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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 —
(1) REVISION OF THE EXISTING 2023 ANNUAL CAP FOR
THE 2020 FRAMEWORK PURCHASE AGREEMENT;
(2) THE 2023 FRAMEWORK PURCHASE AGREEMENT;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

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

VINCO 榮高

Vinco Financial Limited

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 22 to 23 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 24 to 37 of this circular.

A notice convening the EGM to be held at 10:00 a.m. (Hong Kong time) on Friday, 2 June 2023 (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 United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong is set out on pages 42 to 44 of this circular.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular for despatch to the Shareholders. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event by 10:00 a.m. (Hong Kong time) on Wednesday, 31 May 2023 or not later than 48 hours before the time appointed 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 adjournment thereof should you so wish and in such event, the form of proxy previously submitted shall be deemed to be revoked.

10 May 2023

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DEFINITIONS

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 2023 Framework Purchase Agreement 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 70.49% of the Shares as at the Latest Practicable Date
“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 thereto in the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the 2020 Framework Purchase Agreement and/or the 2023 Framework Purchase Agreement (as the case may be)
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company convened to be 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 Annual Caps)
“Existing 2023 Annual Cap”	the estimated maximum aggregate annual transaction value 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
“Group”	the Company and its subsidiaries from time to time

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 Annual Caps) and the voting actions therefor
“Independent Financial Adviser” or “Vincos Financial”	Vincos Financial 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 Proposed 2023 Annual Cap, the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the 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 as at the Latest Practicable Date
“Latest Practicable Date”	4 May 2023, 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

DEFINITIONS

“Operational Agreements”	the individual agreements which may from time to time be entered into between a member of the Group and a member of UPE Group subject and pursuant to the terms of the 2020 Framework Purchase Agreement or 2023 Framework Purchase 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% as at the Latest Practicable Date
“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“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 Codes 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

DEFINITIONS

“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 2020”	a period from 1 January 2020 to 31 December 2020 (both days inclusive)
“Year 2021”	a period from 1 January 2021 to 31 December 2021 (both days inclusive)
“Year 2022”	a period from 1 January 2022 to 31 December 2022 (both days inclusive)
“Year 2023”	a period from 1 January 2023 to 31 December 2023 (both days inclusive)
“Year 2024”	a period from 1 January 2024 to 31 December 2024 (both days inclusive)
“Year 2025”	a period from 1 January 2025 to 31 December 2025 (both days inclusive)
“Year 2026”	a period from 1 January 2026 to 31 December 2026 (both days inclusive)
“2020 Announcement”	the announcement of the Company dated 25 March 2020 in connection with, among others, the entering into of the 2020 Framework Purchase Agreement between the Company and UPE
“2020 Circular”	the circular of the Company dated 7 May 2020 in connection with, among others, the 2020 Framework Purchase Agreement and the continuing connected transactions contemplated thereunder

DEFINITIONS

“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 2020 Circular and the announcement of the Company dated 22 May 2020
“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
“%”	per cent.

References to time and dates in this circular are to Hong Kong time and dates.

* *For identification purpose only*



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*)

Non-executive Directors:

CHEN Kuo-Hui

CHIEN Chi-Lin

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

10 May 2023

To the Shareholders

Dear Sir or Madam,

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

(I) INTRODUCTION

Reference is made to the announcement of the Company dated 8 March 2023 regarding, among others, (i) the revision of the Existing 2023 Annual Cap for the 2020 Framework Purchase Agreement, and (ii) the 2023 Framework Purchase Agreement and the continuing connected transactions contemplated thereunder.

LETTER FROM THE BOARD

The purpose of this circular is to:

- (a) provide you with further information relating to (i) the revision of the Existing 2023 Annual Cap for the 2020 Framework Purchase Agreement, and (ii) the 2023 Framework Purchase Agreement and the continuing connected transactions contemplated thereunder;
- (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 (i) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement, and (ii) the 2023 Framework Purchase Agreement and the continuing connected transactions contemplated thereunder (and the Annual Caps); and
- (d) give you notice of the EGM.

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

Reference is made to the 2020 Announcement and the 2020 Circular 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 and the 2020 Circular, 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.

LETTER FROM THE BOARD

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 paragraph headed "(IV) INTERNAL CONTROL MEASURES" in the 2020 Announcement and the section headed "(III) INTERNAL CONTROL MEASURES" in the 2020 Circular.

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.

LETTER FROM THE BOARD

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 of purchase transactions carried out by the Group with UPE Group pursuant to the 2020 Framework Purchase Agreement were approximately RMB4,404.1 million and approximately RMB5,084.7 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 follow:

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

As at the Latest Practicable Date, 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.

