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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 or registered institution in securities, 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 registered institution in securities 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 EXTRAORDINARY GENERAL MEETING

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

**VINC**  城高

**Vinco Capital Limited**

**(A wholly-owned subsidiary of Vinco Financial Group Limited)**

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A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 18 to 19 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 20 to 35 of this circular.

A notice convening the EGM to be held at 4:00 p.m. on Friday, 19 May 2017 (and immediately after the annual general meeting of the Company, which is convened to be held on the same day, having been concluded or adjourned) at Falcon Room, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong is set out on pages 40 to 41 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 Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event by 4:00 p.m. (Hong Kong time) on Wednesday, 17 May 2017 or not later than 48 hours before the time for holding the adjourned meeting (if any). 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.

26 April 2017

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	5
<b>Letter from the Independent Board Committee</b> .....	18
<b>Letter from the Independent Financial Adviser</b> .....	20
<b>Appendix – General Information</b> .....	36
<b>Notice of EGM</b> .....	40

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## DEFINITIONS

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

“Annual Caps”	the proposed estimated maximum aggregate annual transaction values in respect of the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement for the three years ending 31 December 2020
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Cayman President”	Cayman President Holdings Ltd., a company incorporated in the Cayman Islands and a wholly-owned subsidiary of UPE and a controlling shareholder of the Company
“Company”	Uni-President China Holdings Ltd., an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the 2017 Framework Purchase Agreement
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company convened to be held at 4:00 p.m. on Friday, 19 May 2017 (and immediately after the annual general meeting of the Company, which is convened to be held on the same day, having been concluded or adjourned) for the purpose of considering and, if thought fit, approving the 2017 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps)
“Group”	the Company and its subsidiaries from time to time

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## DEFINITIONS

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“Independent Board Committee”	an independent committee of the Board (which comprises Mr. Chen Sun-Te, Mr. Chen Johnny, Mr. Fan Ren-Da, Anthony and Mr. Lo Peter, being all the independent non-executive Directors) established to advise the Independent Shareholders with regard to the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement (and the Annual Caps)
“Independent Financial Adviser” or “Vinco Capital”	Vinco Capital Limited, a licensed corporation to carry on Type 1 (dealing in 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 contemplated under the 2017 Framework Purchase Agreement (and the Annual Caps)
“Independent Shareholders”	the Shareholders who do not have any material interest in the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement
“Latest Practicable Date”	21 April 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“OEM”	original equipment manufacturer/outsourced professional third party manufacturer
“OEM Products”	finished beverage products of the Group manufactured under OEM arrangements
“Operational Agreements”	the individual agreements which may from time to time be entered into between a member of the Group and a member of UPE Group subject and pursuant to the 2017 Framework Purchase Agreement and an “Operational Agreement” means any of them

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## DEFINITIONS

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“Percentage Ratios”	the applicable percentage ratios (other than the profits and the equity capital ratios) under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong and the Macau Special Administrative Region of the PRC
“President (BVI)”	President (BVI) International Investment Holdings Ltd., a company incorporated in the British Virgin Islands, which is indirectly owned by UPE as to 69.37%
“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
“Shareholders”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	any entity which falls within the definition of “subsidiary” under the Listing Rules or the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Takeovers Code”	the Code on Takeovers and Mergers
“UPE”	統一企業股份有限公司 (Uni-President Enterprises Corporation*), a limited liability company incorporated under the laws of Taiwan on 25 August 1967 whose common shares were listed on the Taiwan Stock Exchange Corporation on 28 December 1987 under the stock code 1216, which is the ultimate controlling shareholder of the Company

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## DEFINITIONS

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“UPE Group”	UPE, its subsidiaries and/or any company in the equity capital of which UPE and/or any of its subsidiaries taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other threshold as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings from time to time, but excluding member(s) of the Group
“2014 Framework Purchase Agreement”	the framework purchase agreement dated 24 October 2014 entered into between the Company and UPE pursuant to which the Company agreed to purchase and procure purchase of (on a non-exclusive basis) certain raw materials, packaging materials, finished goods, low-cost consumables and such other goods as may be agreed by the Group and UPE Group and/or their respective members in writing from time to time from UPE Group, as disclosed in the announcements of the Company dated 24 October 2014 and 23 December 2014 and the circular of the Company dated 5 December 2014
“2017 Framework Purchase Agreement”	the framework purchase agreement dated 24 March 2017 entered into between the Company and UPE pursuant to which the Company agreed to purchase and procure the purchase of (on a non-exclusive basis) certain raw materials, packaging materials, finished goods, low-cost consumables and such other goods as may be agreed by the Group and UPE Group and/or their respective members in writing from time to time from UPE Group
“%”	per cent.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

LO Chih-Hsien (*Chairman*)  
LIU Xinhua (*President*)  
CHEN Kuo-Hui (*Chief Financial Officer*)

*Non-executive Directors:*

HOU Jung-Lung  
SU Tsung-Ming

*Independent non-executive Directors:*

CHEN Sun-Te  
CHEN Johnny  
FAN Ren-Da, Anthony  
LO Peter

*Registered office:*

P.O. Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

*Principal place of business in*

*Hong Kong:*

Unit 703A, 7/F  
Golden Centre  
188 Des Voeux Road Central  
Hong Kong

26 April 2017

*To the Shareholders*

Dear Sir or Madam

## CONTINUING CONNECTED TRANSACTIONS

### (I) INTRODUCTION

Reference is made to the announcement of the Company dated 24 March 2017 regarding, among others, the 2017 Framework Purchase Agreement and the continuing connected transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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The purpose of this circular is to:

- (a) provide you with further information relating to the continuing connected transactions contemplated under the 2017 Framework Purchase Agreement;
- (b) other information of the Group as required under the Listing Rules;
- (c) set out the letter of advice from the Independent Financial Adviser 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 the Independent Financial Adviser in relation to the continuing connected transactions contemplated under 2017 Framework Purchase Agreement (and the Annual Caps); and
- (d) give you notice of the EGM.

