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WANT WANT CHINA HOLDINGS LIMITED

中國 旺 旺 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 0151)

CONTINUING CONNECTED TRANSACTIONS

RENEWED FRAMEWORK AGREEMENT REGARDING “WATER GOD (水神)” ANTISEPTIC AND SANITIZING PRODUCTS

THE RENEWED FRAMEWORK AGREEMENT

On 30 November 2021, the Company and San Want entered into a Renewed Framework Agreement for a term of two years expiring on 31 March 2023, pursuant to which (i) the Group agreed to produce and sell to San Want Group in respect of certain Products (being “Water God (水神)” branded antiseptic liquids), and (ii) San Want Group agreed to sell, and the Group agreed to purchase, the Products from San Want Group for onward sale and distribution during the term of the Renewed Framework Agreement.

LISTING RULES IMPLICATIONS

Mr. Tsai, the chairman, chief executive officer, an executive Director and the ultimate controlling shareholder of the Company, is also the ultimate controlling shareholder of San Want. As such, San Want is an associate of Mr. Tsai and hence a connected person of the Company within the meaning of the Listing Rules. Accordingly, the Product Processing and Sale Transaction and the Product Purchase Transaction contemplated under the Renewed Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the Product Processing and Sale Transaction and the Product Purchase Transaction contemplated under the Renewed Framework Agreement, on an aggregated basis, is more than 0.1% but less than 5%, the Renewed Framework Agreement together with the proposed annual caps are subject to reporting and announcement requirements and are exempted from independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

THE RENEWED FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 3 April 2020 in relation to (i) the provision of processing services and packaging materials by the Group to San Want Group in respect of certain Products (being “Water God (水神)” branded antiseptic liquids), and (ii) the purchase of Products from San Want Group for the Group’s onward sale and distribution pursuant to the Framework Agreement.

The Board is pleased to announce that on 30 November 2021, the Company and San Want entered into a Renewed Framework Agreement for a term of two years from 1 April 2021 to 31 March 2023 (both dates inclusive), pursuant to which (i) the Group agreed to process and sell to San Want Group in respect of certain Products (being “Water God (水神)” branded antiseptic liquids), and (ii) San Want Group agreed to sell, and the Group agreed to purchase, the Products from San Want Group for onward sale and distribution during the term of the Renewed Framework Agreement. The principal terms of the Renewed Framework Agreement are set out below.

Date of agreement : 30 November 2021

Parties : (1) The Company
(2) San Want

Members of the Group and subsidiaries of San Want may enter into separate agreement(s)/purchase orders which set out the quantity, date and place of delivery and other terms pursuant to the Renewed Framework Agreement.

Term : 1 April 2021 to 31 March 2023

The Products : “Water God (水神)” branded antiseptic and sanitizing products, mainly including antiseptic liquids, wipes, feminine hygiene wash, antiseptic sprays, mouthwash and other consumables.

Nature of the transactions contemplated under the Renewed Framework Agreement : (1) **Processing and sales of certain Products to San Want Group (the “Product Processing and Sale Transaction”)**

The Group shall manufacture certain Products (being “Water God (水神)” branded antiseptic liquids) in accordance with the specifications and requirements provided by San Want Group and then sell such Products to San Want Group.

(2) **Purchase of the Products (the “Product Purchase Transaction”)**

San Want Group shall sell, and the Group shall purchase, the Products for onward sale and distribution through the Group’s distribution channels.

Pricing Terms : (1) **The Product Processing and Sale Transaction**

The Group shall provide all the raw materials, packaging materials, direct labour and variable production costs to produce certain Products (being “Water God (水神)” branded antiseptic liquids) in accordance with the specifications and requirements provided by San Want Group and then sell to San Want Group at the price which shall be determined based on the Group’s total direct production costs incurred (including, among others, raw materials costs, packaging material costs, labour costs and variable production costs) plus a 5% profit margin, inclusive of value-added tax.

(2) **The Product Purchase Transaction**

San Want Group shall offer the most favourable selling price to the Group which shall represent a discount to San Want Group’s recommended retail prices to end consumers for the Products in different packaging specifications (inclusive of value-added tax), and such discount shall not be less than the discount offered by San Want Group to its other customers.

