circular is to:

- (a) provide you with further information relating to the Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement and other information required by the Listing Rules;
- (b) set out the letter of advice from Shenying Wanguo to the Independent Board Committee and the Independent Shareholders and the recommendation and opinion of the Independent Board Committee after having considered the advice of Shenying Wanguo in relation to the Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement (including the respective Annual Caps); and
- (c) give you notice of the EGM to consider and, if thought fit, approve the Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement (including the respective Annual Caps).

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1.1 2012 Framework Purchase Agreement

Date: 30 March 2012

Parties: (1) the Company
(2) UPEC

Duration: For the period from 30 March 2012 or (if applicable) the date on which the 2012 Framework Purchase Agreement is approved at the EGM (whichever is the later) to 31 December 2014

LETTER FROM THE BOARD

- Nature of transaction: Pursuant to the 2012 Framework Purchase Agreement, the Company agrees to purchase or procure purchase of, on a non-exclusive basis, certain raw materials, packaging materials, finished and semi-finished goods and low-cost consumables from the UPEC Group and UPEC agrees to supply or procure supply, on a non-exclusive basis, such raw materials, packaging materials, finished and semi-finished goods and low-cost consumables to the Group
- Pricing basis: As a general principle, the prices and terms with respect to the raw materials, packaging materials, finished and semi-finished goods and low-cost consumables sold by the UPEC Group shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and at prices and terms no more favourable to the UPEC Group than prices and terms available to or from Independent Third Parties to the Group
- Quality assurance: UPEC undertakes, and undertakes to procure, that the quality of the raw materials, packaging materials, finished and semi-finished goods and low-cost consumables 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
- Payment term: Pursuant to the 2012 Framework Purchase Agreement, the credit terms for the purchase of raw materials, packaging materials, finished and semi-finished goods and low-cost consumables by the Group shall be no less favourable than those given to Independent Third Parties by the UPEC Group
- Condition: The 2012 Framework Purchase Agreement is subject to its approval and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps) by the Independent Shareholders at the EGM having been obtained

LETTER FROM THE BOARD

Operational Agreements: Pursuant to the 2012 Framework Purchase Agreement, member(s) of the Group may, from time to time during the term of the 2012 Framework Purchase Agreement, enter into separate Operational Agreement(s) (which may in the form of purchase order(s) and/or purchase agreement) in respect of the purchase of raw materials, packaging materials, finished and semi-finished goods and low-cost consumables from member(s) of the UPEC Group provided that such separate agreement(s) shall always be subject to the terms of the 2012 Framework Purchase Agreement

Termination: The 2012 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)

Effect of the 2009 Framework Purchase Agreement: Upon the 2012 Framework Purchase Agreement becoming effective, it is agreed by the Company and UPEC that the 2009 Framework Purchase Agreement will be terminated and have no further effect

The types of raw materials, packaging materials, finished and semi-finished goods and low-cost consumables to be purchased by the Group from the UPEC Group include but not limited to palm oils, white sugar, juice concentrates, milk powder, various flavourings, paper-based bowls, tea leaves, red wine, health food, dressings and other general goods, which are principally used by the Group for the manufacture of its beverage and instant noodle products as well as its distribution and trading business in the PRC.

1.2 Historical Aggregate Value of Purchase Transactions

The actual value of the purchase transactions by the Group with the UPEC Group for the years ended 31 December 2010, 31 December 2011 and the two months ended 29 February 2012 and the existing annual caps for purchase transactions in respect of the 2009 Framework Purchase Agreement are set out below.

	Year ended	Year ended	Two months
	31/12/2010	31/12/2011	ended
			29/02/2012
			<i>(RMB) approximately</i>
Total actual value for purchase transactions:	<u>623,033,000</u>	<u>815,243,000</u>	<u>189,416,625</u>

LETTER FROM THE BOARD

	Year ended 31/12/2010	Year ended 31/12/2011	Year ending 31/12/2012
	<i>(RMB) approximately</i>		
Existing annual caps for purchase transactions:	<u>631,000,000</u>	<u>821,000,000</u>	<u>1,034,000,000</u>

1.3 Proposed Annual Caps for Purchase Transactions

The proposed Annual Caps in respect of the Continuing Connected Transactions contemplated under the 2012 Framework Purchase Agreement for each of the three years ending 31 December 2014 are set out below.

	Annual Caps for purchase transactions for the year ending		
	31/12/2012	31/12/2013	31/12/2014
	<i>(RMB) approximately</i>		
Total transaction value:	<u>2,450,000,000</u>	<u>4,700,000,000</u>	<u>6,800,000,000</u>

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

- the historical figures of the purchases by the Group from the UPEC Group
- the estimated future demands of the Group having regard to the business growth of the Group and the business strategy of the Group
- possible increase in purchase price associated with increase in costs of production of the UPEC Group (due to factors such as fluctuation in prices of raw materials and labour costs)
- the economic climate and its effects on the PRC food and beverage industry
- 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 the UPEC Group.

LETTER FROM THE BOARD

1.4 Reasons for the surge in estimated maximum aggregate annual transaction values for Purchase Transactions

The surge in the estimated maximum aggregate annual transaction value for purchase transactions has also taken into account the following factors:

- the focused strategy of the Group on the manufacture of its beverage, instant noodles products and bakery products of a much wider variety than before and thus an increase in the volume of purchases from the UPEC Group is expected;
- the increase in the Group's market share over the years which will boost the demand for the Group's products and, in turn, the demand of the Group for a higher quantity of raw materials, packaging materials, finished and semi-finished goods and low-cost consumables necessary for its manufacturing process from the UPEC Group;
- the adoption by the Group of operations outsourcing policy by shifting its PET bottles production process across specialized service providers (including the UPEC Group). This, in turn, will lead to substantial increase in purchases from the UPEC Group, both in terms of quantity and monetary values.

On the one hand, the Group places heavy emphasis on capturing the PRC market, which has and is expected to enjoy a high growth period in the years to come as the economy of the PRC has become more and more affluent. This can be shown in the increase in the Group's turnover/revenue by more than 30% for the year ended 31 December 2011 when compared to the corresponding period in 2010. On the other hand, the UPEC Group, being the largest food and beverage conglomerate in Taiwan and one of the largest in Asia, focuses on capturing the Taiwan and other Asian markets, which has also recorded an increase of more than 10% in turnover/revenue in the past years and is expected to continue to enjoy a growth period in the foreseeable future.

Long-term production planning and resources commitment is necessary for both the Group and the UPEC Group in anticipation of the growth.

The very large increase in purchase transactions for the year ending 31 December 2012, 2013 and 2014 relative to the previous three years reflects the anticipated increase in demand for raw materials, packaging materials, finished and semi-finished goods and low-cost consumables required by the Group to satisfy product orders from the UPEC Group under the 2012 Framework Sales Agreement described below, as well as the increasing demands from the Group's own customers. The increased production capacity of the UPEC Group (through, among other things, the establishment of new production lines for its manufacturing facilities and advancement for research and development capability) would also allow the UPEC Group to accommodate and take up an increasing number of orders from the Group.

LETTER FROM THE BOARD

Likewise, the very large increase in the sales transactions under the 2012 Framework Sales Agreement with the UPEG Group for the years ending 2012, 2013 and 2014 reflects the anticipated increase in demand for the products of the Group to satisfy the anticipated demands from the customers of the UPEC Group. To this extent, volumes under the 2012 Framework Sales Agreement so far as the Group is concerned (or vice versa, the volumes under the 2012 Framework Purchase Agreement so far as the UPEC Group is concerned) are likely to be linked.

Specifically, the phenomenal increase of approximately 137% in the proposed Annual Cap for purchase transactions for the year ending 31 December 2012 of RMB2,450 million as compared to the original Annual Cap for the year ending 31 December 2012 of RMB1,034 million is predominantly due to, in addition to the factors stated in this paragraph, the Group's business strategy to streamline and consolidate its operations by outsourcing the manufacturing of products (such as PET bottles and packaging materials for the Group's products) for its non-core business to specialized service providers (which include member(s) of the UPEC Group). Furthermore, UPEC Group is one of the major suppliers of ingredients for the production of the Group's products (which are increasingly diversified). The purchase, in terms of volume and purchase values, by the Group from the UPEC Group is expected to be significant in light of the strong and continued growth trends for the Group's PET bottled and packaged products.

