



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 Transactions

In accordance with the agreement entered into between Hangzhou Tingjin, a wholly owned subsidiary of the Company, and Comely on 1st March, 2001, Hangzhou Tingjin will continue to pay sub-contracting fees to Comely during the period from 1st January 2002 to 31st December 2002 for the manufacture of non-carbonated beverages by Comely for Hangzhou Tingjin.

In accordance with the service agreements dated 15th February 2001 entered into between Sanyo and each of the five wholly owned subsidiaries of the Company, that is, Tianjin Tingyi, Guangzhou Tingyi, Hangzhou Tingyi, Chongqing Tingyi and Shenyang Tingyi, the Group will continue to pay training fees to Sanyo during the period from 1st January 2002 to 31st December 2002 for the training provided by Sanyo to the above subsidiaries on the instant noodle production skills, techniques and quality management.

In accordance with a service agreement entered into between Tianjin Tingyu Consulting, a wholly owned subsidiary of the Company, and Sanyo on 30th October 2001, Tianjin Tingyu Consulting will continue to pay consultancy fees to Sanyo during the period from 1st January 2002 to 31st December 2002 for consultancy services provided by Sanyo on business management and financial management of the Group.

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.

Sanyo is one of the substantial shareholders of the Company. Sanyo currently holds about 33.1889% interest in the Company.

Pursuant to Rule 14.23 of the Listing Rules, the transactions under the above agreements constitute connected transactions of the Company. At the same time, the total considerations paid during the period from 1st January 2002 to 31st March 2002 have been larger than 0.03% but less than 3% of the Group's audited net tangible assets as at 31st December 2000 as adjusted by the unaudited quarter profit of the Group for the nine months ended 30th September 2001. Accordingly, the Company is required to make further press announcement in accordance with Rule 14.25(1) of the Listing Rules. However, the transactions do not require independent shareholders' approval as the aggregate considerations for the financial year ending 31st December 2002 will not exceed 3% of the Group's Adjusted Net Tangible Assets. The Company will include details of the transactions in the next published annual reports and accounts of the Company in accordance with Rule 14.25(1) of the Listing Rules.

Reference is made to the announcements dated 19th February 2001, 14th March 2001 and 30th October 2001 of Tingyi (Cayman Islands) Holding Corp. (the "Company").

Manufacture of non-carbonated beverages

In accordance with the agreement entered into between Hangzhou Tingjin Food Co., Ltd. ("Hangzhou Tingjin"), a wholly owned subsidiary of the Company, and Comely International Food (Hangzhou) Co., Ltd. ("Comely") on 1st March 2001, Comely will manufacture non-carbonated beverages for Hangzhou Tingjin on an original equipment manufacturing basis for the period from 16th March 2001 to 31st December 2003.

The sub-contracting fees are at a pre-determined fee per case of beverage based on the actual production volume and the sub-contracting fees will be settled monthly in cash based on actual quantity of beverages produced. The yearly maximum amount of the sub-contracting fees will be Rmb80,000,000 (approximately HK\$75,471,698 at the exchange rate of HK\$1: Rmb1.06) during the period from 16th March 2001 to 31st December 2003 based on the maximum production capacity of Comely's equipment. 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. The directors of the Company (including the independent non-executive directors) consider that the terms of the agreement are fair, reasonable and on normal commercial terms and are in the interests of the Company and the Company's independent shareholders as a whole.

Hangzhou Tingjin paid sub-contracting fees of Rmb8,672,275 (approximately HK\$8,181,392 at the exchange rate of HK\$1: Rmb1.06) and Rmb2,197,420 (approximately HK\$2,073,038 at the exchange rate of HK\$1: Rmb1.06) to Comely during year ended 31st December 2001 and the period from 1st January 2002 to 31st March 2002 respectively, representing 0.20% and 0.05% respectively of the audited net tangible assets of the Company and its subsidiaries (the "Group") as at 31st December 2000 as adjusted by the quarter profit of the Group for the nine months ended 30th September 2001 (the "Adjusted Net Tangible Assets").

Training

In accordance with the service agreements dated 15th February 2001 entered into between Sanyo Foods Co., Ltd. ("Sanyo") and each of the five wholly owned subsidiaries of the Company, that is, Tianjin Tingyi International Food Co., Ltd. ("Tianjin Tingyi"), Guangzhou Tingyi International Food Co., Ltd. ("Guangzhou Tingyi"), Hangzhou Tingyi International Food Co., Ltd. ("Hangzhou Tingyi"), Chongqing Tingyi International Food Co., Ltd. ("Chongqing Tingyi") and Shenyang Tingyi International Food Co., Ltd. ("Shenyang Tingyi"), Sanyo will provide training to the above subsidiaries on the instant noodle production skills, techniques and quality management during the period from 16th February 2001 to 31st December 2005.