Since there are more than a dozen of items involved in the Products and the discounts applied vary materially for different items of different specifications and targeted distribution channels, the Board takes the view that the specific numbers of discounts offered to the Group are commercially sensitive, and the disclosure of the same in the announcement may not be meaningful to the Shareholders either.

In assessing the discounts offered by San Want Group to the Group, the Directors (including the independent non-executive Directors) were provided with a schedule setting out the discounts offered by San Want Group to the Group and its other customers for each item of the Products before entering into the Renewed Framework Agreement. As part of the internal control procedures, the finance department of the Company will perform this procedure again every six months during the term of the Renewed Framework Agreement to ensure that the discounts offered to the Group are not less than the discounts offered by San Want Group to its other customers.

The pricing terms of the transactions contemplated under the Renewed Framework Agreement were negotiated on an arm’s length basis, and determined in the ordinary course of business on normal commercial terms or better, and are no less favourable

to the Group than those available with independent third parties.

Payment Terms : Subsidiaries of San Want shall pay for the Products under the Product Processing and Sale Transaction within 30 days after receipt of the invoices.

Members of the Group shall pay the purchase price under the Product Purchase Transaction within 30 days after the completion of inspection for acceptance and receipt of invoices of the relevant Products.

PROPOSED ANNUAL CAPS

(1) The Product Processing and Sale Transaction

The proposed annual cap in respect of the Product Processing and Sale Transaction contemplated under the Renewed Framework Agreement for each of the years ending 31 March 2022 and 31 March 2023 is RMB5,000,000. The annual cap was determined after taking into account the unit direct production cost, the 5% profit margin, as well as the expected quantities of such Products (being “Water God (水神)” branded antiseptic liquids) to be processed during the term.

(2) The Product Purchase Transaction

The proposed annual cap in respect of the Product Purchase Transaction contemplated under the Renewed Framework Agreement for each of the years ending 31 March 2022 and 31 March 2023 is RMB70,000,000. The annual cap was determined after taking into account the purchase price of the Products and the expected purchase quantities of the Products to be onward sold and distributed through the Group’s distribution channels during the term.

HISTORICAL TRANSACTION AMOUNTS

The historical annual caps for the transactions contemplated under the Framework Agreement for the year ended 31 March 2021 were RMB10,700,000 in respect of the processing services and RMB65,300,000 in respect of the purchase of Products from San Want Group. The Group did not receive any processing fee and the historical transaction amount for the purchase of Products from San Want Group contemplated under the Framework Agreement for the year ended 31 March 2021 was RMB45,849,000, which did not exceed relevant historical annual caps.

The actual transaction amounts incurred for the Product Processing and Sale Transaction and Product Purchase Transaction contemplated under the Renewed Framework Agreement during the six months from 1 April 2021 to 30 September 2021 were approximately RMB780,000 and RMB16,885,000, respectively. Based on the Group’s management accounts and information currently available to the Directors, all applicable percentage ratios in respect of the actual transaction amount incurred during 1 April 2021 and up to the date of the announcement of the Product Processing and Sale Transaction and Product Purchase Transaction transactions, on an aggregated basis, were less than 0.1%.