LETTER FROM THE BOARD

Basis and assumptions for the Proposed 2023 Annual Cap

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 made 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).

The Proposed 2023 Annual Cap of RMB7,200 million, which represents an increase in the Existing 2023 Annual Cap of approximately 34.6%, is arrived at by projecting the expected purchase amount in Year 2023 with reference to the actual purchase amount in Year 2022 with an approximately 27% increase in the Existing 2023 Annual Cap as detailed below, plus a 5% buffer.

(i) Historical amount of purchases and future demand of the Group

Set out below are the approximate historical amount of purchases by the Group from UPE Group pursuant to the 2020 Framework Purchase Agreement for the three financial years ended 31 December 2020, 31 December 2021 and 31 December 2022:

	Financial year ended 31 December 2020	Financial year ended 31 December 2021	Financial year ended 31 December 2022
Approximate actual amount of purchases made by the Group from UPE Group (in RMB'000)	3,641,510	4,404,113	5,084,688
Approximate % of increase/ (decrease) in the actual amount of purchases made by the Group from UPE Group as compared to the previous year	(0.09)%	20.94%	15.45%

LETTER FROM THE BOARD

Based on the historical amount of purchases made by the Group from the UPE Group as illustrated above, the average year-on-year increase in the amount of purchase transactions is approximately 12.1%.

The Group considered the estimated future demand of the Group will rise having regard to the estimated market demand on the Group's products and the business development of the Group, in particular the Group will introduce new products every year through its research and development which will result in the demand of the Group for higher quantity of raw materials, packaging materials, finished goods and any such other goods required for its business operation.

(ii) Increase in purchase prices

Taking into account the average increase in the cost of raw materials was approximately 11.7% in Year 2021 and approximately 11.5% in Year 2022 as well as the average inflation rate of approximately 3% in the PRC over the past three years from Year 2020 to Year 2022, the prices of the products to be supplied by UPE Group to the Group for the remaining period of Year 2023 under the 2020 Framework Purchase Agreement are expected to continue to increase and be higher than that as envisaged at the time when the 2020 Framework Purchase Agreement was entered into by the parties.

Internal control measures

The Group will continue to undertake the internal control measures as disclosed under the paragraph headed "(IV) INTERNAL CONTROL MEASURES" in the 2020 Announcement and the section headed "(III) INTERNAL CONTROL MEASURES" in the 2020 Circular 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 third-party suppliers and that the Proposed 2023 Annual Cap is not exceeded.

Reasons for and benefits of the revision of the Existing 2023 Annual Cap

The Board has been closely monitoring the historical transacted values 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 of the Group, 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.

LETTER FROM THE BOARD

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 (including the independent non-executive Directors) consider that (i) the 2020 Framework Purchase Agreement were 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 by the Group pursuant to the 2020 Framework Purchase Agreement with the Proposed 2023 Annual Cap.

The Directors (including the independent non-executive Directors) 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.

(III) 2023 FRAMEWORK PURCHASE AGREEMENT

Given that the 2020 Framework Purchase Agreement will expire on 31 December 2023 and the Company expects that the continuing connected transactions contemplated under the 2020 Framework Purchase Agreement will continue, the Company entered into the 2023 Framework Purchase Agreement with UPE on 8 March 2023.

Principal terms of the 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 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.

LETTER FROM THE BOARD

- 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 "Internal control measures — 2023 Framework Purchase Agreement" below in this circular.
- 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.

LETTER FROM THE BOARD

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:

LETTER FROM THE BOARD

Proposed Annual Cap for purchase 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 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.

Basis and assumptions for the proposed Annual Caps

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 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 its business operation; 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.

LETTER FROM THE BOARD

Set out below are the approximate historical amount of purchases made by the Group from UPE Group for the three financial years ended 31 December 2020, 31 December 2021 and 31 December 2022:

	Financial year ended 31 December 2020	Financial year ended 31 December 2021	Financial year ended 31 December 2022
Approximate actual amount of purchases made by the Group from UPE Group (<i>in RMB'000</i>)	3,641,510	4,404,113	5,084,688
Approximate % of increase/(decrease) in the actual amount of purchases made by the Group from UPE Group as compared to the previous year	(0.09)%	20.94%	15.45%

Given that the historical average year-on-year increase in the amount of purchases by the Group from UPE Group for the period from Year 2020 to Year 2022 is approximately 12.1% and taking into account the average inflation rate in the PRC for the period from Year 2020 to Year 2022 is approximately 3%, it is expected that the average year-on-year increase in the amount of purchase transactions contemplated under the 2023 Framework Purchase Agreement for the period from Year 2024 to Year 2026 will be approximately 14%.

