

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)

**CONTINUING CONNECTED TRANSACTIONS –
(1) REVISION OF THE EXISTING 2023 ANNUAL CAP FOR
2020 FRAMEWORK PURCHASE AGREEMENT; AND
(2) THE NEW CCT AGREEMENTS**

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

VINCO 榮高

Vinco Financial Limited

Reference is made to the 2020 Announcement in relation to the Existing CCT Agreements entered into between the Company and UPE.

(1) REVISION OF THE EXISTING 2023 ANNUAL CAP

Under the 2020 Framework Purchase Agreement, the Company agreed to purchase and procure members of the Group to agree to purchase, on a non-exclusive basis, from UPE Group, certain raw materials, packaging materials, finished goods 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 a term from 1 January 2021 to 31 December 2023 (both days inclusive).

Due to the increase in the price of raw materials and the expected business growth of the Group, the aggregate value of the continuing connected transactions contemplated under the 2020 Framework Purchase Agreement for Year 2023 is expected to be higher than that as envisaged at the time of entering into of the 2020 Framework Purchase Agreement, and the Existing 2023 Annual Cap will not be sufficient to meet the business needs of the Group. In view of the aforesaid, on 8 March 2023, the Board has resolved to revise the Existing 2023 Annual Cap in respect of the 2020 Framework Purchase Agreement, subject to Independent Shareholders' approval. The terms of the 2020 Framework Purchase Agreement shall remain unchanged and be in full force and effect.

(2) THE NEW CCT AGREEMENTS

Given that the Existing CCT Agreements will expire on 31 December 2023 and the Company expects that the continuing connected transactions contemplated under the Existing CCT Agreements will continue, the Company entered into the New CCT Agreements (comprising the 2023 Framework Purchase Agreement, the 2023 Framework Sales Agreement and the 2023 Framework Technical Support Service Agreement) with UPE on 8 March 2023.

IMPLICATIONS UNDER THE LISTING RULES

In view of the fact that UPE is the ultimate controlling shareholder of the Company, UPE is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under each of the 2020 Framework Purchase Agreement and the New CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(1) Revision of the Existing 2023 Annual Cap

Since each of the applicable percentage ratios relating to the Proposed 2023 Annual Cap for the continuing connected transactions under the 2020 Framework Purchase Agreement exceeds 5%, the Proposed 2023 Annual Cap in respect of the 2020 Framework Purchase Agreement is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

(2) The New CCT Agreements

(a) 2023 Framework Purchase Agreement

In respect of the 2023 Framework Purchase Agreement, since each of the applicable percentage ratios in respect of the highest proposed Annual Caps is more than 5%, the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the related Annual Caps) are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirement under Chapter 14A of the Listing Rules.

(b) 2023 Framework Sales Agreement and 2023 Framework Technical Support Service Agreement

As regards the 2023 Framework Sales Agreement and the 2023 Framework Technical Support Service Agreement, given that each of the applicable percentage ratios in respect of the highest proposed respective Annual Caps is more than 0.1% but less than 5%, each of the 2023 Framework Sales Agreement, the 2023 Framework Technical Support Service Agreement and the Continuing Connected Transactions respectively contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

An EGM will be convened to be held to consider and, if thought fit, approve (i) the Proposed 2023 Annual Cap in respect of the 2020 Framework Purchase Agreement; and (ii) the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the related Annual Caps).

An Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise and provide recommendations to the Independent Shareholders on (i) the Proposed 2023 Annual Cap in respect of the 2020 Framework Purchase Agreement; (ii) the terms of the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the related Annual Caps); and (iii) as to the voting actions therefor.

Vinco Financial has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on (i) the Proposed 2023 Annual Cap in respect of the 2020 Framework Purchase Agreement; (ii) the terms of the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the related Annual Caps); and (iii) as to the voting actions therefor.

A circular containing, among others, the details of (i) the Proposed 2023 Annual Cap in respect of the 2020 Framework Purchase Agreement; (ii) the 2023 Framework Purchase Agreement; (iii) a letter from the Independent Board Committee; (iv) a letter from the Independent Financial Adviser; and (v) a notice of the EGM is expected to be despatched to the Shareholders on or about 12 May 2023 as more time is needed for the preparation of the information to be contained therein.

(I) REVISION OF THE EXISTING 2023 ANNUAL CAP IN RESPECT OF THE 2020 FRAMEWORK PURCHASE AGREEMENT

Reference is made to the 2020 Announcement and the circular of the Company dated 7 May 2020 in relation to the 2020 Framework Purchase Agreement entered into between the Company and UPE.