The growth rate of the proposed Annual Caps for the purchase transactions for the two years ending 31 December 2014 are approximately 91.8% and 44.7% respectively. The increase in transaction values for purchase transactions are also attributable to the factors stated above but the extent of impact will be relatively less significant. The Board is of the view that, on the assumption that there are no material changes to the business environment in which the Group or the UPEC Group is operating (including without limitation the trading, market or economic conditions, production capabilities and consumption power of targeted customers), the decrease in growth rate of the proposed Annual Caps is normal, fair and reasonable as the production capacity of the UPEC Group will gradually become more and more saturated and the growth rate will become less robust as a matter of course.

2.1 2012 Framework Sales Agreement

Date:	30 March 2012
Parties:	(1) the Company (2) UPEC
Duration:	For the period from 30 March 2012 or (if applicable) the date on which the 2012 Framework Sales Agreement is approved at the EGM (whichever is the later) to 31 December 2014
Nature of transaction:	Pursuant to the 2012 Framework Sales Agreement, the Company agrees to sell or procure sale of, on a non-exclusive basis, certain beverage and instant noodle products and bakery products to the UPEC Group

LETTER FROM THE BOARD

- Pricing basis: As a general principle, the prices and terms with respect to the beverage and instant noodle products and bakery products sold by the Group to the UPEC Group shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and at prices and terms no more favourable to the UPEC Group than prices and terms available to or from Independent Third Parties to the Group
- Payment term: Pursuant to the 2012 Framework Sales Agreement, the credit terms provided to the UPEC Group for sale of the beverage and instant noodle products and bakery products of the Group shall be no more favourable than those given to Independent Third Parties by the Group
- Condition: The 2012 Framework Sales Agreement is subject to the approval of the 2012 Framework Sales Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps) by the Independent Shareholders at the EGM having been obtained
- Operational Agreements: Pursuant to the 2012 Framework Sales Agreement, member(s) of the Group may, from time to time during the term of the 2012 Framework Sales Agreement, enter into separate Operational Agreement(s) (which may in the form of sales order(s) and/or sales agreement) in respect of the sale of beverage and instant noodle products and bakery products to member(s) of the UPEC Group provided that such separate agreement(s) shall always be subject to the terms of the 2012 Framework Sales Agreement
- Termination: The 2012 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)
- Effect of the 2009 Framework Sales Agreement: Upon the 2012 Framework Sales Agreement becoming effective, it is agreed by the Company and UPEC that the 2009 Framework Sales Agreement will be terminated and have no further effect

LETTER FROM THE BOARD

2.2 Historical Aggregate Value of Sales Transactions

The actual value of the sales transactions by the Group with the UPEC Group for the years ended 31 December 2010, 31 December 2011 and the two months ended 29 February 2012 and the existing annual caps for sales transactions in respect of the 2009 Framework Sales Agreement are set out below.

	Year ended 31/12/2010	Year ended 31/12/2011	Two months ended 29/02/2012
	<i>(RMB) approximately</i>		

Total actual value for sales transactions:	<u>62,755,000</u>	<u>72,220,000</u>	<u>12,123,000</u>
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	Year ended 31/12/2010	Year ended 31/12/2011	Year ending 31/12/2012
	<i>(RMB) approximately</i>		

Existing annual caps for sales transactions:	<u>66,000,000</u>	<u>95,000,000</u>	<u>132,000,000</u>
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2.3 Proposed Annual Caps for Sales Transactions

The proposed Annual Caps in respect of the Continuing Connected Transactions contemplated under the 2012 Framework Sales Agreement for each of the three years ending 31 December 2014 are set out below.

	Annual Caps for sales transactions for the year ending		
	31/12/2012	31/12/2013	31/12/2014
	<i>(RMB) approximately</i>		

Total transaction value:	<u>110,000,000</u>	<u>750,000,000</u>	<u>845,000,000</u>
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LETTER FROM THE BOARD

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

- the historical figures of the sales by the Group to the UPEC Group
- the estimated future demands of the UPEC Group having regard to the business of the UPEC Group and the expansion of the sales network of the UPEC Group in the PRC
- possible increase in costs of production of the Group and associated increase in sales price of beverage and instant noodle products and bakery products sold to the UPEC Group
- 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 the UPEC Group.

2.4 Reasons for the surge in estimated maximum aggregate annual transaction values for Sales Transactions

The surge in the estimated maximum aggregate annual transaction value for sales transactions has also taken into account the wide distribution network of the UPEC Group and the intention of the UPEC Group to continue secure the Group as a long-term and “anchor” supplier to the UPEC Group, being the largest food and beverage conglomerate in Taiwan and one of the largest in Asia, which will boost the demand for the products manufactured by the Group.

The sharp increase of about 581.8% in the proposed Annual Cap for sales transactions for the year ending 31 December 2013 of RMB750 million from RMB110 million for the year ending 31 December 2012 is largely attributable to, in addition to the reasons stated above, the Group’s catering for (i) the expansion plan of the retail chains (comprising franchised convenience stores, coffee shops and chain department stores) which will lead to phenomenal growth in the number of stores or outlets operated by the UPEC Group and (ii) the market penetration strategy formulated for the launch, promotion and sale of both existing and new Jianlibao (健力寶) brand soda drinks of the UPEC Group from the primary targeted market in Southern China to the additional targeted market in the Northwestern China market to further consolidate market dominance, resulting in a significant growing presence of the UPEC Group in the retail market place and, in turn, a surge in sales volume and transaction value for the Group.

LETTER FROM THE BOARD

The relatively less scorching increase of about 12.7% in the proposed Annual Cap for sales transactions for the year ending 31 December 2014 of RMB845 million as compared to that of 2013 is primarily predicated upon the general expectation that the launch of new products in 2014 will be in a relatively moderate pace and the business development will become comparatively more stable with a focus on enhancing the products launched in previous year.

REASONS FOR, AND BENEFITS OF, THE CONTINUING CONNECTED TRANSACTIONS

Following a recent review by the Company of the continuing connected transactions between the Group and the UPEC Group and having regard to the Company's overall business strategy to achieve specialization through consolidation of its core business and outsourcing its non-core business so as to better and more efficiently utilize the Group's resources in the development of its business, the Board envisages that there would be an expected increase in the continuing connected transactions (in terms of scope, volume and transaction values) between the Group and the UPEC Group. In light of the above, the Board considers it appropriate to enter into new framework agreements to streamline and regulate, as well as re-estimate and re-set the maximum aggregate annual values, for the purchase transactions and the sales transactions to be carried out between members of the Group and members of the UPEC Group.

In anticipation of the above and subject to compliance with the applicable Listing Rules, the Company entered into the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement with UPEC.

The transactions contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement 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 the UPEC Group.

The Group has been conducting business with the UPEC Group since the Company became listed on the Stock Exchange in 2007. UPEC Group has demonstrated itself as a reliable supplier to the Group. The Directors believe that the securing of a long-term and reputable business associate with profound experience in the food and beverage industry, wide service network and well established information system, facilities and equipment is beneficial to the Group. The maintaining of the strategic and continual business relationship with the UPEC Group would allow the realisation of synergies in terms of convenience 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.

LETTER FROM THE BOARD

The entering into of the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement would provides 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 part of the Company to comply with such requirements in relation to the execution of Operational Agreements as and when required in respect of the Continuing Connected Transactions.

OPINIONS OF THE DIRECTORS

The Directors (including the independent non-executive Directors) consider that the respective terms of the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement, which were negotiated on an arm's length basis between the parties thereto in the usual and ordinary course of business, are no normal commercial terms, fair and reasonable, and the entering into of the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement are in the interests of the Company and the Shareholders as a whole.

APPROVAL OF THE BOARD

None of the Directors had material interests in the Continuing Connected Transactions contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement. Nevertheless and for the sake of good corporate governance, those Directors (namely, Mr Kao Chin-Yen, Mr Lin Chang-Sheng, Mr Lin Lung-Yi and Mr Lo Chih-Hsien) who is either a common director of the Company and/or other members of the Group and/or UPEC and/or other members of the UPEC Group or holds an insignificant shareholding interests (less than 2%) in UPEC had abstained from voting in the resolutions of the Board approving the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement and the respective Continuing Connected Transactions contemplated thereunder.