The Group considered the estimated future demand of the Group will rise having regard to the estimated market demand on the Group's products and the business development of the Group, in particular the Group will introduce new products every year through its research and development which will result in the demand of the Group for higher quantity of raw materials, packaging materials, finished goods and any such other goods required for its business operation.

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 Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Internal control measures — 2023 Framework Purchase Agreement

In determining whether the price and/or payment terms offered by UPE Group are reasonable or no less favourable to the Group than those offered by the independent third parties under the 2023 Framework Purchase Agreement, 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 quality, cost control, pricing and commercial perspectives by a designated team, which is comprised of representatives from the food safety department, research and development department, sales department, finance department and internal audit department of the Group, and compared against the quotation from UPE Group. The designated team 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 purchased 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 independent third parties, the Group, by means of internal review by the internal audit department of the Group, will assess semi-annually, whether the products have been purchased in accordance with the terms of the 2023 Framework Purchase Agreement. Furthermore, in the event that there is any new product being introduced by the Group during the relevant year, internal review on the procurement of raw materials, packaging materials and/or finished goods in connection to such new product will be conducted in addition to the aforesaid semi-annual review, so as to ensure the relevant procurement is conducted pursuant to the terms of the 2023 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 have to adhere strictly to their respective 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 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.

LETTER FROM THE BOARD

Reasons for, and benefits of, entering into the 2023 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 and long-term cooperation 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 Group's business.

The Directors believe that the securing of a long-term partnership 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 2023 Framework Purchase Agreement 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 2023 Framework Purchase Agreement would provide a single basis on which the Company will comply with the reporting, announcement, annual review and/or Independent Shareholders' approval requirements 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.

(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 date of the 2023 Framework Purchase Agreement, the Company was indirectly owned as to approximately 72.38% by the UPE and therefore, UPE was 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.

LETTER FROM THE BOARD

(V) 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 2023 Framework Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(a) 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.

(b) The 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 Cap is more than 5%, the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps) are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirement under Chapter 14A of the Listing Rules.

(VI) 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 2023 Framework Purchase Agreement. On the ground of good corporate governance, Mr. Lo Chih Hsien, who is a common director of the Company and UPE and held an insignificant shareholding interest of approximately 1.72% in UPE on the date of the 2023 Framework Purchase Agreement, had abstained from voting in the resolutions of the Board approving the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement and the Continuing Connected Transactions contemplated under the 2023 Framework Purchase Agreement.

(VII) RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 22 to 23 of this circular which contains its recommendations to the Independent Shareholders in relation to the Proposed 2023 Annual Cap, the continuing connected transactions contemplated under the 2023 Framework Purchase Agreement (and the Annual Caps); and (ii) the letter from Vinco Financial set out on pages 24 to 37 of this circular which contains their advice to the Independent Board Committee and the Independent Shareholders in relation to the Proposed 2023 Annual Cap, the continuing connected transactions contemplated under the 2023 Framework Purchase Agreement (and the Annual Caps) and the principal factors and reasons considered by them in formulating their advice.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the recommendation of the Independent Financial Adviser, considers that:

- (i) the revision of the Existing 2023 Annual Cap for the 2020 Framework Purchase Agreement 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 2020 Framework Purchase Agreement and the 2023 Framework Purchase Agreement are entered in the ordinary and usual course of business of the Group and on normal commercial terms;
- (iii) the 2020 Framework Purchase Agreement, the 2023 Framework Purchase Agreement and the respective Continuing Connected Transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (iv) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement and the Annual Caps for the 2023 Framework Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, the Board and the Independent Board Committee recommend the Independent Shareholders to vote in favour of the ordinary resolutions which will be proposed at the EGM relating to (i) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement; and (ii) the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps).

(VIII) EGM

A notice convening the EGM to be held at 10:00 a.m. (Hong Kong time) on Friday, 2 June 2023 (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 United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong is set out on pages 42 to 44 of this circular. Ordinary resolutions will be proposed to the Shareholders to consider and, if thought fit, approve the (i) Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement; and (ii) Continuing Connected Transactions contemplated under the 2023 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 Shareholder with a material interest in the 2020 Framework Purchase Agreement, 2023 Framework Purchase Agreement and the respective Continuing Connected Transactions contemplated thereunder (and the Annual Caps) must abstain from voting on the relevant resolution at the EGM.