### **(II) 2017 FRAMEWORK PURCHASE AGREEMENT**

Given that the 2014 Framework Purchase Agreement will expire on 31 December 2017 and the Company expects that the continuing connected transactions contemplated thereunder will continue, the Company entered into the 2017 Framework Purchase Agreement with UPE on 24 March 2017.

The principal terms of the 2017 Framework Purchase Agreement are set out as follows:

- Date: 24 March 2017
- Parties: (1) the Company (members of the Group as purchasers); and  
(2) UPE (members of UPE Group as sellers).
- Term: Subject to the approval by the Independent Shareholders at the EGM, the 2017 Framework Purchase Agreement is for a fixed term of three years from 1 January 2018 to 31 December 2020.
- Nature of transaction: Pursuant to the 2017 Framework Purchase Agreement, the Company agrees to purchase or procure purchase of, on a non-exclusive basis, from UPE Group, certain raw materials, packaging materials, finished goods, low-cost consumables and such other goods as may be agreed by the Group and UPE Group and/or their respective members in writing from time to time.



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## LETTER FROM THE BOARD

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- Operational Agreement(s): Pursuant to the 2017 Framework Purchase Agreement, member(s) of the Group may, from time to time during the term of the 2017 Framework Purchase Agreement, enter into separate Operational Agreement(s) (which may be in the form of purchase order(s) and/or purchase agreement(s)) with member(s) of UPE Group in respect of the purchases covered by the 2017 Framework Purchase Agreement provided that such separate Operational Agreement(s) shall always be subject to the terms of the 2017 Framework Purchase Agreement.
- Payment terms: Pursuant to the 2017 Framework Purchase Agreement, the mode of payment and credit terms for the purchase transactions contemplated thereunder shall be no less favourable to the Group than those can be obtained by the Group from independent third parties offering the same or substantially similar product(s) of the same period.
- In general, for OEM Products, payment will be made by the Group (a) on the 28th day of the month if the invoices are received before the 8th day of the month; or (b) on the 15th day of the next month if the invoices are received after the 8th day of the month. Therefore, the credit period, by reference to the date of receipt of OEM Products, ranges from 28 days to 45 days depending on the date of receipt of the invoices. For other products, UPE Group, in general, allows for a credit period of 30 days to 45 days upon the receipt of products by the Group with satisfactory quality check.
- Pricing basis: The prices and terms of the Operational Agreement(s) for specific transaction(s) covered by the 2017 Framework Purchase Agreement shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and on the following principles:
- (i) by reference to the prevailing market price of the same or substantially similar products available from independent third parties to the Group of the same period, taking into account the price of the same or substantially similar products with comparable order quantities and quality offered by independent third party suppliers; and

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## LETTER FROM THE BOARD

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

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

Such pricing basis is applicable to all types of products to be purchased under the Operational Agreements covered by the 2017 Framework Purchase Agreement.

Other terms: Pursuant to the 2017 Framework Purchase Agreement, all other terms and conditions for the purchase transactions thereunder (including the payment terms) shall be no less favourable to the Group than those can be obtained by the Group from independent third parties offering the same or substantially similar product(s) of the same period.

Termination: The 2017 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).

### Historical aggregate values of purchase transactions

The existing annual caps for the purchase transactions in respect of the 2014 Framework Purchase Agreement and the total actual values of the purchase transactions by the Group with UPE Group for the two years ended 31 December 2015 and 2016 are set out below.

	<b>Year ended 31 December 2015 (RMB'000)</b>	<b>Year ended 31 December 2016 (RMB'000)</b>
Existing annual caps for purchase transactions	5,700,000	6,500,000
Total actual values for purchase transactions (approximate)	3,601,255	3,193,241
Utilisation rate of the annual caps	63.18%	49.13%

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## LETTER FROM THE BOARD

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### Proposed Annual Caps for purchase transactions

The types of raw materials, packaging materials, finished goods, low-cost consumables and other goods to be purchased by the Group from UPE Group include but not limited to (i) OEM Products produced by UPE Group; and (ii) palm oils, white sugar, milk powder, paper-based bowls, dressings, soy sauce, dried instant noodle blocks and other general supplies, which are principally used by the Group for the manufacture of its beverage and instant noodles products. These goods are agreed by the Group and the UPE Group and/or their respective members and may differ from time to time depending on the actual needs of the Group for manufacturing of the Group's products. The proposed Annual Caps in respect of the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement for each of the three years ending 31 December 2018, 2019 and 2020 are set out below.

	<b>Proposed Annual Caps for purchase transactions for for the year ending 31 December</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Estimated total values for purchase transactions ( <i>Note</i> )	4,920,000	5,410,000	5,950,000

*Note:* In arriving the proposed Annual Caps, it is estimated that (i) the estimated total values for purchase transactions for the year ending 31 December 2018 will comprise purchases of OEM Products of approximately RMB3,100,000,000 and purchases of other products of approximately RMB1,820,000,000; (ii) the estimated total values for purchase transactions for the year ending 31 December 2019 will comprise purchases of OEM Products of approximately RMB3,400,000,000 and purchases of other products of approximately RMB2,010,000,000; and (iii) the estimated total values for purchase transactions for the year ending 31 December 2020 will comprise purchases of OEM Products of approximately RMB3,750,000,000 and purchases of other products of approximately RMB2,200,000,000.

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## LETTER FROM THE BOARD

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### Basis and assumptions for the proposed Annual Caps

The proposed Annual Caps have been determined by reference to (i) the historical amount of the purchases by the Group from UPE Group and (ii) the estimate market demand of the Group's products and price trend of raw materials as explained further below; and on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and/or UPE Group.

*(i) Historical amount of purchases*

Set out below are the approximate historical amounts of materials and products purchased by the Group from UPE Group for the two financial years ended 31 December 2015 and 31 December 2016:

	<b>Financial year ended 31 December 2015 (RMB'000)</b>	<b>Financial year ended 31 December 2016 (RMB'000)</b>
Approximate amounts of materials and products purchased by the Group from UPE Group	3,601,255	3,193,241
Approximate % of increase/(decrease) as compared to the previous year	11.06%	(11.33%)

The decrease in amount in year 2016 as compared to that of year 2015 was mainly due to the adjustment of the Group's beverage sales strategies and channel inventory management ("the adjustment") conducted in the second half of year 2016. There was shrinkage in the scale of product manufactured in this period, thus, a drop in the amount of material demanded for manufacturing.