CONNECTION BETWEEN THE PARTIES

As at the Latest Practicable Date, UPEC owned 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 issued share capital of the Company, is a connected person of the Company under the Listing Rules. UPEC, as the holding company of Cayman President, is the associate of Cayman President under the Listing Rules and is a connected person of the Company.

LETTER FROM THE BOARD

LISTING RULES IMPLICATION

The Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules.

Given that the highest of the applicable Percentage Ratios in respect of the Annual Caps for (i) the purchase transactions contemplated under the 2012 Framework Purchase Agreement and (ii) the sales transactions contemplated under the 2012 Framework Sales Agreement would, on an annual basis, be more than 5%, the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement and the respective Continuing Connected Transactions contemplated thereunder would be subject to the reporting, announcement and Independent Shareholders' approval requirements and the annual review requirements under Rule 14A.35 of the Listing Rules.

The Company will comply with the continuing obligations under Rules 14A.37 to 14A.41 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 in the terms of the 2012 Framework Purchase Agreement and/or the 2012 Framework Sales Agreement (as the case may be) pursuant to Rule 14A.36 of the Listing Rules.

INFORMATION REGARDING THE GROUP AND THE UPEC GROUP

The Group

The Company is an investment holding company. The Group is one of the leading manufacturers of beverage and instant noodle products in the PRC and is principally engaged in the manufacture and sales of beverage and instant noodle products in the PRC.

The UPEC Group

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 the UPEC Group engages in the manufacture and marketing of a wide range of products, including instant food products, dairy and beverage products and the provision of transportation and logistics service in the PRC with a wide service network.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 21 to 22 pages of this circular which contains its recommendation to the Independent Shareholders concerning the Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement (including the respective Annual Caps) and (ii) the letter from Shenyin Wanguo set out on pages 23 to 46 of this circular which contains their advice to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions respectively contemplated under the 2012 Framework Sales Agreement and the 2012 Framework Purchase Agreement (including the respective Annual Caps) and the principal factors and reasons considered by them in formulating their advice.

The Independent Board Committee, having taken into account the recommendation of the Independent Financial Adviser, considers that the Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement (including the respective Annual Caps) to be fair and reasonable in so far as the Company and the Independent Shareholders are concerned. The Independent Board Committee also considers that the Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement are entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions which will be proposed at the EGM relating to the Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement (including the respective Annual Caps).

EGM

A notice convening the EGM to be held at Falcon Room, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 17 May 2012 at 3:00 p.m. (and immediately after the annual general meeting of the Company convened to be held on the same day shall have been concluded or adjourned) is set out on pages 51 to 53 of this circular.

LETTER FROM THE BOARD

At the EGM:

- (1) an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Continuing Connected Transactions contemplated under the 2012 Framework Purchase Agreement (including the Annual Caps); and
- (2) an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Continuing Connected Transactions contemplated under the 2012 Framework Sales Agreement (including the Annual Caps).

The voting at the EGM will be taken by poll.

In accordance with the Listing Rules, any connected person with a material interest in the Continuing Connected Transactions and any Shareholder(s) with a material interest in the Continuing Connected Transactions and its associates(s) must abstain from voting on the resolutions in respect of the Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement at the EGM. Cayman President (being the controlling Shareholder) and UPEC and their respective associates will abstain from voting at the EGM to approve the resolutions in respect of the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement and the Continuing Connected Transactions respectively contemplated thereunder (including the respective Annual Caps).

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof.

FURTHER INFORMATION

Your attention is also drawn to the information set out in the appendix to this circular and the notice of the EGM.

By order of the Board
Uni-President China Holdings Ltd.
LO Chih-Hsien
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

25 April 2012

To the Independent Shareholders

Dear Sir or Madam

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 25 April 2012 of the Company (the “**Circular**”) of which this letter forms part.

Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider the terms of the Continuing Connected Transactions and to advise the Independent Shareholders as to whether, in our opinion, the terms of the Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement (including the respective Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned.

Shenyin Wanguo has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement (including the respective Annual Caps).

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board set out on pages 6 to 20 of the Circular which contains, among others, information on the Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement as well as the letter from Shenyin Wanguo set out on pages 23 to 46 of the Circular which contains its advice in respect of the terms of the Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement (including the respective Annual Caps).

Having taken into account the advice of Shenyin Wanguo, we consider that the entering into of the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement is in the ordinary and usual course of business of the Company and in the interests of the Company and the Independent Shareholders as a whole. We also consider the terms of the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement and the Continuing Connected Transactions respectively contemplated thereunder (including the respective Annual Caps) are on normal commercial terms and fair and reasonable as far as the Company and the Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in relation to the Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement (including the respective Annual Caps).

Yours faithfully

The Independent Board Committee

Mr Chen Sun-Te

Mr Fan Ren-Da, Anthony

Mr Yang Ing-Wuu

Mr Lo Peter

Independent non-executive Directors

LETTER FROM SHENYIN WANGUO

The following is the text of a letter received from Shenyin Wanguo setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions respectively contemplated under the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement for inclusion in this circular.



Shenyin Wanguo Capital (H.K.) Limited

28th Floor, Citibank Tower

Citibank Plaza

3 Garden Road

Hong Kong

25 April 2012

*To The Independent Board Committee and
the Independent Shareholders of
Uni-President China Holdings Ltd.*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to the circular of Uni-President China Holdings Ltd. dated 25 April 2012 (the “**Circular**”), of which this letter forms part, regarding (i) the transactions contemplated under the 2012 Framework Purchase Agreement (the “**Purchase Transactions**”) and (ii) the transactions contemplated under the 2012 Framework Sales Agreement (the “**Sales Transactions**”) (collectively referred to as the “**Transactions**”) and the respective Annual Caps for each of the years ending 31 December 2012, 2013 and 2014. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

Given UPEC is the controlling Shareholder (which was interested in approximately 73.5% of the issued share capital of the Company as at the Latest Practicable Date through its wholly-owned subsidiary, Cayman President) and is therefore a connected person of the Company, the Transactions, together with the Annual Caps, constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The Transactions and the Annual Caps are subject to the approval of the Independent Shareholders by way of poll at the EGM. Details regarding the EGM are set out in the Circular. UPEC, Cayman President and their respective associates shall abstain from voting in respect of the Transactions and the Annual Caps at the EGM.

LETTER FROM SHENYIN WANGUO

We, Shenyin Wanguo Capital (H.K.) Limited, have been appointed by the Company as the independent financial adviser to advise you on the Transactions and the Annual Caps, details of which are set out in the Circular. In this letter, we will make recommendations to you as to whether the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, whether the terms of the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole and whether the Annual Caps are fair and reasonable as well as we will advise the Independent Shareholders on how to vote at the EGM in respect of the Transactions and the Annual Caps.

The Independent Board Committee, comprising all the four independent non-executive Directors, namely Mr. Chen Sun-Te, Mr. Fan Ren-Da, Anthony, Mr. Yang Ing-Wuu and Mr. Lo Peter, has been established to advise the Independent Shareholders, taking into account our recommendations set out in this letter, as to whether the terms of the Transactions and the Annual Caps are fair and reasonable and whether the Transactions are in the interests of the Company and the Shareholders as a whole as well as to advise the Independent Shareholders on how to vote at the EGM in respect of the Transactions and the Annual Caps. The advice of the Independent Board Committee as regards the Transactions and the Annual Caps is contained in its letter included in the Circular.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information and statements supplied, opinions and representations expressed by the Company and the Directors and have assumed that all such information and statements supplied, opinions and representations expressed to us were true, accurate and complete in all material aspects at the time they were provided and continue to be true up to the date of the EGM. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information and statements supplied as well as opinions and representations expressed to us.

We consider that we have been provided with sufficient information to enable us to reach our advice and recommendations as set out in this letter and to justify our reliance on the accuracy of such information. We have no reason to suspect that any material facts or information (which are known to the Company) have been omitted or withheld from the information or statements supplied, or opinions or representations expressed to us nor to doubt the truth and accuracy of the information and statements supplied, or the reasonableness of the opinions and representations expressed to us. We have not, however, carried out any independent verification on the information provided to us by the Company and the Directors, nor have we conducted an independent in-depth investigation into the business or affairs or future prospects of the Group.

