THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tingyi (Cayman Islands) Holding Corp., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

康師傅控股有限公司*

TINGYI (CAYMAN ISLANDS) HOLDING CORP.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0322)

CONTINUING CONNECTED TRANSACTIONS

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

CENTURION CORPORATE FINANCE LIMITED

A letter from the Board is set out on pages 4 to 12 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 13 of this circular. A letter from Centurion Corporate Finance Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 34 of this circular.

A notice convening an EGM to be held at the Conference Room, No. 15, The 3rd Avenue, Tianjin Economic-Technological Development Area, Tianjin, the PRC on Monday, 30 December 2013, at 10:00 a.m. is set out on pages 41 to 42 of this circular. A proxy form for use by the Shareholders for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's principal place of business in Hong Kong at Suite 5607, 56th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish.

* *For identification purposes only*

6 December 2013

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

"associates"	has the same meaning as given to it under the Listing Rules;
"Board"	the board of Directors;
"Company"	Tingyi (Cayman Islands) Holding Corp., a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange;
"connected person"	has the meaning ascribed to it under the Listing Rules;
"Director(s)"	the director(s) of the Company;
"EGM"	the extraordinary general meeting of the Company to be held at 10:00 a.m. on 30 December 2013 at the Conference Room, No. 15, The 3rd Avenue, Tianjin Economic-Technological Development Area, Tianjin, the PRC for the Independent Shareholders to consider and if thought fit, approve the TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder, or any adjournment thereof;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent Board Committee"	an independent committee of the Board, comprising the independent non-executive Directors, which has been appointed by the Board to advise the Independent Shareholders on the TZCI Supply Agreement and the TFS Supply Agreement;
"Independent Financial Adviser" or "Centurion"	Centurion Corporate Finance Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the TZCI Supply Agreement and the TFS Supply Agreement;
"Independent Shareholders"	the shareholders of the Company other than Messrs. Wei Ing-Chou and Wei Ying-Chao and their associates;

"Latest Practicable Date"	4 December 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"PRC"	the People's Republic of China;
"RMB"	Renminbi, the lawful currency of the PRC;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Shares"	ordinary shares of US$0.005 each in the capital of the Company;
"Shareholder(s)"	Shareholder(s) of the Shares;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"substantial shareholder"	has the same meaning ascribed to it under the Listing Rules;
"TFS"	Tianjin Ting Fung Starch Development Co., Ltd., a wholly owned foreign enterprise established in the PRC and is owned as to 51% by Great System Holding Limited ("Great System"), a company owned by Mr. Wei Ing-Chou and Mr. Wei Ying Chou, two executive Directors, and their two brothers in equal proportions, and as to 49.0% by East One Holding Limited, an independent third party not connected with the Company and its connected person;
"TFS Products"	modified potato starch and seasoning flavour products supplied by TFS;
"TFS Supply Agreement"	the agreement entered into between TFS and the Company dated 15 November 2013;
"TZCI"	Tingzheng (Cayman Islands) Holding Corp., a company incorporated in the Cayman Islands with limited liability and is owned as to 40.8% by Great System, 20.0% by Ching-Ni Wei, being an elder sister of Mr. Wei Ing-Chou, and 39.2% by Joint Force Technology Limited, an independent third party not connected with the Company and its connected person;

"TZCI Group"	TZCI and its subsidiaries, namely, Tianjin Tingzheng Print & Packing Material Co., Ltd. (天津頂正印刷包材有限公司), Hangzhou Tingzheng Packing Material Co., Ltd. (杭州頂正包材有限公司), Chongqing Tingzheng Packing Material Co., Ltd. (重慶頂正包材有限公司) and Nanjing Tingzheng Packing Material Co., Ltd. (南京頂正包材有限公司), all of which are companies wholly owned by TZCI and established in the PRC with limited liability;
"TZCI Materials"	plastics and flexible packaging materials supplied by TZCI;
"TZCI Supply Agreement"	an agreement entered into between TZCI and the Company dated 15 November 2013;
"US$"	United States dollar, the lawful currency of the United States; and
"%"	per cent.