The total training fees are fixed at Japanese Yen (¥)160,000,000 (approximately HK\$9,343,502 at the exchange rate of HK\$1:¥17.1242) based on estimated cost for salaries of the trainers and the compensation for the interruption of Sanyo's production during training. The directors of the Company (including the independent non-executive directors) consider that the terms of the agreement are fair, reasonable and on normal commercial terms and are in the interests of the Company and the Company's independent shareholders as a whole.

The training fees totalling ¥160,000,000 will be settled by 5 instalments in the first quarter of each calendar year. The Group paid training fees of ¥100,000,000 (approximately HK\$5,917,895 at the exchange rate of HK\$1:¥16.8979) and ¥15,000,000 (approximately HK\$875,953 at the exchange rate of HK\$1:¥17.1242) to Sanyo for the period ended 31st December 2001 and the year ending 31st December 2002 respectively, representing 0.14% and 0.02% respectively of the Group's Adjusted Net Tangible Assets. During the period from 2003 to 2005, the training fees payable in cash will be ¥15,000,000 each calendar year (approximately HK\$875,953 at the exchange rate of HK\$1: ¥17.1242).

Pursuant to Rule 14.04(5) of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (the "Listing Rules"), the connected transactions regarding training and consultancy services will be treated as one transaction of similar nature for the purpose of determining the classification of transactions.

Consultancy services

In accordance with a service agreement entered into between Tianjin Tingyu Consulting Co., Ltd. ("Tianjin Tingyu Consulting"), a wholly owned subsidiary of the Company, and Sanyo on 30th October 2001, Sanyo will send 2 to 5 consultants to Tianjin Tingyu Consulting and provide consultancy services on business management and financial management of the Group from 1st November 2001 to 31st December 2002. The actual number of consultants seconded to Tianjin Tingyu Consulting will be determined according to actual work requirement.

The consultancy fees are based on the actual salaries for consultants paid by Sanyo to respective consultants and the actual number of consultants seconded. The maximum amount of consultancy fees payable will be ¥36,000,000 for the period from 1st November 2001 to 31st December 2002 on the basis of 5 consultants seconded (approximately HK\$2,102,288 at exchange rates HK\$1: ¥17.1242). The consultancy fees were negotiated on an arm's length basis and on normal commercial terms after considering quotations of other similar consultancy firms. The directors of the Company (including the independent non-executive directors) consider that the terms of the agreement are fair, reasonable and on normal commercial terms and are in the interests of the Company and the Company's independent shareholders as a whole. Except for the consultancy fees, the accommodation and other related expenses incurred for those consultants seconded from Sanyo will be reimbursed by Tianjin Tingyu Consulting to the respective consultants. The Company estimated that the total maximum amount of the accommodation and other related expenses is US\$50,000 (approximately HK\$389,965 at the exchange rate of HK\$1: US\$0.1282).

The fees will be paid in cash in every two months from 1st November 2001. Tianjin Tingyu Consulting paid consultancy fees of ¥23,492,000 (approximately HK\$1,390,232 at the exchange rate of HK\$1:¥16.8979) and ¥7,083,000 (approximately HK\$413,625 at the exchange rate of HK\$1: ¥17.1242) to Sanyo during 2 months ended 31st December 2001 and the 3 months from 1st January 2002 to 31st March 2002 respectively, representing 0.03% and 0.01% respectively of the Group's Adjusted Net Tangible Assets.

Pursuant to Rule 14.04(5) of the Listing Rules, the connected transactions regarding training and consultancy services will be treated as one transaction of similar nature for the purpose of determining the classification of transactions.

The Group is principally engaged in the manufacture, distribution and sales of instant noodles, bakery and beverages in the People's Republic of China.

Directors' and Shareholders' interest 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.

Sanyo is one of the substantial shareholders of the Company. Sanyo currently holds about 33.1889% interest in the Company.

Pursuant to Rule 14.23 of the Listing Rules, the transactions under the above agreements constitute connected transactions of the Company. At the same time, the total considerations paid during the period from 1st January, 2002 to 31st March 2002 have been larger than 0.03% but less than 3% of the Group's Adjusted Net Tangible Assets. Accordingly, the Company is required to make further press announcement in accordance with Rule 14.25(1) of the Listing Rules. However, the transactions do not require independent shareholders' approval as the aggregate considerations for the financial year ending 31st December 2002 will not exceed 3% of the Group's Adjusted Net Tangible Assets. The Company will include details of the transactions in the next published annual reports and accounts of the Company in accordance with Rule 14.25(1) of the Listing Rules.

By Order of the Board
Ip Pui-Sum
Company Secretary

Tianjin, the PRC, 11th April 2002