LETTER FROM SHENYIN WANGUO

PRINCIPAL FACTORS AND REASONS CONSIDERED

We have taken into account the following principal factors and reasons in arriving at our recommendations with regard to the Transactions and the Annual Caps:

Information on the Group and UPEC

The Group is one of the leading manufacturers of beverages and instant noodles in the PRC. The Group principally produces and sells (i) juice drinks and tea drinks for its beverage business; and (ii) instant noodle products including bowl noodles, packet noodles and snack noodles for its instant noodle business. The Shares have been listed on the Main Board of the Stock Exchange since 17 December 2007.

UPEC is the controlling Shareholder and is the largest food and beverage conglomerate in Taiwan principally engaged in the manufacturing and marketing of a wide range of products including provisions, instant foods, dairy and beverage products, general food products and health foods as well as the provision of transportation and logistics service in the PRC with a wide service network. The common shares of UPEC have been listed on the Taiwan Stock Exchange since 28 December 1987.

Revenue growth of the Group

Set out below is the analysis on the revenue of the Group extracted from the annual reports published by the Company:

	Year ended 31 December			CAGR over 2009 – 11 (Note)
	2009	2010	2011	
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	
Revenue:				
• Beverages	6,926.9	8,796.4	10,688.6	24.2%
• Instant noodles	2,120.5	3,549.1	5,936.3	67.3%
• Others	61.2	245.3	307.0	124.0%
	<u>9,108.6</u>	<u>12,590.8</u>	<u>16,931.9</u>	36.3%

Note: CAGR means compound annual growth rate

LETTER FROM SHENYIN WANGUO

We have noted that the Group's total revenue has increased at a CAGR of 36.3% over the three years ended 31 December 2011 despite the global economic challenge. The Directors are of the opinion that in face of the challenges posed by increasing raw materials prices and fierce market competition, the Group is able to maintain robust growth due to the improvement in people's livelihood and growing consumption demand in general, and the Group's strategy to focus on its key products.

Reasons for and background of the Transactions

We have noted from the prospectus of the Company dated 4 December 2007 and the annual reports of the Company that the Group has been purchasing from the UPEC Group raw materials and packaging materials such as palm oil, white sugar, juice concentrates, green tea, milk powder, various flavourings, paper-based bowls and other containers, which the Group also purchases from other suppliers, and that the Group has been selling to the UPEC Group beverages and other products including but not limited to tea, juice, herbal drinks, instant noodles and bakery products, which the Group also supplies to other customers.

The maintaining of the strategic and continual business relationship with the UPEC Group would allow the realisation of synergies in terms of convenience and operational support and the attainment of economies of scale, and would be expected to bring a sustainable and stable contribution to the Group's revenue and profitability in the long run.

The entering into of the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement provides a single basis on which the Company will comply with the reporting, announcement and/or Independent Shareholders' approval requirements 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 the Operational Agreements in respect of the Purchase Transactions and the Sales Transactions.

LETTER FROM SHENYIN WANGUO

Historical purchase and sales amounts

Set out below are the actual purchase and sales amounts and the annual caps in respect of the continuing connected transactions between the Group and the UPEC Group extracted from the annual reports of the Company for each of the years from 2007 to 2011:

	Year ended 31 December				
	2007	2008	2009	2010	2011
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Annual cap	652.7	840.2	968.6	631.0	821.0
Actual purchases from the UPEC Group	533.3	490.5	564.0	623.0	815.2
Annual cap	61.0	301.4	445.4	66.0	95.0
Actual sales to the UPEC Group	22.9	17.6	54.7	62.8	72.2

We have noted from the annual report of the Company for the year ended 31 December 2011 (the “**2011 Annual Report**”) that the revenue from the Group’s milk tea business experienced significant year-on-year growth of 181.0% partly due to the growth in the milk tea market in the PRC as a whole and the increase in the Group’s market share thanks to brand building measures for Assam Milk Tea (阿薩姆奶茶) which helped the Group achieve a 60.2% market share in the milk tea market in 2011. The Group’s coffee business also grew by 59.0% in 2011 thanks to the success of the Group’s two signature coffee products – A-Ha Coffee (雅哈冰咖啡) and Aromatic Latte (醇香拿鐵). Furthermore, the Group’s juice drinks business jumped by 20.1% in 2011 which was driven by its new product – Crystal Sugar Pear Drink (冰糖雪梨).

We have also noted from the 2011 Annual Report that the revenue from the Group’s instant noodle business recorded 67.3% year-on-year growth due to the success of the Group’s key product – Lao Tan Pickled Cabbage and Beef Flavored Noodles (老壇酸菜牛肉麵) which helped the Group secure a leading market position. The Group also made the trial launch of a new product – Braised Beef Flavored Noodles (滷香牛肉麵) in August 2011 and anticipate that the product will follow the successful mode of Lao Tan Pickled Cabbage and Beef Flavored Noodles after its official nationwide launch in 2012.

The Group attributed its success to an overall improvement in the livelihood of people in the PRC, and an improvement in product mix. The Directors anticipate a prosperous future for the Group.

LETTER FROM SHENYIN WANGUO

Inflation

We have been advised by the Directors that over 42% of each of the Annual Caps for the Purchase Transactions are expected to consist of raw materials. Such principal raw materials as white sugar, palm oil and orange juice are commodities by nature. We have noted from the 2011 Annual Report that the price of raw materials such as polyester chips and sugar for producing the Group's beverages increased by 20 – 30%, and palm oil for producing the Group's instant noodles increased by more than 30%. We have also noted from the Producer Price Index for Manufactured Goods (工業生產者出廠價格分類指數) compiled by the National Bureau of Statistics of China that the producer price index of manufactured goods in the raw material industry has risen by 9.2% from December 2010 to December 2011, and that of processed industrial goods has risen by 4.6% from December 2010 to December 2011.

The UPEC Group as a reliable supplier to the Group and additional production capacity of the UPEC Group's plants

The UPEC Group has demonstrated itself as a reliable supplier to the Group. The Directors believe that securing a long-term and reputable business associate with profound food and beverage experience, a wide service network, a well established information system, facilities and equipment is beneficial to the Group.

We have been advised by the Directors that with the anticipated growth in the market size as well as the Group's increasing market share in the PRC, the UPEC Group has plans to expand its production capacity in the PRC during the years from 2012 to 2014, which include adding production lines to its existing production plants as well as commencing operations at its new production plants. These plants under the UPEC Group will supply materials that include bottled beverages and packaging materials to the Group. The Directors have advised that the Group would enjoy the priority over third parties, but is not obliged, to purchase necessary materials from these plants under the UPEC Group.

LETTER FROM SHENYIN WANGUO

Expansion plans of customers

We have been advised by the Directors that the Group's estimates of sales depend on the estimates provided by the Group's customers. With the anticipated growth in the PRC food and beverage market, certain customers of the Group which include franchised convenience stores and coffee shops in Shanghai, and chain department stores in Shandong operated by the UPEC Group have confirmed to the Group their expansion plans in 2012 – 2014, some of which include growth rates in number of stores that are around 60% in 2012. Accordingly, the Group anticipates higher sales amounts of beverage, instant noodle and bakery products to these retail chains along with their growth.

The Transactions

Following a recent review by the Company on the Transactions between the Group and the UPEC Group and having regard to the Group's potential growth as discussed above and the overall business strategy to achieve specialisation through consolidating its core business (i.e. the manufacturing and sales of beverages and instant noodles in the PRC) and outsourcing its non-core business (such as the PET bottles production process) so as to better and more efficiently utilise the Group's resources in the development of its business, the Board envisages that there would be an expected increase in the Transactions (in terms of scope, volume and transaction values) between the Group and the UPEC Group. In light of the above, the Board considers that it is appropriate to enter into the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement to streamline and regulate the Transactions, as well as re-estimate and re-set the Annual Caps.

