TINGYI (CAYMAN ISLANDS) HOLDING CORP.

頂益（開曼島）控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Connected Transaction

On 1st March 2001 an Agreement was entered into between Hangzhou Tingjin, a wholly owned subsidiary of the Company, and Comely whereby Hangzhou Tingjin has agreed to engage Comely to manufacture non-carbonated beverages for Hangzhou Tingjin on an OEM basis for the period from 16th March 2001 to 31st December 2003.

The terms of the Agreement are the same as the former agreement entered into on 14th April 1999 between Hangzhou Tingjin and Comely, details of which were announced on 22nd April 1999.

Mr Wei Yin-Heng, being 100 per cent. ultimate shareholder of Comely, is a brother of Messrs Wei Ing-Chou and Wei Ying-Chiao, the two executive directors of the Company. In addition, Messrs Wei Ing-Chou, Wei Ying-Chiao and Wei Yin-Heng are the controlling shareholders of Ho Te Investments Limited which is indirectly holding approximately 33.1889% interest in the Company.

Pursuant to the Listing Rules, the transactions under the Agreement constitute connected transactions of the Company. However, the maximum considerations payable under the agreement are less than 3% of the Group's net tangible assets. Accordingly, the transactions do not require independent shareholders' approval. The Company will include details of the transactions in the next published annual report and accounts of the Company for each of the relevant financial year in accordance with Paragraph 14.25 of the Listing Rules.

Subcontracting agreement (the "Agreement") made on 1st March 2001:

Parties:

Hangzhou Tingjin Food Co., Ltd. ("Hangzhou Tingjin") is a wholly owned subsidiary of Tingyi (Cayman Islands) Holding Corp. (the "Company").

Comely International Food (Hangzhou) Co., Ltd. ("Comely") is a limited company incorporated in the People's Republic of China ("PRC") in 1994 which solely engages in the manufacture and sales of beverages in the PRC on behalf of the Company and its subsidiaries (the "Group").

Terms:

1. Comely will manufacture non-carbonated beverages for Hangzhou Tingjin on an original equipment manufacturing basis ("OEM basis") for the period from 16th March 2001 to 31st December 2003.
2. The renewal of the Agreement upon expiring on 31st December 2003 is at the Company's option. The Company will consider the renewal if the seasonal market demand of the beverages cannot be satisfied by the available production capacity of the Group.
3. The beverages will be for PRC domestic consumption only.
4. Comely will charge Hangzhou Tingjin sub-contracting fees at a pre-determined fee per case of beverage based on the actual production volume under the terms of the Agreement and the sub-contracting fees will be settled monthly in cash based on actual quantity of beverages produced.
5. The yearly maximum amount of the sub-contracting fees will be Rmb80,000,000 (approximately HK$73,394,000 at the exchange rate of HK$1: Rmb1.09) during the period from 16th March 2001 to 31st December 2003 based on the maximum production capacity of Comely's equipment.
6. Raw materials and formulae for the manufacturing of the beverages will be wholly supplied by the Group.

The sub-contracting fee was negotiated on an arm's length basis and on normal commercial terms after considering quotations of other similar sub-contractors. The sub-contracting fee per case of beverage is lower than those offered by other similar sub-contractors. In addition, Hangzhou Tingjin will not be required to pay warehouse rental fee to Comely for the period in view of good relationship and no sub-contractors located in Hangzhou have similar production facilities. Accordingly, the Group decided to continue to engage Comely for the sub-contracting work.

Rationale for the transactions:

The Group is principally engaged in the manufacture, distribution and sales of instant noodles, bakery and beverages in the PRC.

The terms of the Agreement between Hangzhou Tingjin and Comely are the same as the former agreement entered into on 14th April 1999 between Hangzhou Tingjin and Comely announced on 22nd April 1999. The former agreement expired on 31st December 2000. The Group has decided to continue to engage Comely for the sub-contracting work mainly because:

a. The Group's existing production capacity including the manufacture of drinks will not be able to meet all of the demand for the Group's beverage products.

b. The Group can accelerate the process to further increase the Group's share in the PRC beverage market and to ensure that the Group's beverage products can adequately satisfy the upcoming high season for beverage consumption, which is the summer period.

c. The Directors of the Company believe that no other sub-contracting factories in Hangzhou, the PRC with similar production capacity and experience are more qualified than Comely to provide similar sub-contracting services and production facilities.

d. The Group is the sole customer of Comely which has agreed not to produce products similar to those produced by the Group for competitors of the Group. In addition, Comely does not have any other businesses besides the sub-contracting work services it provides to the Group.

Directors' interests in the transactions:

Mr Wei Yin-Heng, being 100 per cent. ultimate shareholder of Comely, is a brother of Messrs Wei Ing-Chou and Wei Ying-Chiao, the two executive directors of the Company. In addition, Messrs Wei Ing-Chou, Wei Ying-Chiao and Wei Yin-Heng are the controlling shareholders of Ho Te Investments Limited which is indirectly holding approximately 33.1889% interest in the Company.

The Directors of the Company (including the independent non-executive directors) consider that the terms of the Agreement are fair, reasonable and based on normal commercial terms so far as the Company's independent shareholders as a whole are concerned. In view of the current operations of the Group, the Directors of the Company expect that the Company will renew the Agreement when it expires on 31st December 2003. Further announcement will be made if the Agreement is renewed.

Pursuant to the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the "Listing Rules"), the transactions under the Agreement constitute connected transactions of the Company. However, the maximum considerations payable under the Agreement are less that 3% of the Group's net tangible assets. Accordingly, the transactions do not require independent shareholders' approval. The Company will include details of the transactions in the next published annual report and accounts of the Company for each of the relevant finanical year in accordance with Paragraph 14.25 of the Listing Rules.

By Order of the Board
Ip Pui-Sum **Lin Yuan-Kun**
Company Secretaries

Tianjin, the PRC, 14th March 2001