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康師傅控股有限公司
TINGYI (CAYMAN ISLANDS) HOLDING CORP.
(incorporated in the Cayman Islands with limited liability)

Connected Transaction

On 19th December 2002, a service agreement was entered into between Tianjin Tingyu, a wholly owned subsidiary of the Company, and Sanyo whereby Sanyo has agreed to second Sanyo's consultants to Tianjin Tingyu and provide consulting services on business management and financial management of the Group from 1st January 2003 to 31st December 2003. The maximum amount of consultancy fees as set out in the agreement will be Japanese Yen ("¥") 28,728,000 (approximately US\$233,846 or HK\$1,813,636 at the exchange rates of US\$1:¥122.85 or HK\$1:¥15.84 respectively). Sanyo expects that around 2 to 5 consultants will be seconded to Tianjin during the period.

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

Pursuant to Chapter 14 of the Listing Rules, the transactions under the agreement constitute connected transactions of the Company. However, the total considerations payable under the agreement are larger than 0.03% but less than 3% of the Group's audited net tangible assets as at 31st December 2001 as adjusted by the unaudited profit of the Group for the nine months ended 30th September 2002. Accordingly, the transactions do not require independent shareholders' approval. 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 of the Listing Rules.

Service agreement (the "Agreement") made on 19th December 2002:

Parties:

Tianjin Tingyu Consulting Co., Ltd. ("Tianjin Tingyu") is a wholly owned subsidiary of Tingyi (Cayman Islands) Holding Corp. (the "Company").

Sanyo Foods Co., Ltd. ("Sanyo") is a limited company incorporated in Japan which became one of the substantial shareholders of the Company on 7th July 1999 and currently holding 33.1889% of Company's shares.

Terms:

1. Sanyo will send 2 to 5 consultants to Tianjin Tingyu from headquarters in Japan and provide consulting services on business management and financial management of the Company and its subsidiaries (the "Group") for the period from 1st January 2003 to 31st December 2003. The actual number of consultants seconded to Tianjin will be determined according to actual work requirement.
2. The maximum amount of consultancy fees payable, including salaries of the consultants, will be ¥28,728,000 for the period from 1st January 2003 to 31st December 2003 on the basis of 5 secondees (approximately US\$233,846 or HK\$1,813,636 at the exchange rates of US\$1:¥122.85 or HK\$1:¥15.84 respectively). In addition to the salaries of the consultants, the accommodation and other related expenses with total maximum amount of US\$50,000 (approximately HK\$389,965 at the exchange rates of HK\$1:US\$0.1282) incurred for those consultants seconded from Sanyo will be reimbursed by Tianjin Tingyu.
3. The consultants of Sanyo under the Agreement have an obligation to maintain the commercial information of the Group in confidential for one year from the expiry of the Agreement.
4. The consultants of Sanyo under the Agreement cannot be involved directly or indirectly in any businesses which are competing or are likely to be competitive with those of the Group during the period from 1st January 2003 to 31st December 2003.

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 fees will be paid in cash in every two months from 1st January 2003.

Rationale for the transaction:

The Group is principally engaged in the manufacturing, distribution and sales of instant noodles in the People's Republic of China (the "PRC").

As Sanyo has participated in the management of the Company, the holding company of Tianjin Tingyu, since 7th July 1999, Sanyo is familiar with the business operations of the Group. The Agreement will therefore enable Tianjin Tingyu to obtain better professional advices and supervision to improve business management and financial management of the Group. The terms of the Agreement between Tianjin Tingyu and Sanyo are the same as the former agreement entered into on 10th August 2000 and 30th October 2001 between Tianjin Tingyu and Sanyo announced on 11th August 2000 and 31st October 2001 respectively. The former agreement will expire on 31st December 2002. The Group has decided to continue to second Sanyo's consultants to Tianjin Tingyu because the Group believes that no other companies in the PRC with similar production and experience are more qualified than Sanyo to provide consulting services on business management and financial management of the Group.

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 Tianjin Tingyu will renew the Agreement when it expires on 31st December 2003. Further announcement will be made if the Agreement is to be renewed.

Pursuant to Chapter 14 of 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. The total considerations payable under the Agreement are larger than 0.03% but less than 3% of the Group's audited net tangible assets as at 31st December 2001 as adjusted by the unaudited profit of the Group for the nine months ended 30th September 2002. Accordingly, the transactions under the Agreement do not require independent shareholders' approval. The Company will include details of the transactions under the Agreement in the next published annual reports and accounts of the Company in accordance with Rule 14.25 of the Listing Rules.

By Order of the Board
Ip Pui-Sum
Company Secretary

Tianjin, the PRC, 19th December 2002