The 2012 Framework Purchase Agreement

The principal terms of the 2012 Framework Purchase Agreement are summarised as follows:

Date:	30 March 2012
Parties:	(1) the Company (2) UPEC
Duration:	For the period from 30 March 2012 or (if applicable) the date on which the 2012 Framework Purchase Agreement is approved at the EGM (whichever is the later) to 31 December 2014

LETTER FROM SHENYIN WANGUO

- Nature of transaction: Pursuant to the 2012 Framework Purchase Agreement, the Company agrees to purchase or procure purchase of, on a non-exclusive basis, certain raw materials, packaging materials, finished and semi-finished goods and low-cost consumables from the UPEC Group and UPEC agrees to supply or procure supply, on a non-exclusive basis, such raw materials, packaging materials, finished and semi-finished goods and low-cost consumables to the Group
- Pricing basis: As a general principle, the prices and terms with respect to the raw materials, packaging materials, finished and semi-finished goods and low-cost consumables sold by the UPEC Group shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and at prices and terms no more favourable to the UPEC Group than prices and terms available to or from Independent Third Parties to the Group
- Quality assurance: UPEC undertakes, and undertakes to procure, that the quality of the raw materials, packaging materials, finished and semi-finished goods and low-cost consumables 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
- Payment term: Pursuant to the 2012 Framework Purchase Agreement, the credit terms for the purchase of raw materials, packaging materials, finished and semi-finished goods and low-cost consumables by the Group shall be no less favourable than those given to Independent Third Parties by the UPEC Group
- Condition: The 2012 Framework Purchase Agreement is subject to its approval and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps) by the Independent Shareholders at the EGM having been obtained

LETTER FROM SHENYIN WANGUO

Operational Agreements:	Pursuant to the 2012 Framework Purchase Agreement, member(s) of the Group may, from time to time during the term of the 2012 Framework Purchase Agreement, enter into separate Operational Agreement(s) (which may in the form of purchase order(s) and/or purchase agreement) in respect of the purchase of raw materials, packaging materials, finished and semi-finished goods and low-cost consumables from member(s) of the UPEC Group provided that such separate agreement(s) shall always be subject to the terms of the 2012 Framework Purchase Agreement
Termination:	The 2012 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)
Effect of the 2009 Framework Purchase Agreement:	Upon the 2012 Framework Purchase Agreement becoming effective, it is agreed by the Company and UPEC that the 2009 Framework Purchase Agreement will be terminated and have no further effect

We have reviewed the principal terms of the Purchase Transactions set out in the 2012 Framework Purchase Agreement, which have been summarised above. We have noted from the 2012 Framework Purchase Agreement that subject to the terms set out therein, the Group has the sole discretion to determine whether to purchase materials from the UPEC Group. We have been advised by the Directors that the Group makes purchasing decisions primarily based on (i) the proximity of the transaction parties' production plants to the target market; and (ii) whether the purchasing price is no less favourable than the prevailing market price. We have reviewed invoices from independent suppliers and the UPEC Group for items supplied accordingly. In this regard, we are satisfied that items supplied by the UPEC Group were at prices and terms no less favourable than other suppliers. Terms in relation to the pricing policy, payment term and goods quality set out in the 2012 Framework Purchase Agreement in particular govern that the Purchase Transactions will only be conducted or entered into when prices and terms are no more favourable to the UPEC Group than prices and terms available to or from Independent Third Parties to the Group and quality of the items supplied is comparable to that the Group can obtain from an Independent Third Party. In our opinion, the Purchase Transactions are on normal commercial terms, and the terms of the Purchase Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM SHENYIN WANGUO

Annual Caps for the Purchase Transactions

In compliance with Rule 14A.35(2) of the Listing Rules, the Directors have proposed the Annual Caps for the Purchase Transactions of RMB2,450 million, RMB4,700 million and RMB6,800 million for the respective three years ending 31 December 2012, 2013 and 2014.

The above Annual Caps represent the maximum aggregate annual values of the Purchase Transactions, which are subject to the approval of the Independent Shareholders by way of poll at the EGM. In the event that any of the Annual Caps is exceeded during the three years ending 31 December 2012, 2013 and 2014, the Company will be required to re-comply with Rules 14A.35(3) and (4) of the Listing Rules as regards the relevant reporting, announcement and/or Independent Shareholders' approval requirements set out in the Listing Rules.

In arriving at the Annual Caps for the Purchase Transactions, the Directors have primarily taken into account:

- (i) the historical figures of the purchases by the Group from the UPEC Group;
- (ii) the estimated future demands of the Group having regard to the business growth of the Group and the business strategy of the Group;
- (iii) possible increase in purchase price associated with increase in costs of production of the UPEC Group (due to factors such as fluctuation in prices of raw materials and labour costs);
- (iv) the economic climate and its effects on the PRC food and beverage industry;
and
- (v) the inflation factor.

LETTER FROM SHENYIN WANGUO

Set out below are the annual caps and actual purchases in connection with the 2009 Framework Purchase Agreement and the Annual Caps for the Purchase Transactions:

Annual caps in connection with the 2009 Framework Purchase Agreement			Annual Caps in connection with the 2012 Framework Purchase Agreement		
Year ended 31 December			Year ending 31 December		
2010	2011	2012	2012	2013	2014
<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
<u>631.0</u>	<u>821.0</u>	<u>1,034.0</u>	<u>2,450.0</u>	<u>4,700.0</u>	<u>6,800.0</u>
			Growth rate (%)		
			198.4	91.8	44.7

Actual purchases under the 2009 Framework Purchase Agreement		
Year ended 31 December		Two months ended
2010	2011	29 February 2012
<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
<u>623.0</u>	<u>815.2</u>	<u>189.4</u>

LETTER FROM SHENYIN WANGUO

Our analysis in assessing the fairness and reasonableness of the Annual Caps for the Purchase Transactions is as follows:

For the increase from the year ended 31 December 2011 to the year ending 31 December 2012

We have noted that the Annual Cap for the Purchase Transactions for 2012 represents a 198.4% increase compared to the annual cap for 2011, and a 200.5% increase compared to the actual purchases under the 2009 Framework Purchase Agreement in 2011. The increase is primarily attributable to the following:

- (i) *The outsourcing arrangement for a production plant in Taizhou of Jiangsu Province*

In order to streamline and consolidate its operations, the Group has plans to outsource the manufacturing of products for its non-core businesses. As announced by the Company on 30 March 2012, the Group sold the machinery and equipment in a production plant in Taizhou, Jiangsu Province to Taizhou Ton Yi Industrial Co., Ltd. (“**Taizhou Ton Yi**”), an associate of UPEC. Taizhou Ton Yi will then supply the materials in particular PET bottles and bottled beverages back to the Group with such machinery and equipment. In such a way, the Group outsources the processing of materials previously manufactured by itself in Taizhou to the UPEC Group and the buying back of such materials by the Group would constitute purchases from the UPEC Group accordingly. We have reviewed the estimated transaction amount with Taizhou Ton Yi, which was determined by multiplying the planned capacity of Taizhou Ton Yi by reference market prices of the materials to be purchased from Taizhou Ton Yi. The purchase amount related to this plant in 2012 is estimated to be approximately RMB485 million, accounting for 59% of the actual purchases in 2011 under the 2009 Framework Purchase Agreement.

LETTER FROM SHENYIN WANGUO

(ii) New production lines at the UPEC Group's plants in Zhangzhou of Fujian Province and Foshan of Guangdong Province

The Directors have advised that new production lines for the plants of the UPEC Group in Zhangzhou and Foshan are expected to commence operations in 2012, which will primarily supply bottled beverages and packaging materials to the Group. We have reviewed the estimated transaction amounts, which were arrived at by multiplying the planned capacity of the two production plants for 2012 by reference market prices of the materials to be purchased from these two plants. The increase in the purchase amounts related to these two plants in 2012 is estimated to be approximately RMB454 million, accounting for 56% of the actual purchases in 2011 under the 2009 Framework Purchase Agreement.

(iii) Expansion of specific product lines

We have noted from the information provided by the Company a significant increase of approximately 75% in the estimated transaction amount for raw materials on a year-on-year basis with one particular supplier within the UPEC Group (“**Ingredient Supplier**”), who is the major supplier of ingredients such as milk powder, tea and sugar for the production of milk tea. We have reviewed the estimated transaction amount with this Ingredient Supplier, which was arrived at with reference to historical transaction values and the expected growth trend. The increase in the purchase amount for ingredients related to this Ingredient Supplier is estimated to be approximately RMB529 million, accounting for 65% of the actual purchases in 2011 under the 2009 Framework Purchase Agreement.