The adjustment was a temporary reduction of the Group's sales of beverage products to its distributors, carried out in the second half of year 2016, in order to decrease the inventory level of the Group's distributors and to facilitate the sale by the distributors of the Group's products supplied in year 2015. The reason behind this reduction in the second half of year 2016 is that the storage days of products in the Group's distributor was too long due to accumulated supply of products in previous year which may possibly lead to expiry of products. As a result, the Group's sales of products and so as the material purchased to produce the products in the second half of year 2016 was reduced. The adjustment has been completed in year 2016, and the scale of manufacturing has resumed to its normal size from year 2017.

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## LETTER FROM THE BOARD

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The adjustment has only given one-off impact to the Group's product sales and material purchase amount and the adjustment will not lead to further drop in sales amount in 2017. This is because the existing inventory level is lower than the predetermined level and the Group expects an increase in the sales amount to distributors in the future months. In this regard, the Group will need to purchase more materials to prepare for the higher manufacturing demand.

In light of the above, it is estimated that the purchase amount in year 2016 under normal condition without the adjustment should be around RMB3,901.6 million, representing an 8.3% increase as compared to the purchase amount of year 2015. Such estimated amount is calculated as the actual purchase amount of the first half of year 2016 which the management considered as the normal production scale times two (RMB1,950.8 million\*2 = RMB3,901.6 million), as the adjustment was carried out during the second half of year 2016.

Based on the Group's historical amounts of purchase transactions under the condition without the adjustment, the Group estimated that the growth of purchase amount is approximately 10% by averaging the growth rates of year 2015 and year 2016 ( $(11.06\% + 8.3\%)/2 = 9.68\%$ ).

Based on the estimated growth rate of approximately 10% and the hypothetical amount in 2016 of RMB3,901.6 million, it is forecasted that the purchase amounts for the years ending 31 December 2017, 2018, 2019 and 2020 would be around RMB4,291.8 million, RMB4,720.9 million, RMB5,193.0 million and RMB5,712.3 million respectively. Such forecast together with certain buffer form the basis of the proposed Annual Caps for purchase transactions for the three years ending 31 December 2020.

***(ii) Market demand of products and price trend of raw materials***

The Group also considered the estimated future demands of the Group having regard to the estimated market demand and the business development of the Group, especially its research and development to introduce new products in the coming years which will result in the demand of the Group for a higher quantity of raw materials, packaging materials, finished goods and low-cost consumables required for its business operation.

The Group expected that there may be a possible increase in the purchase prices associated with the increase in raw materials and packaging materials.

Taking into account the above factors, the Group expects there will be a stable increase in the demand of purchases from UPE Group and in the estimated maximum aggregate annual transaction values for purchase transactions.

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## LETTER FROM THE BOARD

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In view of the consideration above, the Directors (including the independent non-executive Directors) are of the view that the proposed Annual Caps in respect of the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **(III) INTERNAL CONTROL MEASURES**

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

- (i) as an active market participant, through market research, obtain sufficient market intelligence to enable it to ascertain the prevailing market rate, payment terms and practices as well as the latest market and independent third party information at any point in time;
- (ii) in respect of procurement of products under the 2017 Framework Purchase Agreement, where sufficient comparable transactions are available, invite quotations from at least two independent suppliers to get a reference on the prevailing prices for the relevant products to be procured to the extent that those products are of comparable nature, quality, quantity and condition. Such quotations will be reviewed and evaluated from the commercial perspective by a designated team composed of various relevant departments of the Group and compared against the quote from UPE Group. The head of the relevant departments will approve the proposed transactions to ensure that the products to be procured from UPE Group are of comparable prices for such products being offered by independent third parties; and
- (iii) for products in respect of which there is no sufficient comparable transaction available, the prices will be determined after arm's length negotiation according to the historical price of the products supplied in the past and by reference to the cost analysis to be conducted.

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## LETTER FROM THE BOARD

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To ensure the actual prices for the Continuing Connected Transactions will be on normal commercial terms and on terms no less favourable to the Group than those available from or to independent third parties, the Group, by means of cross-checking between the subsidiaries and internal review by the audit department of the Group, will assess, on a periodic or non-periodic basis, whether the products have been purchased in accordance with the terms of the 2017 Framework Purchase Agreement. In addition, the Company has engaged external auditors to conduct an annual review of the Continuing Connected Transactions. Given the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement have to adhere strictly to its pricing policies as disclosed in this circular, the Directors (including the independent non-executive Directors) are of the view that the procedures adopted by the Group to govern the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement are sufficient and adequate to ensure that such transactions be conducted under normal commercial terms and are not prejudicial to the interest of the Company and its minority Shareholders.

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

#### **The Group**

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

#### **UPE Group**

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

### **(V) REASONS FOR, AND BENEFITS OF, ENTERING INTO THE 2017 FRAMEWORK PURCHASE AGREEMENT**

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

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## LETTER FROM THE BOARD

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

The purchase transactions (including the purchases of the OEM Products and other raw materials and products) contemplated under the 2017 Framework Purchase 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 UPE Group. The entering into of the 2017 Framework Purchase Agreement would provide 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 of the Company to comply with such requirements in relation to the execution of Operational Agreements in respect of the Continuing Connected Transactions.

While the entering into of the 2017 Framework Purchase Agreement is beneficial to the Group as explained above, the Directors acknowledged that the internal control policies adopted by the Group as stated under the paragraph headed "(III) Internal Control Measures" above will cost the Group additional resource and manpower to continuously operate the controls and monitor the amount of transactions to ensure the Annual Caps are not exceeded. However, the Directors considered that such costs are minimal to the expense of the Group and therefore considered that the advantages to the Company overwhelms the disadvantages and the effects caused by the disadvantages are minimal to the Company.

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2017 Framework Purchase Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole, and that it is beneficial to the Company to enter into the 2017 Framework Purchase Agreement.

