

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**SUPPLEMENTAL ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS –
THE 2024 FRAMEWORK LOGISTICS SERVICE AGREEMENT**

Reference is made to the announcement (“**Announcement**”) of the Company dated 6 March 2024 in relation to the 2024 Framework Logistics Service Agreement entered into between the Company and UPE. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

In addition to the information disclosed in the Announcement, the Board would like to provide the following additional information in relation to the basis and assumptions for arriving at the proposed Annual Caps for the continuing connected transactions contemplated under the 2024 Framework Logistics Service Agreement.

BASIS AND ASSUMPTIONS FOR THE PROPOSED ANNUAL CAPS

The proposed Annual Caps for each of the three financial years ending 31 December 2024 (“**FY 2024**”), 2025 (“**FY 2025**”) and 2026 (“**FY 2026**”) are determined on the principal assumption 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 primarily with reference to:

- the historical transportation and logistics service costs of the Group;
- the estimated increase in future demand for transportation and logistics services required from UPE Group having regard to the estimated market demand and the business development of the Group, including the introduction of new frozen food series which is expected to result in an increase in the demand for cold chain delivery service; and
- the expected increase in the fees for transportation and logistics services associated with, including but not limited to, the increase in labour cost and rent of storage premises due to inflation.

Set out below are the approximate historical total amount of transportation and logistics service transactions conducted by (i) the Group with UPE Group and independent third parties (limited to transactions that were comparable or identical to those under 2020 Framework Logistics Service Agreement); and (ii) the Group with UPE Group for the three financial years ended 31 December 2021 (“FY 2021”), 31 December 2022 (“FY 2022”) and 31 December 2023 (“FY 2023”) and the two months ended 29 February 2024:

	FY 2021	FY 2022	FY 2023	Two months ended 29 February 2024
Approximate total amount of transportation and logistics service transactions conducted by the Group with UPE Group and independent third parties (<i>in RMB'000</i>)	223,693	302,932	285,267	43,282
Approximate total amount of transportation and logistics service transactions conducted by the Group with UPE Group (<i>in RMB'000</i>)	320	118	109	–
Approximate % of the amount of transportation and logistics service transactions conducted by the Group with UPE Group	0.14%	0.04%	0.04%	–

When deciding whether or not to procure transportation and logistics service from UPE Group pursuant to the 2020 Framework Logistics Service Agreement, the Group adhered to its internal control measures and compared quotations from independent third parties with the fees and payment terms offered by UPE Group, so as to determine whether those offered by UPE Group were fair and reasonable and no less favourable to the Group than those offered by independent third parties.

Notwithstanding the low transaction volume procured by the Group from UPE Group in respect of the transportation and logistics service under the 2020 Framework Logistics Service Agreement during the period from FY2021 to FY2023 as a consequence of the aforesaid Group’s adherence on the internal control measures relating to pricing and payment terms, the historical trend of the total amount of transportation and logistics service transactions conducted by the Group with UPE Group and independent third parties (limited to transactions that were comparable or identical to those under 2020 Framework Logistics Service Agreement) corresponds with the historical trend of the total amount of revenue of the Group during the period from FY 2021 to FY 2023.

The Group considered the estimated future demand for transportation and logistics services required from UPE Group will rise having regard to the estimated increase in market demand for the Group's products and the business development of the Group, in particular the Group's recent expansion into the frozen food series under "Kai Xiao Zao (開小灶) – Private Kitchen (私房菜)". To cope with the high market demand for such newly launched frozen food series and in view of the reputable and quality logistics services of UPE Group, it is expected that the demand for cold chain delivery service from UPE Group will increase. In addition, the Group's plan to expand its sales network into bulk retailers would further increase its expected demand for transportation and logistics services.

Moreover, taking into account the expected inflation in the PRC for the period from FY 2024 to FY 2026, the cost of the transportation and logistics services (including but not limited to labour cost and rent of storage premises) for FY 2024, FY 2025 and FY 2026 are expected to increase.

Taken into consideration of the aforesaid estimated increase in market demand for the Group's products, the business development of the Group and the expected increase in the cost of transportation and logistics service due to inflation, it is forecasted that the overall total amount of transportation and logistics service transactions to be conducted with UPE Group and independent third parties (limited to transactions that are comparable or identical to those contemplated under 2024 Framework Logistics Service Agreement) for each of the FY 2024, FY 2025 and FY 2026 will be approximately RMB291,692,000, RMB325,661,000 and RMB362,227,000 respectively, representing an average year-on-year increase of approximately 11%, which aligns with the historical average year-on-year increase in revenue for the period from FY 2021 to FY 2023 of approximately 8%. As such, it is considered that the aforementioned estimated overall total amount of transportation and logistics service transactions to be conducted by the Group for the respective years are fair and reasonable.

Furthermore, having considered (i) the price of fuel oil increased by more than 30% as at the end of FY2023 as compared to that at the beginning of FY 2021 and the expected price volatility of fuel oil during the period from FY 2024 to FY 2026; and (ii) the year-on-year increase of approximately 8.3% in the average wages of employed persons in the private sector in FY 2023, which might further lead to a much higher cost of the transportation and logistics services contemplated under the 2024 Framework Logistics Service Agreement, therefore a buffer of 25% has been applied when determining the proposed Annual Caps.

With due consideration given to the profound experience, established systems and facilities and quality services of UPE Group, it is forecasted that the expected amount of transportation and logistics service transactions to be conducted with UPE Group pursuant to the 2024 Framework Logistics Service Agreement will be approximately RMB32,000,000, RMB40,000,000 and RMB48,000,000 for each of FY 2024, FY 2025 and FY 2026 respectively, which represent approximately 11.0%, 12.3% and 13.3% of the above-mentioned estimated overall total amount of transportation and logistics service transactions of the Group for each of FY 2024, FY 2025 and FY 2026 respectively.

Based on the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the proposed Annual Caps for each of FY 2024, FY 2025 and FY 2026 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

21 March 2024

As at the date of this announcement, the Board comprised Mr. Lo Chih-Hsien and Mr. Liu Xinhua as executive directors; Mr. Chen Kuo-Hui, Ms. Chien Chi-Lin and Mr. Su Tsung-Ming as non-executive directors; and Mr. Chen Sun-Te, Mr. Chen Johnny, Dr. Fan Ren-Da, Anthony and Mr. Lo Peter as independent non-executive directors.