LETTER FROM THE BOARD

As such, 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 (“**Interested Shareholders**”) are required to abstain from voting at the EGM to approve the relevant resolutions in respect of the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement, the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps). As at the Latest Practicable Date, the Interested Shareholders held an aggregate of 3,126,291,983 Shares, representing approximately 72.38% of the issued share capital of the Company. To the best knowledge, belief and information of the Directors, save for the Interested Shareholders, no other Shareholder is required to abstain from voting at the EGM.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular for despatch to the Shareholders. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as practicable but in any event by 10:00 a.m. (Hong Kong time) on Wednesday, 31 May 2023 or not later than 48 hours before the time appointed 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 adjournment thereof should you so wish and in such event, the form of proxy previously submitted shall be deemed to be revoked.

(IX) CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 29 May 2023 to Friday, 2 June 2023 (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 Thursday, 25 May 2023.

(X) FURTHER INFORMATION

Your attention is 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



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)

10 May 2023

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular dated 10 May 2023 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 (i) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement; and (ii) the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps), details of which are set out in the Circular.

Vinco Financial has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement; and (ii) the 2023 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 6 to 21 of the Circular which contains, among others, information on the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement, the 2023 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 24 to 37 of the Circular which contains its advice in respect of the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement, the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps).

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account (i) the past co-operation 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 of the same period; (iii) the internal control measures implemented by the Group; and (iv) the advice of the Independent Financial Adviser as set out in its letter of advice on pages 24 to 37 of the Circular, we concur with the view of the Independent Financial Adviser and consider that (i) 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 2020 Framework Purchase Agreement and the 2023 Framework Purchase Agreement are entered in the ordinary and usual course of business of the Group and on normal commercial terms; (iii) the 2020 Framework Purchase Agreement, the 2023 Framework Purchase Agreement and the respective Continuing Connected Transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iv) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement and the Annual Caps for the 2023 Framework Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend you to vote in favour of the ordinary resolutions to be proposed at the EGM in relation to the (i) Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement; and (ii) 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps).

Yours faithfully

The Independent Board Committee

CHEN Sun-Te

Independent non-executive Director

CHEN Johnny

Independent non-executive Director

FAN Ren-Da, Anthony

Independent non-executive Director

LO Peter

Independent non-executive Director

LETTER FROM VINCO FINANCIAL

The following is the text of a letter of advice from Vinco Financial to the Independent Board Committee and the Independent Shareholders in connection with (i) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement and (ii) the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps), which has been prepared for the purpose of incorporation in this circular:



10 May 2023

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS — (1) REVISION OF THE EXISTING 2023 ANNUAL CAP FOR THE 2020 FRAMEWORK PURCHASE AGREEMENT; AND (2) THE 2023 FRAMEWORK PURCHASE AGREEMENT

A. INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement, and (ii) the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps), details of which are set out in the “Letter from the Board” of the circular (the “**Circular**”) issued by the Company to the Shareholders dated 10 May 2023 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 8 March 2023 in relation to, among other things, the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement, the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps).

Implications under 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 2023 Framework Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM VINCO FINANCIAL

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 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 Cap is more than 5%, the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps) are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

An EGM will be convened to be held to consider and, if thought fit, approve (i) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement; and (ii) the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the 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 (“**Interested Shareholders**”) are required to abstain from voting at the EGM to approve the relevant resolutions in respect of the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement, the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps). As at the Latest Practicable Date, the Interested Shareholders held an aggregate of 3,126,291,983 Shares, representing approximately 72.38% of the issued share capital of the Company. To the best knowledge, belief and information of the Directors, save for the Interested Shareholders, no other Shareholder is required to abstain from voting at the EGM.

Independent Board Committee

The Independent Board Committee comprising Mr. Chen Sun-Te, Mr. Chen Johnny, Dr. Fan Ren-Da, Anthony and Mr. Lo Peter, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of (i) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement; and (ii) the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps). We have been appointed and approved by the Independent Board Committee, as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement; and (ii) the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps). In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Hong Kong Listing Rules, our role is to give you an independent opinion as to whether the Proposed 2023 Annual Cap

LETTER FROM VINCO FINANCIAL

for the 2020 Framework Purchase Agreement, the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps) are in the ordinary and usual course of business of the Group on normal commercial terms, and in the interests of the Company and Independent Shareholders as a whole and whether the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement, the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned.