Depending on the prevailing market conditions, the Group remains open to obtain offers from, and co-operate with, suppliers other than UPE Group with terms and conditions that are more favourable.

### **(VI) LISTING RULES IMPLICATION**

UPE (as the ultimate controlling shareholder of the Company) is a connected person of the Company.



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## **LETTER FROM THE BOARD**

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Given that the highest of the applicable Percentage Ratios in respect of the proposed Annual Caps is more than 5%, the 2017 Framework Purchase Agreement and the continuing connected transactions contemplated thereunder (and the Annual Caps) are subject to the reporting, announcement, Independent Shareholders' approval requirements and annual review requirements under Chapter 14A of the Listing Rules.

The Company will comply with the continuing obligations under Chapter 14A of the Listing Rules and/or any other applicable requirements under the Listing Rules at the relevant time and will re-comply with the applicable Listing Rules in the event that any of the Annual Caps is exceeded or when there is a material change to the terms of the 2017 Framework Purchase Agreement pursuant to Rule 14A.54 of the Listing Rules.

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

None of the Directors had material interests in the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement. Nevertheless and for the sake of good corporate governance, Mr Lo Chih-Hsien, who is a common director of the Company and UPE and holds an insignificant shareholding (less than 2%) in UPE, had abstained from voting in the resolutions of the Board approving the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement.

### **(VIII) RECOMMENDATION**

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 18 to 19 of this circular which contains its recommendation to the Independent Shareholders in relation to the continuing connected transactions contemplated under the 2017 Framework Purchase Agreement (and the Annual Caps) and (ii) the letter from the Independent Financial Adviser set out on pages 20 to 35 of this circular which contains their advice to the Independent Board Committee and the Independent Shareholders in relation to the continuing connected transactions contemplated under the 2017 Framework Purchase Agreement (and the Annual Caps) and the principal factors and reasons considered by them in formulating their advice.

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## LETTER FROM THE BOARD

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The Independent Board Committee, having taken into account the recommendation of the Independent Financial Adviser, considers that (i) the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement are in the ordinary and usual course of business of the Group and the entering into of the 2017 Framework Purchase Agreement is in the interests of the Company and the Shareholders as a whole; (ii) the terms of the 2017 Framework Purchase Agreement are on normal commercial terms and are fair and reasonable; and (iii) the Annual Caps for the three years ending 31 December 2018, 2019 and 2020 are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution which will be proposed at the EGM relating to the 2017 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps).

### (IX) EGM

A notice convening the EGM to be held at 4:00 p.m. on Friday, 19 May 2017 (and immediately after the annual general meeting of the Company, which is convened to be held on the same day, having been concluded or adjourned) at Falcon Room, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong is set out on pages 40 to 41 of this circular. An ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement (and the Annual Caps). The voting at the EGM will be taken by poll.

In accordance with the Listing Rules, any connected person or Shareholders with a material interest in the 2017 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps) must abstain from voting on the relevant resolution at the EGM.

Cayman President (a wholly-owned subsidiary of UPE), being the controlling shareholder of the Company, and President (BVI), being an indirect non-wholly owned subsidiary of UPE, and their respective associates (“**Interested Shareholders**”) will abstain from voting at the EGM to approve the resolution in respect of the 2017 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps). As at the Latest Practicable Date, the Interested Shareholders held 3,046,953,983 Shares. To the best knowledge, belief and information of the Directors, no other Shareholder (save for the Interested Shareholders) is required to abstain from voting at the EGM.

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## LETTER FROM THE BOARD

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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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event by 4:00 p.m. (Hong Kong time) on Wednesday, 17 May 2017 or not later than 48 hours before the time for holding the adjourned meeting (if any). 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.

### **(X) CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 15 May 2017 to Friday, 19 May 2017 (both days inclusive) in order to determine the entitlement of the Shareholders to attend the EGM, during which period no transfer of the Shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 12 May 2017.

### **(XI) FURTHER INFORMATION**

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

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)**

26 April 2017

*To the Independent Shareholders*

Dear Sir or Madam

### **CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular dated 26 April 2017 of the Company (“**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 advise you in connection with the 2017 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps), details of which are set out in the Circular.

Vinco Capital 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 2017 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps).

We wish to draw your attention to the letter from the Board set out on pages 5 to 17 of the Circular which contains, among others, information on the 2017 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps) as well as the letter from the Independent Financial Adviser set out on pages 20 to 35 of the Circular which contains its advice in respect of the terms of the 2017 Framework Purchase Agreement and the continuing connected transactions contemplated thereunder (and the Annual Caps).

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account (i) the past cooperation between the Group and the UPE Group in which the UPE Group demonstrated its reliability and trustworthiness and understanding of the Group's standards and requirements, (ii) that the price and terms offered by the UPE Group shall be no less favourable to the Group than those offered by independent third party offering the same or substantially similar products, (iii) the internal control procedures implemented by the Group; and (iv) the advice of the Independent Financial Adviser as set out in its letter of advice, we concur with the view of the Independent Financial Adviser and consider that (i) the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement are in the ordinary and usual course of business of the Group and the entering into of the 2017 Framework Purchase Agreement is in the interests of the Company and the Shareholders as a whole; (ii) the terms of the 2017 Framework Purchase Agreement are on normal commercial terms and are fair and reasonable; and (iii) the Annual Caps for the three years ending 31 December 2018, 2019 and 2020 are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend you to vote in favour of the ordinary resolution to be proposed at the EGM in relation to the 2017 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps).