(iv) General revenue growth and inflation

As discussed in the sub-section headed “Revenue growth of the Group” above, the Group achieved strong revenue growth over the three years from 2009 to 2011, and the Directors anticipate such growth is likely to continue. Furthermore, the Group is likely to face an increase in purchasing prices due to inflation. In arriving at the Annual Cap, it is fair and reasonable for the Directors to take into account that a higher amount of materials would need to be purchased to cater for the growth in sales volume and purchasing price.

LETTER FROM SHENYIN WANGUO

For the increase from the year ending 31 December 2012 to the year ending 31 December 2013

We have noted that the Annual Cap for the Purchase Transactions for 2013 represents a 91.8% increase compared to the Annual Cap for 2012. The increase is primarily attributable to the following:

- (i) *Additional production lines at the UPEC Group's plants in Taizhou of Jiangsu Province and Zhangzhou of Fujian Province and a new plant of the UPEC Group in Chengdu of Sichuan Province*

To cope with further business expansion, the Directors have advised that additional production lines for the plants of the UPEC Group in Taizhou and Zhangzhou are expected to commence operations in 2013. Furthermore, the UPEC Group plans to set up a new production plant in Chengdu which is expected to commence operations in the same year, and will primarily supply bottled beverages to the Group. We have reviewed the estimated transaction amounts for the materials to be supplied to the Group by these production plants, which were arrived at by multiplying the planned capacity of the plants for 2013 by reference market prices of the materials to be purchased from the plants. The increase in the purchase amounts related to these plants in 2013 is estimated to be approximately RMB1,322 million, accounting for 54% of the Annual Cap for 2012.

- (ii) *Expansion of specific product lines*

Similar to one of the reasons for the increase in the Annual Cap for the Purchase Transactions for 2012, we have been advised by the Directors that the estimated year-on-year increase in the transaction amount with the Ingredient Supplier is approximately 50% in 2013. We have reviewed the increase in the purchase amount for ingredients related to this Ingredient Supplier, which is estimated to be approximately RMB615 million, accounting for 25% of the Annual Cap for 2012.

LETTER FROM SHENYIN WANGUO

(iii) General revenue growth and inflation

In arriving at the Annual Cap, it is fair and reasonable for the Directors to take into account that a higher amount of materials would be purchased to cater for the growth in sales volume and purchasing price as a result of the Group's strong revenue growth over the three years from 2009 to 2011 and the anticipated strong growth in the Group's revenue from both the UPEC Group and other customers as well as the inflation factor in general.

For the increase from the year ending 31 December 2013 to the year ending 31 December 2014

We have noted that the Annual Cap for the Purchase Transactions for 2014 represents a 44.7% increase compared to the Annual Cap for 2013. In addition to the general revenue growth and inflation as mentioned in the paragraph headed "For the increase from the year ending 31 December 2012 to the year ending 31 December 2013" above, the increase is primarily attributable to the following:

(i) New production lines at the UPEC Group's plants in Chengdu of Sichuan Province and Huizhou of Guangdong Province

To cope with further business expansion, the Directors have advised that new production lines for the plants of the UPEC Group in Chengdu and Huizhou are expected to commence operations in 2014, which will primarily supply bottled beverages to the Group. We have reviewed the estimated transaction amounts for the materials to be supplied to the Group by these production plants, which were arrived at by multiplying the planned capacity of the plants for 2014 by reference market prices of the materials to be purchased from the plants. The increase in the purchase amounts related to these plants in 2014 is estimated to be approximately RMB771 million, accounting for 16% of the Annual Cap for 2013.

(ii) Expansion of specific product lines

In anticipation of the continuing growth in the Group's milk tea business, we have been advised by the Directors that the estimated year-on-year increase in the transaction amount with the Ingredient Supplier is approximately 50% in 2014. We have reviewed the increase in the purchase amount for ingredients related to this Ingredient Supplier, which is estimated to be approximately RMB923 million, accounting for 20% of the Annual Cap for 2013.

LETTER FROM SHENYIN WANGUO

Our view

The growth in the Annual Caps for the Purchase Transactions for 2012 – 2014 is primarily attributable to (i) the outsourcing arrangement between the Group and the UPEC Group; (ii) the additional production capacity of the UPEC Group's plants in the PRC; (iii) the anticipated strong growth in the Group's specific product lines; and/or (iv) the general revenue growth and inflation. We consider the bases on which the relevant Annual Caps were determined as discussed above are fair and reasonable.

In respect of the planned capacity of each of the production plants of the UPEC Group in Taizhou, Zhangzhou, Foshan, Chengdu and Huizhou, we have discussed with the Directors and are satisfied that it is comparable to the average capacity of the existing production plants of the Group in the PRC.

As discussed in the paragraph headed "Historical purchase and sales amounts", certain products of the Group recorded a double or even triple digit growth rate in 2011 and are expected to record strong growth in the future primarily due to an overall improvement in the livelihood of people in the PRC. In the paragraph headed "Inflation" above, it is mentioned that certain raw materials used by the Group recorded an increase in price by 20 – 30% in 2011 which trend is expected to continue for some time in the future. Therefore, we consider it is fair and reasonable to expect that no more than approximately 20.5%, 12.8% and 8.7% of the increase in the Annual Cap for the Purchase Transactions for each of 2012, 2013 and 2014 respectively is explained by the general revenue growth and inflation factor.

Taking into account the above factors and analysis, we consider that the Annual Caps for the Purchase Transactions are fair and reasonable.

The 2012 Framework Sales Agreement

The principal terms of the 2012 Framework Sales Agreement are summarised as follows:

Date:	30 March 2012
Parties:	(1) the Company
	(2) UPEC

LETTER FROM SHENYIN WANGUO

- Duration:** For the period from 30 March 2012 or (if applicable) the date on which the 2012 Framework Sales Agreement is approved at the EGM (whichever is the later) to 31 December 2014
- Nature of transaction:** Pursuant to the 2012 Framework Sales Agreement, the Company agrees to sell or procure sale of, on a non-exclusive basis, certain beverage and instant noodle products and bakery products to the UPEC Group
- Pricing basis:** As a general principle, the prices and terms with respect to the beverage and instant noodle products and bakery products sold by the Group to the UPEC Group shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and at prices and terms no more favourable to the UPEC Group than prices and terms available to or from Independent Third Parties to the Group
- Payment term:** Pursuant to the 2012 Framework Sales Agreement, the credit terms provided to the UPEC Group for sale of the beverage and instant noodle products and bakery products of the Group shall be no more favourable than those given to Independent Third Parties by the Group
- Condition:** The 2012 Framework Sales Agreement is subject to the approval of the 2012 Framework Sales Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps) by the Independent Shareholders at the EGM having been obtained
- Operational Agreements:** Pursuant to the 2012 Framework Sales Agreement, member(s) of the Group may, from time to time during the term of the 2012 Framework Sales Agreement, enter into separate Operational Agreement(s) (which may in the form of sales order(s) and/or sales agreement) in respect of the sale of beverage and instant noodle products and bakery products to member(s) of the UPEC Group provided that such separate agreement(s) shall always be subject to the terms of the 2012 Framework Sales Agreement

LETTER FROM SHENYIN WANGUO

Termination:	The 2012 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)
Effect of the 2009 Framework Sales Agreement:	Upon the 2012 Framework Sales Agreement becoming effective, it is agreed by the Company and UPEC that the 2009 Framework Sales Agreement will be terminated and have no further effect

We have reviewed the principal terms of the Sales Transactions set out in the 2012 Framework Sales Agreement, which have been summarised above. We have noted from the 2012 Framework Sales Agreement that subject to the terms set out therein, the Group will sell products to the UPEC Group on a non-exclusive basis at prices and terms no less favourable to the Group than prices and terms available to or from Independent Third Parties to the Group. We have reviewed invoices to other customers and the UPEC Group for products sold accordingly. In this regard, we are satisfied that products sold by the Group to the UPEC Group were at prices no less favourable to the Group than that of products sold to other customers. In our opinion, the Sales Transactions are on normal commercial terms, and the terms of the Sales Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Annual Caps for the Sales Transactions

In compliance with Rule 14A.35(2) of the Listing Rules, the Directors have proposed the Annual Caps for the Sales Transactions of RMB110 million, RMB750 million and RMB845 million for the respective three years ending 31 December 2012, 2013 and 2014.