Summary of major terms under the 2020 Framework Purchase Agreement

The principal terms of the 2020 Framework Purchase Agreement, which have been disclosed in the 2020 Announcement, shall remain unchanged and a summary of which is set out as follows:

Date: 25 March 2020

Parties: (1) the Company (members of the Group as purchasers); and
(2) UPE (members of UPE Group as sellers).

Term: The 2020 Framework Purchase Agreement is for a fixed term of three years from 1 January 2021 to 31 December 2023 (both days inclusive).

Subject matter: Pursuant to the 2020 Framework Purchase Agreement, the Company agreed to purchase and procure members of the Group to agree to purchase, on a non-exclusive basis, from UPE Group, certain raw materials, packaging materials, finished goods 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.

Operational Agreement(s): Pursuant to the 2020 Framework Purchase Agreement, member(s) of the Group may, as purchaser(s), from time to time during the term of the 2020 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 the UPE Group, as supplier(s), in respect of each batch of purchase, setting out the actual transaction arrangement(s) and terms, provided that such Operational Agreement(s) shall always be subject to the terms of the 2020 Framework Purchase Agreement.

Payment terms: Pursuant to the 2020 Framework Purchase Agreement, the mode of payment and credit terms for the purchase transactions contemplated thereunder shall be on normal commercial terms and in any event 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.

Pricing basis: The prices and terms of the Operational Agreement(s) to be entered into for each batch of purchase transactions contemplated under the 2020 Framework Purchase Agreement shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis between the parties thereto and on the following principles:

- (i) by reference to the prevailing market price of the same or substantially similar products purchase from independent third parties by 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
- (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 were disclosed in the section headed “(IV) INTERNAL CONTROL MEASURES” in the 2020 Announcement.

Such pricing basis is applicable to all types of products (including OEM products) to be purchased by the Group from UPE Group under the Operational Agreements covered by the 2020 Framework Purchase Agreement.

Other terms: Pursuant to the 2020 Framework Purchase Agreement, all other terms and conditions for the purchase transactions contemplated thereunder (including but not limited to terms relating to payment, credit period quality assurance and inspection) shall be on normal commercial terms and in any event 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 2020 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) as set out in the 2020 Framework Purchase Agreement.

Historical aggregate values of purchase transactions

For the year ended 31 December 2021 and 2022, the total actual values for purchase transactions carried out pursuant to the 2020 Framework Purchase Agreement are approximately RMB4,404.11 million and approximately RMB5,084.69 million respectively.

The Existing 2023 Annual Cap and the Proposed 2023 Annual Cap

Due to the increase in the price of raw materials and the expected business growth of the Group, the aggregate value of the continuing connected transactions under the 2020 Framework Purchase Agreement for the Year 2023 is expected to be higher than that as envisaged at the time of entering into of the 2020 Framework Purchase Agreement, and the Existing 2023 Annual Cap will not be sufficient to meet the business needs of the Group. In view of the aforesaid, on 8 March 2023, the Board has resolved to revise the Existing 2023 Annual Cap in respect of the 2020 Framework Purchase Agreement, subject to Independent Shareholders' approval. The terms of the 2020 Framework Purchase Agreement shall remain unchanged and be in full force and effect. The Existing 2023 Annual Cap, the revised projected purchases and the Proposed 2023 Annual Cap in respect of the transactions contemplated under the 2020 Framework Purchase Agreement for Year 2023 are as follows:

	Year 2023 <i>(RMB'000)</i>
Existing 2023 Annual Cap	5,350,000
Proposed 2023 Annual Cap	7,200,000

The Proposed 2023 Annual Cap for the Year 2023 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 figures of the purchases by the Group from UPE Group;
- the estimated future demand of the Group having regard to the estimated market demand and the business development of the Group; and

- the expected continuing increase in the purchase prices associated with the increase in costs of raw materials, packaging materials and production costs (as the case may be) of UPE Group (including but not limited to rising in labour costs).

As at the date of this announcement, the total actual value of the transactions carried out pursuant to the 2020 Framework Purchase Agreement in Year 2023 has not exceeded the Existing 2023 Annual Cap.

Internal controls

The Group will continue to undertake the internal control measures as disclosed under the paragraph headed “(IV) INTERNAL CONTROL MEASURES” in the 2020 Announcement so as to monitor the pricing and terms of the transactions contemplated under the 2020 Framework Purchase Agreement for Year 2023 and to ensure that the prices and/or payment terms offered by UPE Group are reasonable and will be no less favourable than those offered by independent suppliers and that the Proposed 2023 Annual Cap is not exceeded.