Our Independence

As at the Latest Practicable Date, we were not connected with the Directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. We were not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independence Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of (i) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement; (ii) the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps). We are eligible to give independent advice and recommendations on (i) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement; and (ii) the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps). Apart from the normal professional fees payable to us in connection with the present appointment as the Independence Financial Adviser to the Independent Board Committee and the 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. During the past two years, there was no engagement between the Group and us. Also, we are not aware of the existence of or change in any circumstances that could affect our independence. Accordingly, we consider that we are eligible to give independent advice on (i) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement; (ii) the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps).

B. BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts, the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading.

LETTER FROM VINCO FINANCIAL

We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

We also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed. 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 collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, 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 particularly, (i) the annual report of the Company for the year ended 31 December 2021; (ii) the interim report of the Company for the six months ended 30 June 2022; (iii) the annual report of the Company for the year ended 31 December 2022 (the “**Annual Report 2022**”); (iv) the 2023 Framework Purchase Agreement; (v) the 2020 Framework Purchase Agreement; (vi) the 2020 Announcement and the 2020 Circular; (vii) the announcement of the Company dated 8 March 2023; (viii) the historical transactions between the Group and UPE Group under the 2020 Framework Purchase Agreement; and (ix) historical transactions between the Group and the independent third parties and their samples of transaction documents. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to (i) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement; and (ii) the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and 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 (i) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement; and (ii) the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps) and, except for its inclusion in the Circular, 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.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee and Independent Shareholders in respect of (i) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement; and (ii) the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps), we have taken into account the principal factors and reasons set out below:

1. Background of the parties involved

(i) Information of 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.

(ii) Information of 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.

2. Reasons for and benefits of the Proposed 2023 Annual Cap and entering into the 2023 Framework Purchase Agreement

As disclosed in the Letter from the Board, taking into account the increase in the price of raw materials and expected business growth of the Group, 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.

We also note that 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 cooperation 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 Group's business.

In view of the 2020 Framework Purchase Agreement will expire on 31 December 2023, the Company has entered the 2023 Framework Purchase Agreement in order to renew the above mentioned framework agreement for a term of three years with effect from 1 January 2024 to 31 December 2026 (both days inclusive).

LETTER FROM VINCO FINANCIAL

As disclosed in the Letter from the Board, the Directors believe that the securing of a long-term partnership 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. Having a long term and steady relationship with the suppliers is important to the Group as it enables stability in the supply to the Group which in turn avoids any unnecessary disruption to the Group's business and guarantees a smooth operation of the Group. As such, we are of the view that the Group can maintain long term business relationship with UPE Group by entering into the 2023 Framework Purchase Agreement.

Having considered the above, and particularly, (a) 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; (b) the entering into the 2023 Framework Purchase Agreement will (i) maintain the Group's long term business relationship with UPE Group and enable the stability in the supply to the Group which in turn ensures a smooth operation of the Group's distribution business and (ii) bring sustainable and stable contribution to the Group's revenue and profitability in the long run, we are of the view that the entering into the 2023 Framework Purchase Agreement, together with the adoption of the Proposed 2023 Annual Cap, is conducted in the ordinary and usual course of the Group's business and is in the interests of both the Company and the Shareholders as a whole.

3. 2020 Framework Purchase Agreement and 2023 Framework Purchase Agreement

Principal terms of the 2020 Framework Purchase Agreement

Reference is made to the 2020 Announcement and the 2020 Circular in relation to the 2020 Framework Purchase Agreement entered into between the Company and UPE. As confirmed by the management of the Group, the transactions contemplated under the 2020 Framework Purchase Agreement will be conducted in line with the pricing method and procedures adopted by the Group in conducting the transactions under the current practice as agreed in the 2020 Framework Purchase Agreement. Except for the annual cap, all other terms of the 2020 Framework Purchase Agreement remain unchanged. The principal terms of the 2020 Framework Purchase Agreement have been set out in the paragraph headed "REVISION OF THE EXISTING 2023 ANNUAL CAP IN RESPECT OF THE 2020 FRAMEWORK PURCHASE AGREEMENT" in the "Letter from the Board" of the Circular.

We have reviewed the 2020 Framework Purchase Agreement and found the terms remain unchanged. As the terms have been reviewed by the independent financial adviser in the 2020 Circular in relation to the 2020 Framework Purchase Agreement, we are of the view that the terms for continuing connected transactions

LETTER FROM VINCO FINANCIAL

contemplated under the 2020 Framework Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

To access the fairness and reasonableness of the 2023 Framework Purchase Agreement, we have considered the following:

Principal terms of the 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 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 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.

LETTER FROM VINCO FINANCIAL

- 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 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 are disclosed in the section headed “(III) 2023 FRAMEWORK PURCHASE AGREEMENT — Internal control measures — 2023 Framework Purchase Agreement” in the Circular.
- 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.