The above Annual Caps represent the maximum aggregate annual values of the Sales Transactions, which are subject to the approval of the Independent Shareholders by way of poll at the EGM. In the event that any of the Annual Caps are exceeded, the Company will be required to re-comply with Rules 14A.35(3) and (4) of the Listing Rules as regards the relevant reporting, announcement and/or Independent Shareholders' approval requirements set out in the Listing Rules.

LETTER FROM SHENYIN WANGUO

In arriving at the Annual Caps for the Sales Transactions, the Directors have primarily taken into account:

- (i) the historical figures of the sales by the Group to the UPEC Group;
- (ii) the estimated future demands of the UPEC Group having regard to the business of the UPEC Group and the expansion of the sales network of the UPEC Group in the PRC;
- (iii) possible increase in costs of production of the Group and associated increase in sales price of beverage and instant noodle products and bakery products sold to the UPEC Group; and
- (iv) the inflation factor.

Set out below are the annual caps and actual sales in connection with the 2009 Framework Sales Agreement and the Annual Caps for the Sales Transactions:

Annual caps in connection with the 2009 Framework Sales Agreement			Annual Caps in connection with the 2012 Framework Sales Agreement		
Year ended 31 December			Year ending 31 December		
2010	2011	2012	2012	2013	2014
<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
<u>66.0</u>	<u>95.0</u>	<u>132.0</u>	<u>110.0</u>	<u>750.0</u>	<u>845.0</u>
			Growth rate (%)		
			15.8	581.8	12.7

Actual sales under the 2009 Framework Sales Agreement		
Year ended 31 December		Two months ended
2010	2011	29 February 2012
<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
<u>62.8</u>	<u>72.2</u>	<u>12.1</u>

LETTER FROM SHENYIN WANGUO

Our analysis in assessing the fairness and reasonableness of the Annual Caps for the Sales Transactions is as follows:

For the increase from the year ended 31 December 2011 to the year ending 31 December 2012

We have noted that the Annual Cap for the Sales Transactions for 2012 represents a 15.8% increase compared to the annual cap for 2011, and a 52.4% increase compared to the actual sales under the 2009 Framework Sales Agreement in 2011. The increase is primarily attributable to the following:

(i) Expansion plans of customers

We have been advised by the Directors that certain retail chains operated by the UPEC Group such as franchised convenience stores and coffee shops in Shanghai, and chain department stores in Shandong have confirmed to the Group their expansion plans such as growth in number of stores in 2012 – 2014. We have reviewed the estimates of the growth in sales to these customers, and are satisfied that the projected growth rates in the transaction amounts are in line with the estimated expansion rates of the customers. The increase in the transaction amounts in 2012 related to these retail chains is estimated to be approximately RMB20 million, accounting for 28% of the actual sales in 2011 under the 2009 Framework Sales Agreement.

(ii) General revenue growth and inflation

As discussed in the sub-section headed “Revenue growth of the Group” above, the Group achieved strong revenue growth over the three years from 2009 to 2011, and the Directors anticipate strong growth in revenue from both the UPEC Group and other customers. Furthermore, the Group is likely to raise its sales prices to cope with the impact of inflation on production costs. In arriving at the Annual Cap, it is fair and reasonable for the Directors to take into account that there would be growth in sales volume and sales price.

LETTER FROM SHENYIN WANGUO

For the increase from the year ending 31 December 2012 to the year ending 31 December 2013

We have noted that the Annual Cap for the Sales Transactions for 2013 represents a 581.8% increase compared to the Annual Cap for 2012. The increase is primarily attributable to the following:

(i) The UPEC Group's market penetration strategy for its branded soda drinks

The Directors have advised that the UPEC Group has formulated a market penetration strategy for its Jianlibao (健力寶) brand soda drinks, which at present are mostly sold in southern China. The Directors have further advised that the total sales value of Jianlibao brand soda drinks was around RMB1.4 billion in 2011. The UPEC Group plans to develop and penetrate into the northwestern China market through the Group supplying Jianlibao brand soda drinks to the distributors operated by the UPEC Group in northwestern China in 2013. We have been advised by the Directors that the estimated transaction amounts are based on the estimated volumes requested by the UPEC Group and a reference market price at which the Group would sell to other customers. The transaction amount in 2013 related to this beverage brand is estimated to be approximately RMB571 million, accounting for 519% of the Annual Cap for 2012.

(ii) Expansion plans of customers

Similar to one of the reasons for the increase in the Annual Cap for the Sales Transactions for 2012, certain retail chains operated by the UPEC Group such as franchised convenience stores and coffee shops in Shanghai, and chain department stores in Shandong have confirmed to the Group their expansion plans such as growth in number of stores in 2012 – 2014 whereby the increase in the transaction amounts in 2013 related to these retail chains is estimated to be approximately RMB48 million, accounting for 44% of the Annual Cap for 2012.

LETTER FROM SHENYIN WANGUO

(iii) General revenue growth and inflation

In arriving at the Annual Cap, it is fair and reasonable for the Directors to take into account that there would be growth in sales volume and sales price as a result of the Group's strong revenue growth over the three years from 2009 to 2011 and the anticipated strong growth in the Group's revenue from both the UPEC Group and other customers as well as the inflation factor in general.

For the increase from the year ending 31 December 2013 to the year ending 31 December 2014

We have noted that the Annual Cap for the Sales Transactions for 2014 represents a 12.7% increase compared to the Annual Cap for 2013. The increase is primarily attributable to (i) certain retail chains operated by the UPEC Group such as franchised convenience stores and coffee shops in Shanghai, and chain department stores in Shandong having confirmed to the Group their expansion plans such as growth in number of stores in 2012 – 2014 whereby the increase the transaction amounts in 2014 related to these retail chains is estimated to be approximately RMB65 million, accounting for 9% of the Annual Cap for 2013; and (ii) the general revenue growth and inflation factor as anticipated by the Directors.

Our view

The growth in the Annual Caps for the Sales Transactions for 2012 – 2014 is primarily attributable to (i) the expansion plans of customers; (ii) the UPEC Group's market penetration strategy for its branded soda drinks; and/or (iii) the general revenue growth and inflation. We consider the bases on which the relevant Annual Caps were determined as discussed above are fair and reasonable.

As discussed in the paragraph headed "Historical purchase and sales amounts", certain products of the Group recorded a double or even triple digit growth rate in 2011 and are expected to record strong growth in the future primarily due to an overall improvement in the livelihood of people in the PRC. In the paragraph headed "Inflation" above, it is mentioned that certain raw materials used by the Group recorded an increase in price by 20 – 30% in 2011 which trend is expected to continue for some time in the future. Therefore, we consider it is fair and reasonable to expect that no more than approximately 24.4%, 18.8% and 3.7% of the increase in the Annual Cap for the Sales Transactions for each of 2012, 2013 and 2014 respectively is explained by the general revenue growth and inflation factor.

Taking into account the above factors and analysis, we consider that the Annual Caps for the Sales Transactions are fair and reasonable.

LETTER FROM SHENYIN WANGUO

On-going compliance with the Listing Rules

Pursuant to Rule 14A.36 of the Listing Rules, the Company must re-comply with Rules 14A.35(3) and (4) of the Listing Rules as regards the relevant reporting, announcement and/or Independent Shareholders' approval requirements set out in the Listing Rules in the following circumstances:

- (i) if any of the Annual Caps is exceeded; or
- (ii) when the 2012 Framework Purchase Agreement or the 2012 Framework Sales Agreement is renewed or there is a material change to the terms thereof.