Reasons for and benefits of the Proposed 2023 Annual Cap

The Board has been closely monitoring the historical transacted amounts of the continuing connected transactions under the 2020 Framework Purchase Agreement. Taking into account the increase in the price of raw materials and expected business growth, it is considered that the expected aggregate value of continuing connected transactions under the 2020 Framework Purchase Agreement would exceed the Existing 2023 Annual Cap for the Year 2023.

As the prices offered by UPE Group to the Group have been comparable to those offered by independent suppliers after taking into account the quantity, quality and expected date of delivery of the raw materials, packaging materials, finished goods and other goods purchased, the Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) consider that (i) the 2020 Framework Purchase Agreement are entered into in the ordinary course of business; (ii) the terms of the 2020 Framework Purchase Agreement are on normal commercial terms and are fair and reasonable; and (iii) it is in the interest of the Group and the Shareholders as a whole to continue to purchase the products from UPE Group pursuant to the 2020 Framework Purchase Agreement with the Proposed 2023 Annual Cap.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) therefore consider that the revision of the Existing 2023 Annual Cap is necessary to meet the business needs of the Group and to make purchases from UPE Group on an on-going basis pursuant to the 2020 Framework Purchase Agreement.

(II) THE NEW CCT AGREEMENTS

Reference is made to the 2020 Announcement in relation to the Existing CCT Agreements entered into between the Company and UPE. Given that the Existing CCT Agreements will expire on 31 December 2023 and the Company expects that the continuing connected transactions contemplated under the Existing CCT Agreements will continue, the Company entered into the New CCT

Agreements (comprising the 2023 Framework Purchase Agreement, the 2023 Framework Sales Agreement and the 2023 Framework Technical Support Service Agreement) with UPE on 8 March 2023.

(a) Non-exempt Continuing Connected Transactions

(i) 2023 Framework Purchase Agreement

- Date: 8 March 2023
- 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 2023 Framework Purchase Agreement is for a fixed term of three years from 1 January 2024 to 31 December 2026 (both days inclusive).
- Subject matter: Pursuant to the 2023 Framework Purchase Agreement, the Company agrees to purchase and procure members of the Group to agree to purchase, on a non-exclusive basis, from UPE Group, certain raw materials, packaging materials, finished goods 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.
- Operational Agreement(s): Pursuant to the 2023 Framework Purchase Agreement, member(s) of the Group may, as purchaser(s), from time to time during the term of the 2023 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 the UPE Group, as supplier(s), in respect of each batch of purchase, setting out the actual transaction arrangement(s) and terms, provided that such Operational Agreement(s) shall always be subject to the terms of the 2023 Framework Purchase Agreement.
- Payment terms: Pursuant to the 2023 Framework Purchase Agreement, the mode of payment and credit terms for the purchase transactions contemplated thereunder shall be on normal commercial terms and in any event 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.

Pricing basis: The prices and terms of the Operational Agreement(s) to be entered into for each batch of purchase transactions contemplated under the 2023 Framework Purchase Agreement shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis between the parties thereto and on the following principles:

- (i) by reference to the prevailing market price of the same or substantially similar products purchased from independent third parties by 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
- (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 — THE NEW CCT AGREEMENTS” below in this announcement.

Such pricing basis is applicable to all types of products (including OEM products) to be purchased by the Group from UPE Group under the Operational Agreements covered by the 2023 Framework Purchase Agreement.

Other terms: Pursuant to the 2023 Framework Purchase Agreement, all other terms and conditions for the purchase transactions contemplated thereunder (including but not limited to terms relating to payment, credit period, quality assurance and inspection) shall be on normal commercial terms and in any event 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 2023 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) as set out in the 2023 Framework Purchase Agreement.

Historical aggregate values of purchase transactions

The existing annual caps for the purchase transactions in respect of the 2020 Framework Purchase Agreement and the total actual values of the purchase transactions conducted by the Group with UPE Group pursuant to the 2020 Framework Purchase Agreement for the two years ended 31 December 2021 and 2022 are set out below.