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Regarding the pricing policy on purchase of products from UPE Group, we have reviewed other continuing connected transactions in relation to purchases made by other listed companies from their connected persons and noted that their pricing policies were similar to the above under the 2023 Framework Purchase Agreement, it is not uncommon that listed companies on the Stock Exchange will obtain quotations from at least two independent suppliers to assess whether the purchase of similar products from the connected person is on normal commercial terms. Also, the Group has adopted the above pricing policy in the past and we have also reviewed the lists of transactions conducted pursuant to the 2020 Framework Purchase Agreement covering the period from 1 January 2021 to 28 February 2023 and selected samples of contracts for the purchase of the products. We have randomly selected three transactions of each type of products including certain raw materials, packaging materials and finished goods from companies which its purchased amount from UPE Group for each of the two years ended 31 December 2022 and two months ended 28 February 2023, respectively and the selection is considered to be sufficient for sampling use of understanding whether the terms of the purchase transactions conducted by the Company with UPE Group are fair and reasonable. As confirmed with the management of the Group that the Company would determine the prices and terms of the purchase transactions as contemplated under the 2023 Framework Purchase Agreement 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, conduct a search on the market price of similar products sold by other independent third parties and consider these references in relation to the unit price for similar products in the market. We noted that such prices and terms shall in any event be no less favourable to the Group than those offered by independent third party suppliers to the Group in comparable transactions of the same period. We have also reviewed the agreements with terms offered by two independent suppliers that the price of the products offered by UPE Group was no less favourable than those offered by other independent suppliers. As such, we are of the view that such arrangement is fair and reasonable, is on normal commercial terms and is in the interests of the Company and Shareholders as a whole.

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4. The Proposed 2023 Annual Cap and the Annual Caps

4.1 Existing annual caps and historical variances

The following table summarises (i) the historical amounts of purchases from UPE Group pursuant to the 2020 Framework Purchase Agreement; and (ii) the corresponding annual caps approved, for each of the two years ended 31 December 2022 respectively.

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

As shown in the above table, the utilisation rates of historical annual caps were almost fully-utilised at approximately 86.36% and 97.59% for the two years ended 31 December 2022 respectively. The existing annual caps for the purchase transactions in respect of the 2020 Framework Purchase Agreement were not exceeded. For our further analysis in relation to the proposed revision of the Existing 2023 Annual Cap and the Annual Caps, please refer to the paragraph headed “4.2 The Proposed 2023 Annual Cap and the Annual Caps” below.

4.2 The Proposed 2023 Annual Cap and the Annual Caps

The following table sets out the Proposed 2023 Annual Cap and the Annual Caps.

	For the year ended 31 December			
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Existing annual caps for purchase transactions	5,350,000	—	—	—
Proposed 2023 Annual Cap	7,200,000	—	—	—
Annual Caps	—	8,200,000	9,400,000	10,700,000

In determining the Proposed 2023 Annual Cap, the management of the Company has taken into consideration: (i) the historical figures of the purchases by the Group from UPE Group; (ii) the estimated future demand of the Group having regard to the estimated market demand and the business development of the Group; and (iii) 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).

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In determining the Annual Caps, the management of the Company has taken into consideration: (i) the historical figures of the purchases made by the Group from UPE Group; (ii) 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 its business operation; and (iii) 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). 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.

Taking into account 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.

In assessing the fairness and reasonableness of the Proposed 2023 Annual Cap and the Annual Caps, we have discussed with the management of the Group regarding the above factors for determining the Proposed 2023 Annual Cap and the Annual Caps:

- (i) the utilisation rate was approximately 86.36% in 2021 and 97.59% in 2022;
- (ii) the estimated purchase transactions in 2023 are expected to be increased by approximately 27% after taking into account (a) the average increase in actual values for purchase transactions of 12.1% from 2020 to 2022. We note that the increase in actual values for purchase transactions of approximately was 20.9% in 2021 and 15.5% in 2022 while the transactions in 2020 was similar to that in 2019. Based on this estimation, the estimated transactions will exceed existing annual cap for purchase transactions in 2023; (b) increase in cost of raw materials as stated in point (vi) below; (c) expected future demand as state in point (v) below; and (d) inflation rate in 2022;
- (iii) according to the Annual Report 2021, the total revenue increased from approximately RMB22.8 billion in 2020 to RMB25.2 billion in 2021, representing an increase of approximately 10.8%. According to the Annual Report 2022, the total revenue was approximately RMB28.3 billion in 2022, representing an increase of approximately 12.0% as compared to 2021;