Pursuant to Rule 14A.37 of the Listing Rules, each year the independent non-executive Directors must review the Transactions and confirm in the annual report and accounts of the Company that the Transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) Independent Third Parties; and
- (iii) in accordance with the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, each year the auditors to the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report) confirming that the Transactions:

- (i) have received the approval of the Board;
- (ii) are in accordance with the pricing policies of the Group;

LETTER FROM SHENYIN WANGUO

- (iii) have been entered into in accordance with the 2012 Framework Purchase Agreement and the 2012 Framework Sales Agreement governing the transactions; and
- (iv) have not exceeded the Annual Caps.

The Board must state in the annual report of the Company whether the auditors to the Company have confirmed the matters stated in Rule 14A.38 of the Listing Rules.

Pursuant to Rule 14A.40 of the Listing Rules, the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with Rule 2.07C of the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or the auditors to the Company will not be able to confirm the matters set out in Rules 14A.37 and/or 14A.38 of the Listing Rules respectively. The Company may have to re-comply with Rules 14A.35(3) and (4) of the Listing Rules and any other conditions the Stock Exchange considers appropriate.

In view of (i) the annual review of the Transactions by the independent non-executive Directors and the auditors to the Company; and (ii) re-compliance with the reporting, announcement and/or Independent Shareholders' approval requirements in the circumstances set out in Rules 14A.36 and 14A.40 of the Listing Rules, we are of the view that appropriate measures are in place to govern the conduct of the Transactions and safeguard the interests of the Independent Shareholders.

OPINION

Having taken into account the principal factors and reasons set out above, we are of the view that (i) the Transactions, which are in the ordinary and usual course of business of the Group, are on normal commercial terms, and the terms of the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the Annual Caps are fair and reasonable.

Accordingly, we recommend the Independent Board Committee to advise, and we ourselves advise, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Transactions and the Annual Caps.

Yours faithfully,
for and on behalf of
Shenyin Wanguo Capital (H.K.) Limited
Felix Chan
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors and chief executive

As at the Latest Practicable Date, the interests of Directors in the shares, underlying shares (within the meaning of Part XV of the SFO) or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would be required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executives of the Company would be taken or deemed to have under such provisions of the SFO); (ii) entered into the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in the shares of associated corporations

Name of associated corporation	Name of Director	Beneficial interest	Interest of child under 18 or spouse	Corporate interest	Total	Percentage of shareholding
UPEC	Kao Chin-Yen	102,874	104,696	–	207,570	0.00%
	Lin Chang-Sheng	40,069,625	2,627,258	–	42,696,883	0.94%
	Lin Lung-Yi	1,490,696	1,188,256	–	2,678,952	0.06%
	Lo Chih-Hsien	3,246,388	74,525,941	–	77,772,329	1.71%

Other than the interests in shares, underlying shares or debentures set out above, as at the Latest Practicable Date, none of the Directors had any interest or short position in the shares, underlying shares (within the meaning of Part XV of the SFO) or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which a Director or chief executive of the Company would be taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons had an interest in the shares in the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity/ Nature of interest	Number of Shares	Percentage of shareholding
Cayman President	Beneficial owner	2,645,090,000	73.49%
UPEC ⁽¹⁾	Interest of a controlled corporation	2,645,090,000	73.49%

Notes:

- (1) Cayman President is a direct wholly-owned subsidiary of UPEC and therefore, UPEC is deemed or taken to be interested in the 2,645,090,000 Shares which are beneficially owned by Cayman President by virtue of the SFO.
- (2) All the interests stated above represent long positions.

Save as disclosed above, as at the Latest Practicable Date and so far as is known to any Director or chief executive of the Company, no other person had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and no other persons (other than a director or chief executive of the Company or a member of the Group) were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any subsidiary of the Company or had any options in respect of any such share capital of any subsidiary of the Company.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the directors of the Group or any of their respective associates had interests in businesses, other than being a director of the Group and their respective associates, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, the date to which the latest published audited accounts of the Group were made up.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Company or any member of the Group within one year without payment of compensation (other than statutory compensation)).

7. ADDITIONAL DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the businesses of the Group;
- (b) none of the Directors had any direct or indirect interest in any asset which, since 31 December 2011 (the date to which the latest published audited financial statements of the Group were made up), had been acquired or disposed of by, or leased to, any member of the Group.

8. QUALIFICATION AND CONSENT OF EXPERT

The following sets out the qualification of the expert who has given an opinion or advice which is included in this circular:

Name	Qualification
Shenyin Wanguo	a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Shenyin Wanguo had no interest, direct or indirect, in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Shenyin Wanguo had no interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2011, the date to which the latest published audited accounts of the Company were made up.

Shenyin Wanguo has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at Unit 703A, 7/F., Golden Centre, 188 Des Voeux Road Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the 2009 Framework Purchase Agreement;
- (b) the 2009 Framework Sales Agreement;
- (c) the 2012 Framework Purchase Agreement;
- (d) the 2012 Framework Sales Agreement;
- (e) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (f) the letter from Shenyin Wanguo, the text of which is set out in this circular;
- (g) the written consent referred to in paragraph headed “Qualification and Consent of Expert” of this appendix; and
- (h) this circular.

10. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Uni-President China Holdings Ltd. (the “**Company**”) will be held on Thursday, 17 May 2012 at 3:00 p.m. (and immediately after the annual general meeting of the Company convened to be held on the same day shall have been concluded or adjourned) at Falcon Room, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong for the purposes of considering and, if thought fit, passing (with or without modifications), each of the following resolutions (each a “**Resolution**”) as an ordinary resolution of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the entering into of the 2012 Framework Purchase Agreement (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification) and the Continuing Connected Transactions contemplated thereunder are hereby approved, ratified and confirmed and the Annual Caps set out in the circular to shareholders of the Company dated 25 April 2012 be and are hereby approved (terms as defined in the circular to the shareholders of the Company dated 25 April 2012 having the same meanings when used in this resolution); and
- (b) the Directors acting together or by committee, or any Director acting individually, be and is/are hereby authorized to take all steps necessary on behalf of the Company whatever he or they may, in his/their absolute discretion, consider necessary, desirable or expedient for the purpose of, or in connection with, the implementing and/or to giving effect to the 2012 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder.”

NOTICE OF EGM

2. “THAT:

- (a) the entering into of the 2012 Framework Sales Agreement (a copy of which has been produced to the meeting marked “B” and signed by the chairman of the Meeting for the purpose of identification) and the Continuing Connected Transactions contemplated thereunder are hereby approved, ratified and confirmed and the Annual Caps set out in the circular to shareholders of the Company dated 25 April 2012 be and are hereby approved (terms as defined in the circular to the shareholders of the Company dated 25 April 2012 having the same meanings when used in this resolution); and
- (b) the Directors acting together or by committee, or any Director acting individually, be and is/are hereby authorized to take all steps necessary on behalf of the Company whatever he or they may, in his/their absolute discretion, consider necessary, desirable or expedient for the purpose of, or in connection with, the implementing and/or to giving effect to the 2012 Framework Sales Agreement and the Continuing Connected Transactions contemplated thereunder.”

By order of the Board
Uni-President China Holdings Ltd.
LO Chih-Hsien
Chairman

Hong Kong, 25 April 2012

Registered office:
P.O. Box 309 GT
Ugland House
Grand Cayman
KY-1104, Cayman Islands

*Principal place of business
in Hong Kong:*
Unit 703A, 7/F., Golden Centre
188 Des Voeux Road Central
Hong Kong

NOTICE OF EGM

Notes:

1. Any member (who is a holder of two or more shares) of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more proxy(ies) to attend and, subject to the provisions of the bye-laws of the Company, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof, must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjourned meeting thereof.
3. A form of proxy for use at the Meeting is enclosed with the circular of the Company dated 25 April 2012. Completion and return of the form of proxy shall not preclude any member from attending and voting in person at the Meeting or any adjourned meeting thereof.
4. Where there are joint registered holders of any share, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint registered holders are present at the Meeting personally or by proxy, then one of the registered holders so present whose name stands first on the register of members of the Company in respect of such share, or his proxy, shall alone be entitled to vote and will be accepted to the exclusion of other joint registered holders in respect thereof.
5. The votes at the Meeting will be taken by poll.

As at the date of this notice, the board of directors of the Company comprised Mr Lo Chih-Hsien and Mr Hou Jung-Lung 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 Yang Ing-Wuu and Mr Lo Peter as independent non-executive directors.