	Year ended 31 December 2021 (RMB'000)	Year ended 31 December 2022 (RMB'000)
Existing annual caps for purchase transactions	5,100,000	5,210,000
Total actual values for purchase transactions (<i>approximately</i>)	4,404,113	5,084,688
Utilisation rate of the annual caps (<i>approximately</i>)	86.36%	97.59%

Proposed Annual Caps for purchase transactions

The kinds of products to be purchased by the Group from UPE Group pursuant to the 2023 Framework Purchase Agreement are raw materials, packaging materials and finished goods, which include but not limited to (i) OEM Products produced by UPE Group; and (ii) palm oil, white sugar, milk powder, paper bowls, dressings and other general supplies as agreed between the parties in writing from time to time, which will be principally used by the Group for the manufacture of its beverages and instant noodles products. The proposed Annual Caps in respect of the purchase transactions contemplated under the 2023 Framework Purchase Agreement for each of the three years ending 31 December 2024, 2025 and 2026 are set out below:

	Proposed Annual Caps for purchase transactions for the year ending 31 December		
	2024 (RMB'000)	2025 (RMB'000)	2026 (RMB'000)
Estimated total values for purchase transactions (<i>Note</i>)	8,200,000	9,400,000	10,700,000

Note: In arriving at the proposed Annual Caps, it is estimated that (i) the total values for purchase transactions for the year ending 31 December 2024 will comprise purchases of OEM Products of approximately RMB5,553.66 million and purchases of other products of approximately RMB2,646.34 million; (ii) the total values for purchase transactions for the year ending 31 December 2025 will comprise purchases of OEM Products of approximately RMB6,420.45 million and purchases of other products of approximately RMB2,979.55 million; and (iii) the total values for purchase transactions for the year ending 31 December 2026 will comprise purchases of OEM Products of approximately RMB7,369.32 million and purchases of other products of approximately RMB3,330.68 million.

The proposed Annual Caps for purchase transactions contemplated under the 2023 Framework Purchase Agreement have been determined by reference to:

- the historical figures of the purchases by the Group from UPE Group;
- the increase in the price of raw materials for the years ended 31 December 2021 and 2022;
- the historical inflation rates in the PRC and the fluctuations in the exchange rates for the years ended 31 December 2021 and 2022;
- the estimated future demand of the Group having regard to the estimated market demand and the business development of the Group, including the introduction of new products in the coming years which will result in a higher demand for raw materials, packaging materials and finished goods by the Group as required for production; and
- the expected continuing increase in the purchase prices associated with the increase in costs of raw materials and/or packaging materials and/or production costs of UPE Group (as the case may be) (due to factors such as inflation in prices of raw materials and labour costs as well as the rise in exchange rates),

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.

In addition to the above factors, the Group expects there will be a stable increase in the demand of purchases from UPE Group and therefore an increase in the estimated maximum aggregate annual transaction values for purchase transactions contemplated under the 2023 Framework Purchase Agreement.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) are of the view that the proposed Annual Caps in respect of the Continuing Connected Transactions contemplated under the 2023 Framework Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(b) Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements

(i) 2023 Framework Sales Agreement

- Date: 8 March 2023
- Parties: (1) the Company (members of the Group as sellers); and
(2) UPE (members of UPE Group as purchasers).
- Term: For a fixed term of three years from 1 January 2024 to 31 December 2026 (both days inclusive).
- Subject matter: Pursuant to the 2023 Framework Sales Agreement, the Company agrees to sell and procure members of the Group to agree to sell, on a non-exclusive basis, to UPE Group, certain beverages, instant noodles, bakery products, and such other products, as may be agreed by the Group and UPE Group and/or their respective members in writing from time to time, manufactured under the Group's brands.
- Operational Agreement(s): Pursuant to the 2023 Framework Sales Agreement, member(s) of the Group may, as supplier(s), from time to time during the term of the 2023 Framework Sales Agreement, enter into separate Operational Agreement(s) (which may be in the form of sales order(s) and/or sales agreement(s)) with member(s) of UPE Group, as purchaser(s), in respect of each batch of the products to be supplied to UPE Group, setting out the actual transaction arrangement(s) and terms, provided that such separate Operational Agreement(s) shall always be subject to the terms of the 2023 Framework Sales Agreement.
- Pricing basis: The terms of the Operational Agreement(s) to be entered into and the prices to be charged for each batch of sales transaction(s) contemplated under the 2023 Framework Sales Agreement shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and on the following principles:
- (i) based on the cost of the relevant products actually incurred or reasonably expected plus a reasonable profit margin, such profit margin shall be determined with reference to, including but not limited to, the nature of products, sales channel, prevailing market price of similar products, the Group's forecasted demand, and increase in the market price, of such products during the term of the relevant Operational Agreement(s); and
 - (ii) in any event no more favourable to UPE Group than those offered to independent third parties by 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 — THE NEW CCT AGREEMENTS” below in this announcement. It is expected that the aforesaid profit margin will be generally determined by reference to a gross profit margin of not less than 10%, which the management of the Group considers to be in line with the industry and no less favourable to the Group than the profit margin charged to independent third parties.

Such pricing basis is applicable to all types of products to be supplied by the Group to UPE Group under the Operational Agreements covered by the 2023 Framework Sales Agreement.