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- (iv) as confirmed by management of the Group, there are new products to be introduced every year which will result in a higher demand for raw materials, packaging materials and finished goods from UPE Group;
- (v) according to a research in relation to the beverage industry in China in 2022–2023 published by iiMedia Research (2022–2023年全球及中國飲料市場發展趨勢及消費行為資料監測報) (<https://www.163.com/dy/article/HJKTS88J0511A1Q1.html>), the market scale in beverage industry has increased from approximately RMB1,000.0 billion in 2021 to RMB1,247.8 billion in 2022. Although there was a slightly drop in total retail sales in beverage industry from approximately RMB40.8 trillion in 2019 to approximately RMB39.2 trillion in 2020, which was mainly due to the COVID-19 pandemic, it has been increasing from RMB20.6 trillion in 2014 to approximately RMB40.8 trillion in 2019 and further increase to RMB44.1 trillion in 2021, representing a CAGR of approximately 7.38%. It is expected to the demand for beverage will increase in foreseeable future in 2023 to 2026;
- (vi) the cost of raw materials has been increasing since 2021. The average increase in cost of raw materials was approximately 11.7% in 2021 and 11.5% in 2022;
- (vii) according to the consolidated yearly data for 2013 to 2021 on Trading Economics (<https://tradingeconomics.com/china/wages-in-manufacturing>) which was sourced from each of China Statistical Yearbook (中國統計年鑒) (<http://www.stats.gov.cn/sj/ndsj/>) as published in 2014 to 2022, the average yearly wages in manufacturing in China has an increasing trend since 2014. It increased approximately RMB51,369 in 2014 to RMB92,459 in 2021, representing a CAGR of approximately 8.0%. It is expected that the labour cost in China will continue to rise in 2023 to 2026;
- (viii) the inflation rate was approximately 2.50% in 2020, 3.13% in 2021 and 3.00% in 2022; and
- (ix) the estimated purchase transactions for 2024 to 2026 are expected to be increased by approximately 14% after taking into account (a) the average increase in actual values for purchase transactions of 12.1% from 2020 to 2022 as state in point (i), (b) growth in the market, and (c) inflation rate in 2022.

Based on the factors and reasons discussed above, we are of the view that the Proposed 2023 Annual Cap and Annual Caps were set by the Company after due and careful consideration and are fair and reasonable so far as the Shareholders are concerned and in the interests of both the Company and the Shareholders as whole.

5. Internal control measures

In determining whether the price and/or payment terms offered by UPE Group are reasonable or no less favourable to the Group than those offered by the independent third parties under the 2023 Framework Purchase 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 quality, cost control, pricing and commercial perspectives by a designated team, which is comprised of representatives from the food safety department, research and development department, sales department, finance department and internal audit department of the Group, and compared against the quotation from UPE Group. The designated team 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 purchased 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 independent third parties, the Group, by means of internal review by the internal audit department of the Group, will assess semi-annually, whether the products have been purchased in accordance with the terms of the 2023 Framework Purchase Agreement. Furthermore, in the event that there is any new product being introduced by the Group during the relevant year, internal review on the procurement of raw materials, packaging materials and/or finished goods in connection to such new product will be conducted in addition to the aforesaid semi-annual review, so as to ensure the relevant procurement is conducted pursuant to the terms of the 2023 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 have to adhere strictly to their respective pricing policies as disclosed in this circular, we 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

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transactions be conducted under normal commercial terms and are not prejudicial to the interest of the Company and its minority Shareholders and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

D. RECOMMENDATION

Having considered the above reasons, we are of the view that (i) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement; and (ii) the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps) are entered in the ordinary and usual course of business of the Group and on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise and recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM approving (i) the Proposed 2023 Annual Cap for the 2020 Framework Purchase Agreement; and (ii) the 2023 Framework Purchase Agreement and the Continuing Connected Transactions contemplated thereunder (and the Annual Caps).

Yours faithfully,
For and on behalf of
Vinco Financial 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 Financial 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

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were 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 were 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**”) were as follows:

Long positions in the shares of associated corporation

Name of associated corporation	Name of Director	Number of shares			Corporate interest	Total	Percentage of shareholding as at the Latest Practicable Date (approximate)
		Personal interest	Interest of child under 18 years old or spouse				
UPE	Lo Chih-Hsien	4,059,095	93,402,447	—	97,461,542	1.72%	

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were 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 were 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.