康師傅控股有限公司*

TINGYI (CAYMAN ISLANDS) HOLDING CORP.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0322)

Executive Directors:
Mr. Wei Ing-Chou *(Chairman and Chief Executive Officer)*
Mr. Junichiro Ida *(Vice Chairman)*
Mr. Ryo Yoshizawa *(Vice Chief Executive Officer)*
Mr. Wu Chung-Yi
Mr. Wei Ying-Chao
Mr. Teruo Nagano

Independent non-executive Director:
Mr. Hsu Shin-Chun
Mr. Lee Tiong-Hock
Mr. Hiromu Fukada

Hong Kong Office:
Suite 5607, 56th Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

6 December 2013

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the announcement of the Company dated 18 November 2013. On 15 November 2013, the Company entered (a) the TZCI Supply Agreement with TZCI in respect of the supply of the TZCI Materials by TZCI to the Group, and (b) the TFS Supply Agreement with TFS in respect of the supply of the TFS Products to the Group. As the aggregate annual transaction amount of the TZCI Supply Agreement and the TFS Supply Agreement is expected to exceed 5% of the applicable ratios, the TZCI Supply Agreement and the TFS Supply Agreement will be subjected to the approval of the Independent Shareholders under Rule 14A.35 of the Listing Rules.

The purpose of this circular is to:

(i) provide the Shareholders with details of the TZCI Supply Agreement and the TFS Supply Agreement and their respective annual cap amounts;

* *For identification purposes only*

(ii) set out the opinion of the Independent Financial Adviser in respect of the terms of the TZCI Supply Agreement and the TFS Supply Agreement;

(iii) set out the recommendation of the Independent Board Committee in respect of the terms of the TZCI Supply Agreement and the TFS Supply Agreement; and

(iv) give you notice of the EGM.

THE TZCI SUPPLY AGREEMENT

Date: 15 November 2013

Parties: (1) TZCI

(2) The Company

TZCI is owned as to 40.8% by Great System Holding Limited, a company which is owned by Mr. Wei Ing-Chou and Mr. Wei Ying Chou, two executive Directors and their two brothers in equal proportions, as to 20.0% by Ms. Ching-Ni Wei, the sister of Mr. Wei Ing-Chou and Wei Ying-Chou, and as to 39.2% by an independent third party. TZCI is therefore majority owned by Messrs. Wei Ing-Chou and Wei Ying-Chiao and their associates, and is a connected person of the Company for the purpose of the Listing Rules.

Subject: Pursuant to the terms of the TZCI Supply Agreement, TZCI Group will supply the TZCI Materials to the Group.

Term: The TZCI Supply Agreement has a term of three financial years ending on 31 December 2016.

Price: The term of supply of the TZCI Materials to the Group by TZCI under the TZCI Supply Agreement will be based on the prevailing market prices of the TZCI Materials or on terms which are no less favorable to the Group than that are available to independent third parties.

In determining the prices for the TZCI Materials, the purchase department of the Group will obtain information on the raw material costs for the TZCI Materials and from there determine whether the prices of the TZCI Materials supplied by TZCI are comparable to market prices. In addition, the Group will also collect quotes from independent third party suppliers and compared their prices against the prices quoted by TZCI to ensure that the prices for the TZCI Materials are no less favourable to the Company than those available from independent third party suppliers.

To ensure that the actual purchase prices for the TZCI Materials under the TZCI Supply Agreement are on normal commercial terms and on terms no less favourable to the Group than that available from independent third party suppliers, the Group will conduct regular checks to review and assess whether the TZCI Materials have been supplied in accordance with the terms of the TZCI Supply Agreement. In addition, the Company has engaged the auditors of the Company to conduct an annual review of the continuing connected transactions of the Company to assess whether such transactions have been carried out in accordance with the relevant terms of the agreement and pricing policies of the Company.

Payment for the products supplied will be made within 90 days of delivery.

Cap amount: Pursuant to the TZCI Supply Agreement, the Company has agreed to purchase the TZCI Materials from TZCI Group based on the pricing policy stated above during the term of the TZCI Supply Agreement subject to the following annual caps:

	Year ended 31 December 2014	**Year ended 31 December 2015**	**Year ended 31 December 2016**
	US$	*US$*	*US$*
Transaction amount	583,000,000	670,000,000	771,000,000

The annual caps for the TZCI Supply Agreement were determined based on the historical transaction amount and taking into account the growth of the Company. The Company and TZCI have entered into an agreement on 28 September 2010 on the purchase of the TZCI Materials by the Group. Such agreement will expire on 31 December 2013. The table below summarises the actual purchases of the TZCI Materials by the Group from TZCI Group for the two years ended 31 December 2012 and the nine months ended 30 September 2013:

	Year ended 31 December 2011	**Year ended 31 December 2012**	**Nine months ended 30 September 2013**
	US$	*US$*	*US$*
Annual Cap	370,040,000	427,960,000	493,000,000 *(Note)*
Actual transaction amount	205,459,000	420,959,000	366,967,000

Note: For the entire year of 2013.