Other terms: Pursuant to the 2023 Framework Sales Agreement, all other terms and conditions for the sales transactions contemplated thereunder (including but not limited to terms relating to payment, credit period, quality assurance and inspection) shall be on normal commercial terms and in any event no less favourable to the Group than those to be offered to independent third parties by the Group of the same or substantially similar products of the same period.

Termination: The 2023 Framework Sales Agreement may be terminated before expiration of its full term upon mutual agreement in writing by the parties thereto or by either party in certain circumstances (including material default by the other party) as set out in the 2023 Framework Sales Agreement.

Historical aggregate values of sales transactions

The existing annual caps for the sales transactions in respect of the 2020 Framework Sales Agreement and the total actual values of the sales transactions conducted by the Group with UPE Group pursuant to the 2020 Framework Sales Agreement for the two years ended 31 December 2021 and 2022 are set out below.

	Year ended 31 December 2021 (RMB'000)	Year ended 31 December 2022 (RMB'000)
Existing annual caps for sales transactions	200,000	250,000
Total actual values for sales transactions (<i>approximately</i>)	172,713	207,264
Utilisation rate of the annual caps (<i>approximately</i>)	86.36%	82.91%

Proposed Annual Caps for sales transactions

The products to be sold under the 2023 Framework Sales Agreement include products manufactured under the Group's brands (including tea, juice, coffee, milk tea, bottled water, other beverages, bakery products and instant noodles). The proposed Annual Caps in respect of the sales transactions contemplated under the 2023 Framework Sales Agreement for each of the three years ending 31 December 2024, 2025 and 2026 are set out below:

	Proposed Annual Caps for sales transactions for the year ending 31 December		
	2024	2025	2026
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Estimated total values for sales transactions	350,000	420,000	500,000

The Company expects that there will be a stable increase in the sales to UPE Group and therefore an increase in the estimated maximum aggregate annual transaction values for sales transactions contemplated under the 2023 Framework Sales Agreement after taking into account of the following factors:

- the historical figures of the sales by the Group to UPE Group;
- the forecasted future demand by UPE Group for the products of the Group having regard to the estimated business growth and the expansion of sales network of UPE Group; and
- the expected increase in the selling prices associated with the increase in the respective costs of raw materials and production of the Group (due to factors such as inflation in prices of raw materials and labour costs),

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.

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 2023 Framework Sales Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(ii) 2023 Framework Technical Support Service Agreement

- Date: 8 March 2023
- Parties: (1) the Company (members of the Group as service providers); and
(2) UPE (members of UPE Group as service receivers).
- Term: For a fixed term of three years from 1 January 2024 to 31 December 2026 (both days inclusive).
- Subject matter: Pursuant to the 2023 Framework Technical Support Service Agreement, the Company agrees to provide and procure members of the Group to agree to provide, on a non-exclusive basis, technical support and management services (including but not limited to human resources management services) and such other technical support services as may be agreed by the Group and UPE Group and/or their respective members in writing from time to time to UPE Group.
- Operational Agreement(s): Pursuant to the 2023 Framework Technical Support Service Agreement, members of the Group may, from time to time during the term of the 2023 Framework Technical Support Service Agreement, enter into separate Operational Agreement(s) with members of the UPE Group in respect of the specific arrangement and terms of each technical support service(s) to be provided by the Group to UPE Group, provided that such separate Operational Agreement(s) shall always be subject to the terms of the 2023 Framework Technical Support Service Agreement.
- Pricing basis: The terms of the Operational Agreement(s) to be entered into and the fees to be charged for the respective transaction(s) contemplated under the 2023 Framework Technical Support Service Agreement shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and on the following principles:
- (i) based on the cost of the service actually incurred or reasonably expected plus a reasonable profit margin, such profit margin shall be determined with reference to, including but not limited to, the nature of service, the expertise required and the prevailing market price of comparable services; and
 - (ii) in any event, no more favourable to UPE Group than those offered to independent third parties by 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 — THE NEW CCT AGREEMENTS” below in this announcement. It is expected that the aforesaid profit margin will be generally determined by reference to a gross profit margin of not less than 5%, which the management of the Group considers to be in line with the industry and no less favourable to the Group than those charged to independent third parties.

Such pricing basis is applicable to all kinds of services to be provided by the Group to UPE Group under the Operational Agreements covered by the 2023 Framework Technical Support Service Agreement.

Other terms: Pursuant to the 2023 Framework Technical Support Service Agreement, all other terms and conditions for the technical support service transactions contemplated thereunder (including terms relating to payment, credit period and service quality assurance) shall be no less favourable to the Group than those to be offered to independent third parties by the Group of the same or substantially similar service of the same period.