Yours faithfully

**The Independent Board Committee**

**CHEN Sun-Te**

**CHEN Johnny**

**FAN Ren-Da, Anthony**

**LO Peter**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter received from Vinco Capital setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the 2017 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps) for inclusion in this circular.*



**Vinco Capital Limited**

Units 4909-4910, 49/F., The Center  
99 Queen's Road Central, Hong Kong

26 April 2017

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

Dear Sir or Madam,

### CONTINUING CONNECTED TRANSACTIONS

#### A. INTRODUCTION

We refer to our appointment as the independent financial advisor to advise the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement and the respective Annual Caps for the three years ending 31 December 2018, 2019 and 2020, in respect of which the Independent Shareholders' approval will be sought at the EGM. Details of the 2017 Framework Purchase Agreement, the Continuing Connected Transactions contemplated thereunder and the relevant proposed Annual Caps are set out in the "Letter from the Board" contained in the circular of the Company to the Shareholders dated 26 April 2017 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise required.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Pursuant to the 2014 Framework Purchase Agreement dated 24 October 2014, the Group agreed to purchase, on a non-exclusive basis, certain raw materials, packaging materials, finished goods, low-cost consumables and such other goods as may be agreed by the Group and UPE Group and/or their respective members in writing, from UPE Group, for their use or consumption for the period from 1 January 2015 to 31 December 2017. The purchase transactions with UPE Group contemplated thereunder the 2014 Framework Purchase Agreement with annual monetary limits of RMB5,700 million, RMB6,500 million and RMB7,500 million for the three years ended 31 December 2015, 2016 and 2017 respectively were duly approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 23 December 2014.

In order for the Group to continue to purchase from UPE Group after 31 December 2017, the Group entered into the 2017 Framework Purchase Agreement with UPE on 24 March 2017 pursuant to which the Group agreed to purchase, on a non-exclusive basis, from UPE Group raw materials, packaging materials, finished goods and low-cost consumables and such other goods as may be agreed by the Group and UPE Group and/or their respective members in writing from time to time for their use or consumption for a term of three financial years commencing from 1 January 2018 to 31 December 2020.

As at the Latest Practicable Date, based on the records of the Company, UPE was deemed or taken to be interested in, through Cayman President and a non-wholly owned subsidiary, approximately 70.54% of the issued share capital of the Company by virtue of the SFO. Cayman President, as the controlling Shareholder, is a connected person (as defined under the Listing Rules) of the Company. UPE, which is the holding company of Cayman President, is an associate (as defined under the Listing Rules) of Cayman President and also a connected person of the Company. The Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement therefore constitute continuing connected transactions of the Company under the Listing Rules. As all of the applicable Percentage Ratios in respect of the proposed Annual Caps for the Continuing Connected Transactions as contemplated under the 2017 Framework Purchase Agreement, on an annual basis, are higher than 5%, the 2017 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps) are subject to, among other things, the Independent Shareholders' approval at the EGM.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Chen Sun-Te, Mr. Chen Johnny, Mr. Fan Ren-Da, Anthony and Mr. Lo Peter, has been established to make a recommendation to the Independent Shareholders on whether (1) the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement are in the ordinary and usual course of business of the Group and the entering into of the 2017 Framework Purchase Agreement is in the interests of the Company and the Shareholders as a whole; (2) the terms of the 2017 Framework Purchase Agreement are on normal commercial terms and are fair and reasonable; and (3) the Annual Caps for the three financial years ending 31 December 2018, 2019 and 2020 are fair and reasonable so far as the Independent Shareholders are concerned. We, Vinco Capital, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the past two years, there were no engagements between the Company and Vinco Capital. As at the Latest Practicable Date, there were no relationships or interests between (a) Vinco Capital and the Group or (b) between Vinco Capital and UPE that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement and the relevant proposed Annual Caps as detailed in the Circular. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are considered eligible to give independent advice on the Continuing Connected Transactions under the 2017 Framework Purchase Agreement (including the Annual Caps).

### **B. BASIS OF OUR OPINION AND RECOMMENDATION**

In forming our opinion and recommendation, we have relied on the information, facts and representation contained or referred to in the Circular and the information, facts and representation provided by, and the opinions expressed by the Directors and management of the Company. We assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and up to the date of the EGM. We have also sought and received confirmation from executive Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed all currently available information and documents including (i) the annual report of the Company for the two years ended 31 December 2015 and 2016; (ii) auditor's opinion, in the Company's annual report, regarding the Group's continuing connected transactions for the two years ended 31 December 2016; (iii) sales data and sales trend of products made of the materials to be purchased under the 2017 Framework Purchase Agreement prepared by the Group; (iv) the Group's internal policy for handling continuing connected transactions; (v) five samples of purchase transaction covering raw materials, packaging materials and finished goods purchased by the Group in year 2015 and year 2016; (vi) the Group's historical data of purchase amount under the 2014 Framework Purchase Agreement; and (vii) expert reports (as mentioned below).

Based on the foregoing, we confirm that we have taken all reasonable steps to arrive at our opinion and recommendation, which are applicable to the terms of the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement (including the Annual Caps), as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement (including the Annual Caps) and, except for its inclusion in the Circular and for the purpose of the EGM, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement (including the Annual Caps), we have considered the following principal factors and reasons:

#### 1. **Background and reasons for the entering into of the 2017 Framework Purchase Agreement**

##### *(i) Information on the Group*

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

##### *(ii) Information on UPE Group*

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

##### *(iii) Reasons for the entering into of the 2017 Framework Purchase Agreement*

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

Given the 2014 Framework Purchase Agreement will be expired on 31 December 2017 and the Group would like to continue purchasing from UPE subsequently, the Company entered into the 2017 Framework Purchase Agreement with UPE Group on 24 March 2017 pursuant to the which the Group agreed to purchase, on a non-exclusive basis, certain raw materials, packaging materials, finished goods, low-cost consumables and such other goods as may be agreed by the Group and UPE Group and/or their respective members in writing from UPE Group, for their use or consumption for a term of three years commencing from 1 January 2018 to 31 December 2020.

### **2. Principal terms of the 2017 Framework Purchase Agreement**

The following table summarizes the major terms of the 2017 Framework Purchase Agreement:

Date:	24 March 2017
Effective period:	From 1 January 2018 to 31 December 2020
Parties:	The Company (members of the Group as the purchasers)  UPE (members of UPE Group as the suppliers)
Nature of the transaction:	To purchase or procure purchase of, on a non-exclusive basis, certain raw materials, packaging materials, finished goods, low-cost consumables and such other goods as may be agreed by the Group and UPE Group and/or their respective members in writing from UPE Group

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The prices and terms of the purchase transactions as contemplated under the 2017 Framework Purchase Agreement shall be determined in the ordinary course of business on normal commercial terms and negotiated on an arm's length basis by reference to the prevailing market price of the same or substantially similar products available from independent third parties to the Group of the same period, taking into account of the price of the same or substantially similar products with comparable order quantities and quality offered by independent third party suppliers. Such prices and terms shall in any event be no less favorable to the Group than those offered by independent third party suppliers to the Group in comparable transactions of the same period. Pursuant to the 2017 Framework Purchase Agreement, all other terms and conditions for the purchase transactions contemplated thereunder (including payment terms) shall be no less favorable to the Group than those can be obtained by the Group from independent third parties offering the same or substantially similar product(s) of the same period.