(B) Substantial shareholders' or others' interests

As at the Latest Practicable Date, so far as was known to any Director, the following parties (other than the Directors and chief executive of the Company) had interests or short positions in the Shares, underlying Shares or debenture of the Company which were required 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, 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	Percentage of shareholding as at the Latest Practicable Date (<i>approximate</i>)
UPE (<i>Note 2</i>)	Interest of controlled corporations	3,126,291,983 (<i>Note 1</i>)	72.38%
Cayman President	Beneficial owner	3,044,508,000	70.49%

Notes:

1. Out of 3,126,291,983 Shares, 3,044,508,000 Shares were held by Cayman President, which is a direct wholly-owned subsidiary of UPE, 22,495,983 Shares were held by President (BVI), which is indirectly owned by UPE as to 69.37% and 59,288,000 Shares were held by Kai Yu (BVI), which is indirectly wholly-owned by UPE. Accordingly, UPE was deemed to be interested in all the Shares respectively held by Cayman President, President (BVI) and Kai Yu (BVI) by virtue of the SFO.
2. As at the Latest Practicable Date, Mr. Lo Chih-Hsien, an executive Director and the chairman of the Company, held an insignificant shareholding interest of approximately 1.72% in UPE and he was also a director of UPE; Mr. Chen Kuo-Hui, a non-executive Director, was the chief financial officer of UPE and a director of certain UPE Group companies; and Mr. Su Tsung-Ming, a non-executive Director, was a director/president of certain UPE Group companies.

3. COMPETING INTERESTS

As at the Latest Practicable Date, so far as was known to the Directors 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 and their respective close associates were controlling shareholders of the Company.

4. MATERIAL ADVERSE CHANGE

Save as disclosed above and 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 2022, being the date to which the latest published audited accounts of the Group were made up.

5. DIRECTORS' 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. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, so far as was known to the Directors:

- (a) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group; and
- (b) none of the Directors had any direct or indirect interest in any asset which, since 31 December 2022 (being 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:

Name	Qualification
Vinco Financial	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 Financial 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 Financial did not have any interest, direct or indirect, in any assets which had been, since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up), 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.

Vinco Financial 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 ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.uni-president.com.cn for 14 days from the date of this circular:

- (a) the 2020 Framework Purchase Agreement;
- (b) the 2023 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 Vinco Financial, the text of which is set out in this circular; and
- (e) the written consent referred to in paragraph headed "7. QUALIFICATION AND CONSENT OF EXPERT" of this appendix.

9. MISCELLANEOUS

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

NOTICE OF EGM



UNI-PRESIDENT CHINA HOLDINGS LTD. 統一企業中國控股有限公司

(a company incorporated in the Cayman Islands with limited liability)

(Stock Code: 220)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**Meeting**”) of Uni-President China Holdings Ltd. (“**Company**”) will be held at 10:00 a.m. (Hong Kong time) on Friday, 2 June 2023 (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 United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:

1. “**THAT:**

- (a) the proposed revised estimated maximum aggregate annual transaction value in respect of the continuing connected transactions contemplated under the framework purchase agreement dated 25 March 2020 entered into between the Company and 統一企業股份有限公司 (Uni-President Enterprises Corporation*) (“**2020 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) for the year ending 31 December 2023 as set out in the circular to the shareholders of the Company dated 10 May 2023 (“**Circular**”) be and is hereby approved; 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/she/they may, in his/her/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 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 ending 31 December 2023.”

NOTICE OF EGM

2. “THAT:

- (a) the framework purchase agreement dated 8 March 2023 entered into between the Company and 統一企業股份有限公司 (Uni-President Enterprises Corporation*) (“**2023 Framework Purchase Agreement**”) (a copy of which has been produced to the meeting marked “B” and signed by the chairman of the Meeting for the purpose of identification) and the continuing connected transactions contemplated thereunder be and are hereby approved, ratified and confirmed and the proposed estimated maximum aggregate annual transaction values in respect of the continuing connected transactions contemplated under the 2023 Framework Purchase Agreement for the three years ending 31 December 2024, 31 December 2025 and 31 December 2026 as set out in the Circular be and are hereby approved; 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/she/they may, in his/her/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 2023 Framework Purchase Agreement and the continuing connected transactions contemplated thereunder.”

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

10 May 2023

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 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 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.

NOTICE OF EGM

3. In order to be valid, the form of 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 branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, 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 10:00 a.m. (Hong Kong time) on Wednesday, 31 May 2023 or not later than 48 hours before the time fixed for holding the adjourned meeting (if any). 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.
4. In order to determine the right to attend the Meeting, the register of members of the Company will be closed from Monday, 29 May 2023 to Friday, 2 June 2023 (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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 25 May 2023.
5. The resolutions will be voted by way of poll as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As at the date of this notice, 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.