Termination: The 2023 Framework Technical Support Service Agreement may be terminated before expiration of its full term upon mutual agreement in writing by the parties or by either party in certain circumstances (including material default by the other party) as set out in the 2023 Framework Technical Support Service Agreement.

Historical aggregate values for technical support service transactions

The existing annual caps for technical support service transactions in respect of the 2020 Framework Technical Support Service Agreement and the total actual values of the technical support service transactions conducted by the Group with UPE Group pursuant to the 2020 Framework Technical Support Service Agreement for the two years ended 31 December 2021 and 2022 are set out below.

	Year ended 31 December 2021 (RMB'000)	Year ended 31 December 2022 (RMB'000)
Existing annual caps for technical support service transactions	100,000	120,000
Total actual values for technical support service transactions (<i>approximately</i>)	62,885	54,864
Utilisation rate of the existing annual caps (<i>approximately</i>)	62.89%	45.72%

Proposed Annual Caps for technical support service transactions

The proposed Annual Caps in respect of the technical support service transactions contemplated under the 2023 Framework Technical Support Service Agreement for each of the three years ending 31 December 2024, 2025 and 2026 are set out below.

	Proposed Annual Caps for technical support service transactions for the year ending 31 December		
	2024	2025	2026
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Estimated total values for technical support service transactions	170,000	200,000	230,000

The proposed Annual Caps for the technical support service transactions contemplated under the 2023 Framework Technical Support Service Agreement have been determined by reference to:

- the historical figures of the technical support services provided by the Group to UPE Group;
- the possible increase in the fees of the technical support services charged by the Group (due to factors such as inflation in labour costs); and
- the estimated future demand for technical support services from UPE Group,

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.

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 2023 Framework Technical Support Service Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(III) INTERNAL CONTROL MEASURES — THE NEW CCT AGREEMENTS

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 under the New CCT Agreements, 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 2023 Framework Purchase Agreement, where sufficient comparable transactions are available, invite quotations from at least two independent suppliers to obtain 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 quotation 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/services 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/services purchased/supplied in the past and by reference to the cost analysis to be conducted.

To ensure the actual prices and terms 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 internal review by the internal audit department of the Group, will assess, on a periodic and as required basis, whether the products/services have been supplied/purchased/provided in accordance with the terms of the New CCT Agreements. 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 New CCT Agreements have to adhere strictly to their respective pricing policies as disclosed in this announcement, 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 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 beverages and instant noodles products in the PRC and is principally engaged in the manufacturing and sale of beverages and instant noodles in the PRC.

UPE Group

UPE is a limited liability company whose shares are listed on the Taiwan Stock Exchange Corporation. As at the dates of the New CCT Agreements, the Company is indirectly owned as to approximately 72.38% by the UPE and therefore, UPE is the ultimate controlling shareholder of the Company and a connected person of the Company under the Listing Rules.

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 NEW CCT AGREEMENTS

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 and long-term co-operation relationship, UPE Group has established a thorough understanding of the standards and requirements of the Group which enable it to provide more reliable goods or products and/or quality 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.

The Directors believe that the securing of a long-term support with UPE Group, which leverages on its profound experience in the food and beverages industry, extensive 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 transactions contemplated under the New CCT Agreements are to be of a recurrent nature and will be carried out 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 New CCT Agreements would provide a single basis on which the Company will comply with the reporting, announcement, annual review and/or Independent Shareholders' approval requirements (as the case may be) in accordance to 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.

(VI) VIEWS OF THE DIRECTORS

(a) Revision of Existing 2023 Annual Cap under the 2020 Framework Purchase Agreement

Having considered the reasons for and benefits of the Proposed 2023 Annual Cap, the Directors (excluding the independent non-executive Directors, whose views will be given after taking into account the advice from the Independent Financial Adviser) are of the view that the revision of the Existing 2023 Annual Cap is necessary to meet the business needs of the Group and to make purchases from UPE Group on an on-going basis pursuant to the 2020 Framework Purchase Agreement.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) consider that (i) the 2020 Framework Purchase Agreement are entered into in the ordinary course of business; (ii) the terms of the 2020 Framework Purchase Agreement are on normal commercial terms and are fair and reasonable; and (iii) it is in the interest of the Group and the Shareholders as a whole to continue to purchase the products from UPE Group pursuant to the 2020 Framework Purchase Agreement with the Proposed 2023 Annual Cap.