Referred to the Letter from the Board, the Group ensures the terms offered by UPE Group are reasonable or no less favorable than those offered by independent third parties by obtaining and assessing quotations from independent suppliers. We have obtained and examined five samples of purchase transaction covering raw materials, packaging materials and finished goods purchased by the Group in year 2015 and year 2016. We note from the five samples that (i) all transaction samples were attached with quotation or letter of intent from at least two independent third party; (ii) the price of the product offered by UPE Group to the Group was lower or equivalent to that of the independent third party supplier; (iii) the credit terms offered by UPE Group to the Group were equivalent or more favorable than the terms offered by independent third party supplier and (iv) the quotations or letter of intent were further documented, evaluated and approved by the head of the relevant departments of the Group. In light of the above, we consider that the prices and terms offered by UPE Group was no less favorable to the Group than those offered by independent third party suppliers to the Group in comparable transactions of the same period.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **3. Review of continuing connected transactions by the auditors**

The external auditors of the Company have performed a review of continuing connected transactions of the Group (including the purchase of materials and products by the Group from UPE Group) for the two financial years ended 31 December 2015 and 31 December 2016 (the “**Past Transactions**”). We noted from the 2015 annual report and the 2016 annual report of the Company and understood from the executive Directors that the auditors confirmed that regarding the Past Transactions, nothing had come to their attention that caused them to believe that (i) the Past Transactions had not been approved by the Board; (ii) the Past Transactions were not entered into in accordance with the terms of the relevant agreements governing the Past Transactions in all material aspects; and (iii) the amount of the Past Transactions had exceeded their respective cap amounts as disclosed in the Company’s previous announcements.

Based on the analysis in the sub-section headed under “Principal terms of the 2017 Framework Purchase Agreement” above, the auditors’ review of the Past Transactions and the obligations of the Directors to comply with the Listing Rules to conduct the Continuing Connected Transactions on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties, we consider that the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement will be conducted on normal commercial terms.

### **4. Annual Caps with respect to the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement**

The Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement will be subject to the relevant proposed Annual Caps whereby for each of the three financial years ending 31 December 2018, 2019 and 2020, the amount of the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement will not exceed the applicable annual amounts stated in the “Letter from the Board” contained in the Circular. In assessing the reasonableness of the relevant proposed Annual Caps, we have discussed with the executive Directors and management of the Company the basis and underlying assumptions for the purpose of setting the proposed Annual Caps.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Purchase of materials and products by the Group from UPE Group*

In determining the proposed Annual Caps in relation to the purchase of materials and products by the Group from the UPE Group for the three years ending 31 December 2018, 2019 and 2020, the executive Directors have taken into account, among other things, the Group's historical amounts of purchase transactions, the estimated market demand of its product and the price trend of materials for manufacturing. In addition, the estimation, projection or forecast on the amount of the purchase of materials and products by the Group from UPE Group for the duration of the projected period, are on the principal assumptions that, there will not be any adverse change or disruption in the market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and/or UPE Group.

Set out below are the approximate amounts of materials and products purchased by the Group from UPE Group for the two financial years ended 31 December 2015 and 31 December 2016:

	<b>Financial year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	<b>2016</b>
	<i>RMB</i>	<i>RMB</i>
Approximate aggregate amount of purchase of materials and products by the Group from UPE Group	3,601,255,000	3,193,241,000
Approximate change as compared to the previous year (%)	11.06%	(11.33)%

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The transaction amount in relation to the purchase of materials and products by the Group from UPE Group for the year ended 31 December 2016 was approximately RMB3,193.24 million, representing a decrease of approximately 11.33% as compared to that of 2015 in which the Group reported a 11.06% yearly increase. We have discussed with the Group's management regarding the reason of such decline in the purchase amount. The Group's management explained that there were adjustments of its beverage sales strategies and channel inventory management (“**the adjustments**”) in the second half of 2016, there was a shrinkage in its scale of product manufactured in the period, thus, a drop in the amount of material demanded for manufacturing. The adjustment was a temporary reduction of the Group's sales of beverage products to its distributors, carried out in the second half-year of 2016, in order to decrease the inventory level of the Group's distributors. The reason behind this reduction in second half-year of 2016 is that the storage days of products in the Group's distributor was too long that may possibly lead to expiry of product. As the result, the Group's sales of product and so as the material purchased to produce the product in the second half-year of 2016 was reduced. As confirmed by the Directors that the adjustments have been completed in year 2016, and the scale of manufacturing will return to its normal size from year 2017. The management of the Group further confirmed that the adjustment would only give one-off impact to the Group's product sales and material purchase amount in the sense that the adjustment would not lead to further drop in sales amount in 2017 as:

- (i) for the month ended February 2017, the Group monthly sales amount of beverage product was slightly higher than that of the month ended February 2016;
- (ii) the existing inventory level is lower than the predetermined level and the Group expects an increase in the sales amount to distributor in the future months. In this regard, the Group will need to purchase more materials to prepare for the bigger manufacturing demand.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iii) We have examined four market research reports published by renowned investment banks regarding the financial performance of the Group in year 2016. All reports stated that the adjustments were carried out by the Company since the third quarter of year 2016 and expected that the adjustments measure would only create one-off effect to the Group's sales.