REASONS AND BENEFITS OF THE RENEWED FRAMEWORK AGREEMENT

In view of the increasing awareness of personal hygiene and growing consumers' demand for cleaning and sanitizing products in the post-pandemic era, the Group intends to, by entering into the Renewed Framework Agreement, continue to leverage on its existing production capacities as well as sales and distribution capabilities, to serve such consumer needs for cleaning and sanitizing products while providing the Group with a source of revenue.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Renewed Framework Agreement are conducted on arm's length basis, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and that the terms of the Renewed Framework Agreement, including the annual caps for the Product Processing and Sale Transaction and the Product Purchase Transaction thereunder, are fair and reasonable and such transactions are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Mr. Tsai, the chairman, chief executive officer, an executive Director and the ultimate controlling shareholder of the Company, is also the ultimate controlling shareholder of San Want. As such, San Want is an associate of Mr. Tsai and hence a connected person of the Company within the meaning of the Listing Rules. Accordingly, the Product Processing and Sale Transaction and the Product Purchase Transaction contemplated under the Renewed Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the Product Processing and Sale Transaction and the Product Purchase Transaction contemplated under the Renewed Framework Agreement, on an aggregated basis, is more than 0.1% but less than 5%, the Renewed Framework Agreement together with the proposed annual caps are subject to reporting and announcement requirements and are exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to the relevant requirements under the Listing Rules and the articles of association of the Company, Mr. Tsai, Mr. Tsai Shao-Chung, Mr. Tsai Wang-Chia, Mr. Huang Yung-Sung, Mr. Chu Chi-Wen, Mr. Tsai Ming Hui, Mr. Maki Haruo and Mr. Cheng Wen-Hsien are considered to have an interest in the transactions contemplated under the Renewed Framework Agreement. For this reason, each of them did not count into the quorum and were excused when the transactions were discussed at the relevant Board meeting, and had abstained from voting on the Board resolutions approving the transactions.

INFORMATION ON THE COMPANY AND SAN WANT

The Company is an investment holding company. The principal business activities of the Group are the manufacturing, distribution and sale of rice crackers, dairy products and beverages, snack foods and other products.

San Want is a company incorporated in Barbados with limited liability. Its principal business activities are the operation of hospital, hotel and property businesses and other investments.

DEFINITIONS

In this announcement, the following words and expressions shall have the following meanings unless the context requires otherwise:

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| “Board” | the board of Directors of the Company |
| “Company” | Want Want China Holdings Limited, a company incorporated as an exempted company with limited liability under the laws of the Cayman Islands, whose shares are listed on the Main Board of the Stock Exchange |
| “connected person” | has the meaning ascribed to it under the Listing Rules |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Framework Agreement” | the framework agreement dated 3 April 2020 between the Company and San Want in respect of the provision of processing services and packaging materials from the Group to San Want Group in respect of certain Products (being “Water God (水神)” branded antiseptic liquids), and the purchase of the Products by the Group from San Want Group |
| “Group” | the Company and its subsidiaries |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Tsai” | Mr. Tsai Eng-Meng, the chairman, chief executive officer, an executive Director and the ultimate controlling shareholder of the Company |
| “percentage ratio(s)” | has the meaning ascribed to it under the Listing Rules |
| “Products” | “Water God (水神)” branded antiseptic and sanitizing products, mainly including antiseptic liquids, wipes, feminine hygiene wash, antiseptic sprays, mouthwash and other consumables |
| “PRC” | the People’s Republic of China |
| “Renewed Framework Agreement” | the framework agreement dated 30 November 2021 between the Company and San Want pursuant to which the Group agreed to (i) produce and sell to San Want Group in respect of certain Products (being “Water God (水神)” branded antiseptic liquids), and (ii) purchase the Products from San Want Group for onward sale and |

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| | distribution during the term of 2 years from 1 April 2021 to 31 March 2023 (both dates inclusive) |
| “RMB” | Renminbi yuan, the lawful currency of the PRC |
| “San Want” | San Want Holdings Limited, a company incorporated in Barbados with limited liability |
| “San Want Group” | San Want and its subsidiaries |
| “Shareholder(s)” | shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent. |

By order of the Board
Want Want China Holdings Limited
TSAI Eng-Meng
Chairman

Hong Kong, 30 November 2021

As at the date of this announcement, the executive Directors are Mr. Tsai Eng-Meng, Mr. Tsai Shao-Chung, Mr. Tsai Wang-Chia, Mr. Huang Yung-Sung, Mr. Chu Chi-Wen, Mr. Tsai Ming-Hui and Ms. Lai Hong Yee; the non-executive Directors are Mr. Liao Ching-Tsun, Mr. Maki Haruo and Mr. Cheng Wen-Hsien; and the independent non-executive Directors are Dr. Pei Kerwei, Mr. Hsieh Tien-Jen, Mr. Lee Kwok Ming, Mr. Pan Chih-Chiang and Mrs. Kong Ho Pui King, Stella.