In determining the annual caps for the purchase of the TZCI Materials, the Company has taken into consideration the anticipated sales volume of the Group and the proportion of TZCI Materials used in the production process. The historical transaction amounts were taken as reference. For the purpose of determining the annual caps for the year ending 31 December 2014, the Company has used the purchases of the TZCI Materials for the first nine months of year 2013 and the estimated amount of purchase for the full year, plus an anticipated increase in demand for such materials of between 14% and 15% and a buffer of approximate 1% to 2%. A buffer was put in place with the intention to cope with any possible unforeseen events. For the two years ending 31 December 2015 and 31 December 2016, an anticipated increase in sales of between 13% and 14% and a buffer of approximately 1% to 2% was used in determining the annual caps for these two years.

Given that the transactions with TZCI are mainly transacted in Renminbi whereas the caps as well as the financial statements of the Group are denominated in United States dollar, the effect of exchange rate fluctuation in Renminbi against the United States dollar is relevant to the determination of the annual caps. The annual caps in the TZCI Supply Agreement have also provided for the anticipated appreciation of Renminbi against the United States dollar.

THE TFS SUPPLY AGREEMENT

Date: 15 November 2013

Parties: (1) TFS

(2) the Company

TFS is owned as to 51% by Great System Holdings Limited, a company which is owned by Mr. Wei Ing-Chou and Mr. Wei Ying Chou, two executive Directors and their two brothers in equal proportions, with the remaining 49% held by an independent third party. TFS is therefore majority owned by Messrs. Wei Ing-Chou and Wei Ying-Chiao and their associates, and is a connected person of the Company for the purpose of the Listing Rules.

Subject: Pursuant to the terms of the TFS Supply Agreement, TFS will supply the TFS Products to the Group.

Term: The TFS Supply Agreement has a term of three financial years ending on 31 December 2016.

Price: The term of supply of the TFS Products to the Group by TFS under the TFS Supply Agreement will be based on the prevailing market prices of the TFS Products or on terms which are no less favorable to the Group than that available to independent third parties.

In determining the prices for the TFS Products, the purchase department of the Group will obtain information on the raw material costs for the TFS Products and from there determine whether the prices of the TFS Products supplied by TFS are comparable to market prices. In addition, the Group will also collect quotes from independent third party suppliers and compared their prices against the prices quoted by TFS to ensure that the prices for the TFS Products are no less favourable to the Company than those available from independent third party suppliers.

To ensure that the actual purchase prices for the TFS Products under the TFS Supply Agreement are on normal commercial terms and on terms no less favourable to the Group than that available from independent third party suppliers, the Group will conduct regular checks to review and assess whether the TFS Products have been supplied in accordance with the terms of the TFS Supply Agreement. In addition, the Company has engaged the auditors of the Company to conduct an annual review of the continuing connected transactions of the Company to assess whether such transactions have been carried out in accordance with the relevant terms of the agreement and pricing policies of the Company.

Payment for the products supplied will be made within 90 days of delivery.

Cap amount: Pursuant to the TFS Supply Agreement, the Company has agreed to purchase the TFS Products from TFS based on the pricing policy stated above during the term of the TFS Supply Agreement subject to the following annual caps:

	Year ended 31 December 2014	**Year ended 31 December 2015**	**Year ended 31 December 2016**
	US$	*US$*	*US$*
Transaction amount	18,166,000	20,891,000	24,025,000

The annual caps for the TFS Supply Agreement were determined based on the historical transaction amount and taking into account the growth of the Company. The Company and TFS have entered into an agreement on 28 September 2010 (the "**2010 TFS Agreement**") on the purchase of the TFS Products by the Group. Such agreement will expire on 31 December 2013. The annual caps for the TFS Supply Agreement were set at a level lower than that of the 2010 TFS Agreement for the reason that the actual purchases of TFS Products for the two years ended 31 December 2012 and the nine months ended 30 September 2013 were lower than the annual caps set for the 2010 TFS Agreement, as the Group had increased its purchase of starch products from independent suppliers to satisfy its operation requirements. The Group expects to maintain its current level of purchases of starch products from independent suppliers for the three years ending 31 December 2016.

