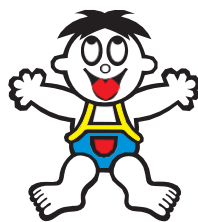


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## **WANT WANT CHINA HOLDINGS LIMITED**

## **中國旺旺控股有限公司**

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

### **CONTINUING CONNECTED TRANSACTIONS**

### **FRAMEWORK AGREEMENT WITH SAN WANT REGARDING “WATER GOD (水神)” ANTISEPTIC AND SANITIZING PRODUCTS**

#### **THE FRAMEWORK AGREEMENT**

On 3 April 2020, the Company and San Want entered into a Framework Agreement, pursuant to which (i) the Group agreed to provide processing services and packaging materials to San Want Group in respect of certain Products (being “Water God (水神)” branded antiseptic liquids), and (ii) San Want Group agreed to sell, and the Group agreed to purchase, the Products from San Want Group for onward sale and distribution during the term of the Framework Agreement.

#### **LISTING RULES IMPLICATIONS**

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

As all applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Processing Services Transaction and the Product Purchase Transaction, on an aggregated basis, contemplated under the Framework Agreement are more than 0.1% but less than 5%, the Framework Agreement is subject to reporting and announcement requirements and is exempted from independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

## THE FRAMEWORK AGREEMENT

The Board is pleased to announce that on 3 April 2020, the Company and San Want entered into a Framework Agreement, pursuant to which (i) the Group agreed to provide processing services and packaging materials to San Want Group in respect of certain Products (being “Water God (水神)” branded antiseptic liquids), and (ii) San Want Group agreed to sell, and the Group agreed to purchase, the Products from San Want Group for onward sale and distribution during the term of the Framework Agreement. The principal terms of the Framework Agreement are set out below.

**Date of agreement** : 3 April 2020

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

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

**Term** : 1 April 2020 to 31 March 2021

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

**Nature of the transactions contemplated under the Framework Agreement** : (1) **Provision of processing services and packaging materials (the “Processing Services Transaction”)**

San Want Group shall provide raw materials to the Group for manufacturing certain Products (being “Water God (水神)” branded antiseptic liquids). The Group shall then, upon receiving such raw materials, process and manufacture such Products in accordance with the specifications and requirements provided by San Want Group. The Group shall also provide and sell certain packaging materials (e.g. paper carton box, plastic preform, tapes, etc.) relating to such Products to San Want Group.

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

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

**Pricing Terms** : (1) **The Processing Services Transaction**

The Group shall charge San Want Group the processing

fees on a cost-plus basis, which will be determined based on the direct processing costs incurred by the Group (including, among others, labour costs and variable production costs), in addition to a profit margin of 5% of the direct production costs incurred (including, among others, raw materials costs, packaging material costs, labour costs and variable production costs), inclusive of value-added tax. The Group shall also charge for the packaging materials (e.g. paper carton box, plastic preform, tapes, etc.) on an actual purchase cost basis.

**(2) The Product Purchase Transaction**

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

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

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

The pricing terms of the transactions contemplated under the Framework Agreement were negotiated on an arm's length basis, and determined in the ordinary course of business on normal commercial terms or better, and are no less favourable to the Group than those available with independent third parties.

**Payment Terms** : Subsidiaries of San Want shall pay for the processing fees and

the packaging material under the Processing Services Transaction within 30 days after receipt of the invoices.

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

## **PROPOSED ANNUAL CAPS**

### **(1) The Processing Services Transaction**

The proposed annual cap in respect of the Processing Services Transaction contemplated under the Framework Agreement for the period from 1 April 2020 to 31 March 2021 is RMB10,700,000. The annual cap was determined after taking into account the unit processing fees and the related packaging material cost, as well as the expected amount of certain Products (being “Water God (水神)” branded antiseptic liquids) to be processed during the term.

### **(2) The Product Purchase Transaction**

The proposed annual cap in respect of the Product Purchase Transaction contemplated under the Framework Agreement for the period from 1 April 2020 to 31 March 2021 is RMB65,300,000. The annual cap was determined after taking into account the purchase price of the Products and the expected purchase quantities of the Products to be onward sold and distributed through the Group’s distribution channels during the term.

## **HISTORICAL TRANSACTION AMOUNTS**

Prior to the Framework Agreement, the Group did not provide any related processing services and packaging materials to San Want Group. During each of the three years ended 31 March 2018, 2019 and 2020, the historical transaction amount for the purchase of Products and related manufacturing equipment from San Want Group based on the Group’s management accounts was approximately RMB1,494,000, RMB3,807,000 and RMB14,251,000, respectively. All of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the previous transactions were less than 0.1% at the relevant time.

## **REASONS AND BENEFITS OF THE FRAMEWORK AGREEMENT**

Against the backdrop of the increasing awareness of personal hygiene, which is also an important sentiment in light of the outbreak of Covid-19, the Company has seen a rapidly increasing market demand for cleaning and sanitizing products. The Company believes that the “Water God (水神)” branded antiseptic and sanitizing products would be able to serve such consumer needs for cleaning and sanitizing products.

By entering into the Framework Agreement, the Company also believes that it is able to leverage on the Group’s existing production capacities as well as sales and distribution capabilities, so as to achieve a more efficient and effective usage of the Group’s resources, and will provide the Group with a new source of revenue.



“Company”	Want Want China Holdings Limited, a company incorporated as an exempted company with limited liability under the laws of the Cayman Islands, whose shares are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Covid-19”	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus
“Director(s)”	the director(s) of the Company
“Framework Agreement”	the framework agreement dated 3 April 2020 between the Company and San Want in respect of the provision of processing services and packaging materials from the Group to San Want Group in respect of certain Products (being “Water God (水神)” branded antiseptic liquids), and the purchase of the Products by the Group from San Want Group
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tsai”	Mr. Tsai Eng-Meng, the chairman, chief executive officer, an executive Director and the ultimate controlling shareholder of the Company
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“Products”	“Water God (水神)” branded antiseptic and sanitizing products, mainly including antiseptic liquids, wipes, feminine hygiene wash, antiseptic sprays, mouthwash and other consumables
“PRC”	the People’s Republic of China
“RMB”	Renminbi yuan, the lawful currency of the PRC
“San Want”	San Want Holdings Limited, a company incorporated in Barbados with limited liability
“San Want Group”	San Want and its subsidiaries
“Shareholder(s)”	shareholders of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

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

Hong Kong, 3 April 2020

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