In light of the above, the Group's management has estimated that the 2016 purchase amount under normal condition without the adjustments should be around RMB3,901.6 million, representing an 8.3% increase as compared to the purchase amount of 2015. Such estimated amount is calculated as the actual purchase amount of the first half of 2016 times two (RMB1,950.8 million\*2 = RMB3,901.6 million), as the adjustments was carried out during the second half year of 2016. The Group's management further clarified that since there is no obvious seasonality in its product manufacturing, the amount of product produced in the first half year is a representative reference of the second half year amount. Based on the Group's historical amounts of purchase transactions under the condition without the adjustments, the Group's management estimated that the growth of purchase amount is approximately 10% by averaging the growth rates of year 2015 and 2016 ( $(11.06\% + 8.3\%)/2 = 9.68\%$ ). The Group then applied the 2016 purchase amount under normal condition without the adjustments (RMB3,901.6 million) and the estimated 10% growth rate with certain buffer to forecast the estimated purchase amounts of year 2017 to year 2020 as the following:

	Financial year ending 31 December			
	2017	2018	2019	2020
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Forecasted amount of purchase of materials and products by the Group from UPE Group	4,291.8	4,720.9	5,193.0	5,712.3



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having considered the above including the impact of the adjustments, we are of the view that determining the annual caps based on the above forecasted amount of purchase of materials and products by the Group from UPE Group is fair and reasonable.

In addition to the historical record of purchase amount, the Group also assessed the market demand of its products, which are made of the materials to be purchased under the 2017 Framework Purchase Agreement (majorly beverage products), and the price trend of these materials, to determine the needs of manufacturing materials in monetary terms, and thus, the proposed annual cap for year 2018 to year 2020. We obtained from the Group's management a report published by a global independent measurement and data company for fast-moving consumer goods, consumer behavior, and media, regarding market demand and market share of the Group's major beverage products and the price trend of the manufacturing materials. The report indicates that from year 2015 to year 2016, there was an 15.9% increment in the market demand of tea products and respectively 9.0% and 0.7% drop in demand of milk tea products and juice products. Based on data provided by the Group, sales of tea products, milk tea products and juice products respectively accounted for 48.56%, 28.76% and 20.53% of the Group's total sales amount of beverage products (2.15% for other beverage products). Given the above data, The Group calculated a pro-rata growth rate of demand of its beverage product of approximately 4.99%. For the manufacturing of those beverage products, major materials to be purchased under the 2017 Framework Purchase Agreement include sugar, flour, palm oil and polyester chips. Based on the report, the price of sugar, flour, palm oil and polyester chips increased for 21.77%, 1.81%, 44.69% and 34.66% respectively in year 2016. Taking into account the portion of the price of these materials to the total product cost, there was reportedly 4.37% increase in the total product cost. Combining the effects of increase in market demand and rise of product cost, there was an approximate 10% overall growth rate in the needs of manufacturing materials  $((1 + 4.99\% * 1 + 4.37\%) - 1 = 9.58\%)$ . The 10% overall growth rate based on market demand and material price trend is roughly the same with the estimated growth rate calculated by past purchase amount.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Taking the above factors into account, the Group's management applied a 10% growth rate to the forecasted purchase amount and the proposed Annual Caps. The forecasted purchase amount would use up approximately 96% of the proposed Annual Caps in each year covered in the 2017 Framework Purchase Agreement. Details are as follows:

	Financial year ending 31 December		
	2018	2019	2020
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Forecasted amount of purchase of materials and products by the Group from UPE Group	4,720.9	5,193.0	5,712.3
Proposed Annual Caps for the purchase of materials and products by the Group from UPE Group	4,920	5,410	5,950
Approximate growth rate as compared to the annual cap of the previous year	–	9.96%	9.98%
Approximate estimated usage rate	96.0%	96.0%	96.0%

Having considered the basis on which the proposed Annual Caps in relation to the Continuing Connected Transactions contemplated under the 2017 Framework Purchased Agreement were determined as described above, we are of the view that the relevant proposed Annual Caps are fair and reasonable.

### 5. Conditions of the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement

In compliance with the Listing Rules, the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement are subject to a number of conditions which include, among other things:

- (i) the Annual Caps for the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement for each of the three financial years ending 31 December 2018, 2019 and 2020 will not be exceeded;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (ii) the independent non-executive Directors must, in accordance with the Listing Rules, review annually the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement and confirm in the Company's annual report whether the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
  
- (iii) the auditors of the Company must, in accordance with the Listing Rules, review annually the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement and they must confirm in a letter to the Board (a copy of which letter will be provided to the Stock Exchange at least ten business days prior to the bulk printing of the annual report of the Company) whether anything has come to their attention that causes them to believe that the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement:
  - (a) have not been approved by the Board;
  - (b) were not, in all material respects, in accordance with the pricing policies of the Group;
  - (c) were not entered into, in all material respects, in accordance with the relevant agreement(s) governing the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement; and
  - (d) have exceeded the Annual Caps with respect to the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement;
  
- (iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or the auditors cannot confirm the matters as required;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (v) the Company must allow, and ensure that UPE allows, the auditors of the Company sufficient access to their records of the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement for the purpose of the auditors' reporting on the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement. The Board must state in the annual report whether the auditors of the Company have confirmed the matters set out in Rule 14A.56 of the Listing Rules; and
  
- (vi) the Company must comply with the applicable provisions of the Listing Rules governing continuing connected transactions in the event that the total amount of the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement exceeds the relevant Annual Caps, or that there is any material amendment to the terms of the 2017 Framework Purchase Agreement.

In light of the conditions imposed on the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement, in particular, (1) the limit of the value of the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement by way of the relevant Annual Caps; (2) the on-going review by the independent non-executive Directors and auditors of the Company regarding the terms of the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement; and (3) the on-going review by the auditors of the Company confirming the relevant Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement and safeguard the interests of the Independent Shareholders.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### D. CONCLUSION

Having taken into account the above principal factors, we consider that (1) the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement are in the ordinary and usual course of business of the Group and the entering into of the 2017 Framework Purchase Agreement is in the interests of the Company and the Shareholders as a whole; (2) the terms of the 2017 Framework Purchase Agreement are on normal commercial terms and are fair and reasonable; and (3) the Annual Caps for the three financial years ending 31 December 2018, 2019 and 2020 are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the entering into of the 2017 Framework Purchase Agreement and the relevant Annual Caps in relation to the Continuing Connected Transactions contemplated under the 2017 Framework Purchase Agreement at the EGM.