(b) The New CCT Agreements

As regards the 2023 Framework Purchase Agreement, the Directors (excluding the independent non-executive Directors, whose views will be given after taking into account the advice from the Independent Financial Adviser) are of the view that (i) the terms of the 2023 Framework Purchase Agreement are fair and reasonable; (ii) the Continuing Connected Transactions contemplated under the 2023 Framework Purchase Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) the entering into of the 2023 Framework Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

As regards the 2023 Framework Sales Agreement and the 2023 Framework Technical Support Service Agreement, the Directors (including the independent non-executive Directors) are of the view that (i) the terms of these agreements are fair and reasonable; (ii) the Continuing Connected Transactions contemplated under these agreements are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) the entering into of these agreements are in the interests of the Company and the Shareholders as a whole.

(VII) IMPLICATIONS UNDER THE LISTING RULES

In view of the fact that UPE is the ultimate controlling shareholder of the Company, UPE is a connected person of the Company under the Listing Rules. Accordingly, the Continuing Connected Transactions contemplated under each of the 2020 Framework Purchase Agreement and the New CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(1) Revision of Existing 2023 Annual Cap

Since each of the applicable percentage ratios relating to the Proposed 2023 Annual Cap for the continuing connected transactions under the 2020 Framework Purchase Agreement exceeds 5%, the Proposed 2023 Annual Cap in respect of the 2020 Framework Purchase Agreement is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

(2) The New CCT Agreements

(a) 2023 Framework Purchase Agreement

In respect of the 2023 Framework Purchase Agreement, since each of the applicable percentage ratios in respect of the highest proposed Annual Caps is more than 5%, the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the related Annual Caps) are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirement under Chapter 14A of the Listing Rules.

(b) 2023 Framework Sales Agreement and 2023 Framework Technical Support Service Agreement

As regards the 2023 Framework Sales Agreement and the 2023 Framework Technical Support Service Agreement, given that each of the applicable percentage ratios in respect of the highest proposed respective Annual Caps is more than 0.1% but less than 5%, each of the 2023 Framework Sales Agreement, the 2023 Framework Technical Support Service Agreement and the Continuing Connected Transactions respectively contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(VIII) APPROVAL OF THE BOARD

None of the Directors had material interests in the Continuing Connected Transactions contemplated under any of the 2020 Framework Purchase Agreement and the New CCT Agreements. On the ground of good corporate governance, Mr. Lo Chih Hsien, who is a common director of the Company and UPE and holds an insignificant shareholding interests (less than 2%) in UPE, had abstained from voting in the resolutions of the Board approving the Proposed 2023 Annual Cap under the 2020 Framework Purchase Agreement and the Continuing Connected Transactions contemplated under the New CCT Agreements.

(IX) EGM

An EGM will be convened to be held to consider and, if thought fit, approve (i) the Proposed 2023 Annual Cap under the 2020 Framework Purchase Agreement; and (ii) the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the related Annual Caps). The voting at the EGM will be taken by poll. Cayman President (a direct wholly-owned subsidiary of UPE), being the controlling shareholder of the Company, President (BVI), which is an indirect non-wholly owned subsidiary of UPE, and Kai Yu (BVI), which is an indirect wholly-owned subsidiary of UPE, and their respective associates will abstain from voting at the EGM to approve the relevant resolutions in respect of the Proposed 2023 Annual Cap under the 2020 Framework Purchase Agreement, the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the related Annual Caps).

An Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise and provide recommendation to the Independent Shareholders on (i) the Proposed 2023 Annual Cap in respect of the 2020 Framework Purchase Agreement; (ii) the terms of the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the related Annual Caps); and (iii) as to the voting actions therefor.

Vinco Financial has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on (i) the Proposed 2023 Annual Cap in respect of the 2020 Framework Purchase Agreement; (ii) the terms of the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the related Annual Caps); and (iii) as to the voting actions therefor.

A circular containing, among others, the details of (i) the Proposed 2023 Annual Cap in respect of the 2020 Framework Purchase Agreement; (ii) the 2023 Framework Purchase Agreement; (iii) a letter from the Independent Board Committee; (iv) a letter from the Independent Financial Adviser; and (v) a notice of the EGM is expected to be despatched to the Shareholders on or about 12 May 2023 as more time is needed for the preparation of the information to be contained therein.

