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**(Stock Code: 0322)**

## **CONTINUING CONNECTED TRANSACTIONS**

On 4 May 2016, TAB and Tingtong entered into the Logistics Agreement under which Tingtong and its subsidiaries will provide logistics services to TAB and its subsidiaries for a term of three financial years ending 31 December 2018.

TAB is an indirect non-wholly owned subsidiary of the Company which is held as to 52.5% by the Group, as to 30.4% by AIB and as to 17.1% by Ting Hsin. Ting Hsin is a substantial shareholder of the Company holding approximately 33.61% of the issued share capital of the Company as at the date of this announcement. Accordingly, TAB is a connected subsidiary of the Company for the purpose of the Listing Rules, and the provision of logistics services by Tingtong, an indirect non-wholly owned subsidiary of the Company to TAB under the Logistics Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the annual transaction amount under the Logistics Agreement is expected to be more than 0.1% but less than 5% of the applicable percentage ratios, the transactions contemplated under the Logistics Agreement are subject to the reporting and announcement requirements and exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

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### **THE LOGISTICS AGREEMENT**

**Date of the agreement:** 4 May 2016

**Parties:**

- (1) Tingtong, a company established in the Cayman Islands which is principally engaged in the business of provision of logistics services. Tingtong is indirectly held as to 50.01% by the Company and as to 49.99% by Itochu Corporation, a Japanese conglomerate which, because of its interest in Tingtong, is a subsidiary level connected person of the Company; and

(2) TAB, a company established in the Cayman Islands which is principally engaged in producing, marketing, distributing and selling of beverage products in the PRC. TAB is indirectly held as to 52.5% by the Company, as to 30.4% by AIB and as to 17.1% by Ting Hsin. Ting Hsin is a substantial shareholder of the Company holding approximately 33.61% of the issued share capital of the Company as at the date of this announcement. Accordingly, TAB is a connected subsidiary of the Company for the purpose of the Listing Rules.

### **Provision logistics services**

Under the terms of the Logistics Agreement, Tingtong and its subsidiaries will provide transportation, warehousing and loading and unloading services to TAB and its subsidiaries.

The service fees for the provision of the logistics services under the Logistics Agreement will be based on the prevailing market prices of the services provided by Tingtong to its other customers. Payment for the service fees under the Logistics Agreement will be on 30 days' credit term in line with the credit policy of Tingtong extended to its other customers.

The Logistics Agreement has a term of three financial years ending 31 December 2018, subject to the following annual caps:

<b>Period</b>	<b>Annual Cap</b> <i>US\$'000</i>
For the financial year ending 31 December 2016	31,000
For the financial year ending 31 December 2017	32,000
For the financial year ending 31 December 2018	33,000

The annual caps are determined with reference to the anticipated demand for logistics services that TAB and its subsidiaries would require for their operations

### **Reason for the Logistics Agreement**

TAB is responsible for the production, marketing, distribution and selling of the Group's beverage products. It currently operates 118 bottling plants across the PRC and beverage products of the Group occupy leading market positions in the PRC. Tingtong is primarily engaged in the provision of logistics services.

TAB requires logistics services in its ordinary course of business and Tingtong's ordinary course of business is the provision of logistics services to FMCG customers. The Logistics Agreement was entered into to regulate the provision of the logistics services by Tingtong to TAB and was entered into after arm's length negotiations under normal commercial terms, with the terms of services being benchmarked against the terms extended by Tingtong to its other customers.

The Directors (including the independent non-executive Directors but excluded Mr. Wei Ing-Chou and Mr. Wei Hong-Ming, who have abstained from voting for the resolution to approve the Logistics Agreement) are of the view that the Logistics Agreement was entered into under normal commercial terms and in the ordinary and usual course of business of the Group, that the terms and conditions of the Logistics Agreement, including the annual caps, are fair and reasonable, and that the entering into of the Logistics Agreement is in the interests of the Company and the Shareholders as a whole.

## **INTERNAL CONTROL FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS**

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the accounting department of the Group and the management of the Group dedicated with the responsibility of supervising the continuing connected transactions of the Group to ensure that the relevant continuing connected transaction is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole. The relevant personnel from the accounting department and the management of the Group will conduct regular checks on a monthly basis to review and assess whether the transactions contemplated under the relevant continuing connected transaction are conducted in accordance with the terms of its respective agreement and will also regularly update the market price for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy.

The independent non-executive Directors will review the transactions under the relevant continuing connected transaction and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps thereof. Accordingly, the Directors consider that the internal control system of the Group is effective to ensure that the transactions contemplated under the relevant continuing connected transaction have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

TAB is an indirect non-wholly owned subsidiary of the Company which is held as to 52.5% by the Group, as to 30.4% by AIB and as to 17.1% by Ting Hsin. Ting Hsin is a substantial shareholder of the Company holding approximately 33.61% of the issued share capital of the Company as at the date of this announcement. Accordingly, TAB is a connected subsidiary of the Company for the purpose of the Listing Rules, and the provision of logistics services by Tingtong, an indirect non-wholly owned subsidiary of the Company to TAB under the Logistics Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the annual transaction amount under the Logistics Agreement is expected to be more than 0.1% but less than 5% of the applicable percentage ratios, the transactions contemplated under the Logistics Agreement are subject to the reporting and announcement requirements and exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

## **GENERAL**

The Company specialises in the production and distribution of instant noodles, beverages and instant food in the PRC.

At the Board meeting held to approve the Logistics Agreement, Mr. Wei Ing-Chou and Mr. Wei Hong-Ming, who have beneficial interests in Ting Hsin, were considered to be interested in the transactions contemplated under the Logistics Agreement and have abstained from voting in respect of the resolution proposed to approve the Logistics Agreement.

## **DEFINITIONS**

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“AIB”	AI Beverage Holding Co., Ltd., a company incorporated in Japan with limited liability and is held as to 100% by Asahi Group Holdings, Ltd.;
“Board”	the board of directors of the Company;
“Company”	Tingyi (Cayman Islands) Holding Corp., a 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”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Logistics Agreement”	the agreement dated 4 May 2016 between Tingtong and TAB;
“PRC”	the People’s Republic of China and for the purpose this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“TAB”	Tingyi-Asahi Beverages Holding Corp., a company incorporated in the Cayman Islands, an indirectly held 52.5% non-wholly owned subsidiary of the Company;
“Ting Hsin”	Ting Hsin (Cayman Islands) Holding Corp., a company incorporated in the Cayman Islands, a substantial shareholder of the Company;
“Tingtong”	Tingtong (Cayman Islands) Holding Corp., a company incorporated in the Cayman Islands, an indirectly held 50.01% non-wholly owned subsidiary of the Company; and
“US\$”	United States dollar, the lawful currency of United States of America.

By order of the Board of  
**Tingyi (Cayman Islands) Holding Corp.**  
**Ip Pui-Sum**  
*Company Secretary*

Hong Kong, 5 May 2016

*As at the date of this announcement, Mr. Wei Ing-Chou, Mr. Junichiro Ida, Mr. Wu Chung-Yi, Mr. Teruo Nagano, Mr. Wei Hong-Ming and Mr. Koji Shinohara are the executive directors of the Company. Mr. Hsu Shin-Chun, Mr. Lee Tiong-Hock and Mr. Hiromu Fukada are the independent non-executive directors of the Company.*

Website: <http://www.masterkong.com.cn>  
<http://www.irasia.com/listco/hk/tingyi>

\* *For identification purposes only*