Yours faithfully,  
For and on behalf of  
**Vinco Capital Limited**  
**Alister Chung**  
*Managing Director*

*Note:* Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Vinco Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.

## 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

### (A) Directors' and chief executive's interests

Saved as disclosed below, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company has or was deemed to have any interest and short positions in the shares, underlying shares 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 executive 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 for Securities Transactions by Directors of Listed Issuers (“**Model Code**”).

#### (i) Long positions in the Shares

Name of Director	Nature of Interest	Number of Ordinary Shares	Approximate Percentage of shareholding
Hou Jung-Lung	Beneficial owner	60,000	0.00%

#### (ii) Long positions in the shares of associated corporation

Name of associated corporation	Name of Director	Personal interest	Interest of child under 18 or spouse	Corporate interest	Total	Approximate Percentage of shareholding
UPE	Lo Chih-Hsien	4,059,095	93,182,918	–	97,242,013	1.71%

**(B) Substantial shareholders' or others' interests**

Save as disclosed below, as at the Latest Practicable Date, so far as was known to any Director, there was no other person who had interest or a short position in the Shares, underlying Shares or debenture of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who were expected, directly or indirectly, to be interested in 10% or more of the issued voting shares of any other member of the Company.

Name	Capacity	Number of Ordinary Shares	Approximate Percentage of shareholding
UPE ( <i>Note 2</i> )	Interest of controlled corporations	3,046,953,983 ( <i>Note 1</i> )	70.54%
Cayman President Holdings Ltd. ("Cayman President")	Beneficial owner	3,044,508,000	70.49%

*Note:*

1. Out of 3,046,953,983 Shares, 3,044,508,000 Shares were held by Cayman President, which is a direct wholly-owned subsidiary of UPE and 2,445,983 Shares were held by President (BVI), which is indirectly owned by UPE as to 69.37%. Accordingly, UPE was deemed to be interested in all the Shares respectively held by Cayman President and President (BVI) by virtue of the SFO.
2. Mr Lo Chih-Hsien holds an insignificant shareholding (less than 2%) in UPE and he is also a director of UPE. Mr Hou Jung-Lung is the president of UPE and Mr Su Tsung-Ming is a member of the management team of UPE.

**3. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or any of their respective close associates had interests in businesses, other than being a Director and their respective close associates, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules, as if the Directors were controlling Shareholders.

**4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, the date to which the latest published audited accounts of the Group were made up.

**5. 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)).

**6. 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; and
- (b) none of the Directors had any direct or indirect interest in any asset which, since 31 December 2016 (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 or were proposed to be acquired or disposed of by or leased to any member of the Group.

**7. 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:

<b>Name</b>	<b>Qualification</b>
Vinco Capital	a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Vinco Capital did not have any shareholding 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, Vinco Capital did not have any 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 2016, the date to which the latest published audited accounts of the Company were made up.

Vinco Capital 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.

## **8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong 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 2014 Framework Purchase Agreement;
- (b) the 2017 Framework Purchase Agreement;
- (c) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out in this circular;
- (e) the written consent referred to in paragraph headed “7. Qualification and Consent of Expert” of this appendix; and
- (f) this circular.

## **9. MISCELLANEOUS**

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

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## NOTICE OF EGM

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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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“**Meeting**”) of Uni-President China Holdings Ltd. (“**Company**”) will be held at 4:00 p.m. on Friday, 19 May 2017 (and immediately after the annual general meeting of the Company, which is convened to be held on the same day, having 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), the following resolution (“**Resolution**”) as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT:**

- (a) the entering into of the 2017 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 (“**Circular**”) to shareholders of the Company dated 26 April 2017 be and are hereby approved (terms as defined in the Circular 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 authorised 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 2017 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder.”

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

26 April 2017

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## NOTICE OF EGM

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*Registered office:*

P.O. Box 309  
Ugland House  
Grand Cayman  
KY1-1104, Cayman Islands

*Principal place of business in*

*Hong Kong:*  
Unit 703A, 7/F, Golden Centre  
188 Des Voeux Road Central  
Hong Kong

*Notes:*

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint another person (who must be an individual) as his/her/its proxy to attend and vote instead of him/her/it and a proxy so appointed shall have the same right as the member to speak at the Meeting. A proxy needs not be a member of the Company. A member (whether or not a recognised clearing house) may appoint any number of proxies to attend in his/her/its stead at the Meeting.
2. In the case of joint registered holders of shares of the Company (“Shares”), any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such Share as if he/she/it were solely entitled thereto, but if more than one of such joint registered holders are present at the Meeting, personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such Shares, or his/her/its proxy, shall alone be entitled to vote in respect thereof.
3. In order to be valid, the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer, attorney or other person duly authorised to sign the same, and must be deposited with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) by 4:00 p.m. (Hong Kong time) on Wednesday, 17 May 2017 or not later than 48 hours before the time for holding the adjourned meeting (if any).
4. In order to determine the right to attend the Meeting, the register of members of the Company will be closed from Monday, 15 May 2017 to Friday, 19 May 2017 (both days inclusive), during which period no transfer of the Shares will be effected. In order to be qualified for the attendance of the Meeting, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at the above address by no later than 4:30 p.m. on Friday, 12 May 2017.
5. A form of proxy for use at the Meeting is enclosed with the circular of the Company dated 26 April 2017. Completion and return of the form of proxy should not preclude a member from attending and voting in person at the Meeting or any adjournment thereof and in such event, the form of proxy shall be deemed to be revoked.
6. The Resolution will be voted by way of poll as required by the Listing Rules.

*As at the date of this notice, the Board comprised Mr. Lo Chih-Hsien, Mr. Liu Xinhua and Mr. Chen Kuo-Hui as executive directors; Mr. Hou Jung-Lung and Mr. Su Tsung-Ming as non-executive directors; and Mr. Chen Sun-Te, Mr. Chen Johnny, Mr. Fan Ren-Da, Anthony and Mr. Lo Peter as independent non-executive directors.*