(X) DEFINITIONS

Unless the context otherwise requires, the following expressions have the meanings set out in this announcement:

“Annual Caps”	the proposed estimated maximum aggregate annual transaction values in respect of the Continuing Connected Transactions contemplated under the 2023 Framework Purchase Agreement, the 2023 Framework Sales Agreement and the 2023 Framework Technical Support Service Agreement (as the case may be) for the three years ending 31 December 2026
“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 direct wholly-owned subsidiary of UPE and a controlling shareholder of the Company who is interested in approximately 72.38% of the Shares as at the date of this announcement
“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 2020 Framework Purchase Agreement, 2023 Framework Purchase Agreement, the 2023 Framework Sales Agreement and the 2023 Framework Technical Support Service Agreement (as the case may be)
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Proposed 2023 Annual Cap, the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the related Annual Caps)

“Existing 2023 Annual Cap”	the estimated maximum aggregate annual transaction values in respect of the Continuing Connected Transactions contemplated under the 2020 Framework Purchase Agreement for the Year 2023 as approved by the Shareholders at an extraordinary general meeting of the Company held on 22 May 2020
“Existing CCT Agreements”	collectively, the 2020 Framework Purchase Agreement, the 2020 Framework Sales Agreement and the 2020 Framework Technical Support Service Agreement
“Group”	the Company and its subsidiaries from time to time
“Independent Board Committee”	an independent committee of the Board (which comprises Mr. Chen Sun-Te, Mr. Chen Johnny, Dr. 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 Proposed 2023 Annual Cap, the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the related Annual Caps) and the voting actions therefor
“Independent Financial Adviser” or “Vinco Financial”	Vinco Financial Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the Proposed 2023 Annual Cap, the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the related Annual Caps) and the voting actions therefor
“Independent Shareholders”	the Shareholders who do not have any material interest in the 2020 Framework Purchase Agreement, 2023 Framework Purchase Agreement and the Continuing Connected Transactions respectively contemplated thereunder
“Kai Yu BVI”	Kai Yu (BVI) Investment Co., Ltd., a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of UPE
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New CCT Agreements”	collectively, the 2023 Framework Purchase Agreement, the 2023 Framework Sales Agreement and the 2023 Framework Technical Support Service Agreement
“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 terms of the 2020 Framework Purchase Agreement, 2023 Framework Purchase Agreement, the 2023 Framework Sales Agreement or the 2023 Framework Technical Support Service Agreement (as the case may be), and an “Operational Agreement” means any of them
“PRC”	the People’s Republic of China
“President (BVI)”	President (BVI) International Investment Holdings Ltd., a company incorporated in the British Virgin Islands which is indirectly owned by UPE as to approximately 69.37%
“Proposed 2023 Annual Cap”	the proposed revised estimated maximum aggregate annual transaction values in respect of the continuing connected transactions contemplated under the 2020 Framework Purchase Agreement for the Year 2023
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued 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 of Hong Kong
“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

“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
“Year 2023”	a period from 1 January 2023 to 31 December 2023 (both days inclusive)
“2020 Announcement”	the announcement of the Company dated 25 March 2020 in connection with, among others, the entering into of the Existing CCT Agreements between the Company and UPE
“2020 Framework Purchase Agreement”	the framework purchase agreement dated 25 March 2020 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 and finished goods 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 2020 Announcement, the circular of the Company dated 7 May 2020 and the announcement of the Company dated 22 May 2020
“2020 Framework Sales Agreement”	the framework sales agreement dated 25 March 2020 entered into between the Company and UPE pursuant to which the Company agreed to sell and procure the sale of (on a non-exclusive basis) certain beverages, instant noodles and bakery products and such other products as may be agreed by the Group and UPE Group and/or their respective members in writing from time to time to UPE Group, as disclosed in the 2020 Announcement
“2020 Framework Technical Support Service Agreement”	the framework technical support service agreement dated 25 March 2020 entered into between the Company and UPE pursuant to which the Company agreed to provide and procure the provision of (on a non-exclusive basis) certain technical support and management services and such other technical support services as may be agreed by the Group and UPE Group and/or their respective members from time to time to UPE Group, as disclosed in the 2020 Announcement

“2023 Framework Purchase Agreement”	the framework purchase agreement dated 8 March 2023 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 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
“2023 Framework Sales Agreement”	the framework sales agreement dated 8 March 2023 entered into between the Company and UPE pursuant to which the Company agreed to sell and procure the sale of (on a non-exclusive basis) certain beverages, instant noodles, bakery products and such other products as may be agreed by the Group and UPE Group and/or their respective members in writing from time to time to UPE Group
“2023 Framework Technical Support Service Agreement”	the framework technical support service agreement dated 8 March 2023 entered into between the Company and UPE pursuant to which the Company agreed to provide and procure the provision of (on a non-exclusive basis) certain technical support and management services and such other technical support services as may be agreed by the Group and UPE Group and/or their respective members in writing from time to time to UPE Group
“%”	per cent.

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

8 March 2023

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.

* *For identification purposes only*