The table below summarises the actual purchases of the TFS Products made by the Group from TFS for the two years ended 31 December 2012 and the nine months ended 30 September 2013:

	Year ended 31 December 2011	**Year ended 31 December 2012**	**Nine months ended 30 September 2013**
Annual cap (RMB)	191,480,000	202,970,000	215,139,000 *(Note)*
(US$)	28,918,000	32,317,000	34,205,000
Actual transaction amount (US$)	15,437,000	15,093,000	10,639,000

Note: For the entire year of 2013.

In determining the annual caps for the purchase of the TFS Products, the Company has taken into consideration the anticipated sales volume of the Group and the proportion of TFS Products used in the production process. The historical transaction amounts were taken as reference. For the purpose of determining the annual caps for the year ending 31 December 2014, the Company has used the purchases of the TFS Products for the first nine months of year 2013 and the estimated amount of purchase for the full year, plus an anticipated increase in demand for such materials of between 16% and 17% and a buffer of about 1% to 2%. A buffer was put in place with the intention to cope with any possible unforeseen events. For the two years ending 31 December 2015 and 31 December 2016, an anticipated increase in sales of between 13% and 14% and a buffer of about 1% to 2% was used in determining the annual caps for these two years.

Given that the transactions with TFS are mainly transacted in Renminbi whereas the caps as well as the financial statements of the Group are denominated in United States dollar, the effect of exchange rate fluctuation in Renminbi against the United States dollar is relevant to the determination of the annual caps. The annual caps in the TFS Supply Agreement have also provided for the anticipated appreciation of Renminbi against the United States dollar.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

TFS is a modified starch manufacturer, specialized in producing modified starch, especially from potato. The core product, P-170, is a unique formula specifically tailored for manufacturing the Group's high-end instant noodle products. TZCI is a packaging materials manufacturer. It products are developed for the Group's manufacturing and sales requirements. Both TFS and TZCI are specialist suppliers of materials that are essential for the Group's operations, and they have been suppliers to the Group for a long period of time. With their experience servicing the Group and the terms of supply on prevailing market prices, the transactions contemplated under the TZCI Supply Agreement and the TFS Supply Agreement are on normal commercial terms and would also guarantee the Group a stable source of quality materials for the operations of the Group.

The Directors believe that it is in the benefit of the Company and the Independent Shareholders as a whole to continue to acquire the TZCI Materials and the TFS Products from TZCI and TFS, respectively, on the basis of the high quality of the TZCI Materials and the TFS Products and their competitive prices.

As the existing agreements with respect to the supply of products from TZCI and TFS are due to expire soon, the Directors consider that the entering into of the TZCI Supply Agreement and the TFS Supply Agreement are in the ordinary and usual course of business of the Group. Given that the TZCI Supply Agreement and the TFS Supply Agreement are entered into under normal commercial terms, and that the terms have been reached after arm's length negotiations, the Directors consider that the TZCI Supply Agreement and the TFS Supply Agreement and their respective annual caps are fair and reasonable and in the interest of the Independent Shareholders and the Company as a whole.

INFORMATION ON TZCI GROUP AND TFS

TZCI is incorporated in the Cayman Islands with limited liability and is an investment holding company. TZCI's principal assets are its interests in its subsidiaries which are principally engaged in the business of manufacture and sale of flexible plastic packaging materials and plastic products used in instant noodles and beverage products.

TFS is incorporated in the PRC. It is principally engaged in the business of manufacture and sale of modified potato starch and seasoning flavours.

IMPLICATION UNDER THE LISTING RULES

As both TZCI and TFS are majority owned by Messrs. Wei Ing-Chou and Wei Ying-Chiao, both being executive Directors, and their associates, each of TZCI and TFS are connected persons of the Company for the purpose of the Listing Rules. Accordingly, the TZCI Supply Agreement and the TFS Supply Agreement will constitute continuing connected transactions of the Company under the Listing Rules, respectively. Messrs. Wei Ing-Chou and Wei Ying-Chiao have abstained from voting on the Board resolution approving the TZCI Supply Agreement and the TFS Supply Agreement.

As the aggregate annual transaction amount in respect of the TZCI Supply Agreement and the TFS Supply Agreement is expected to exceed 5% of the applicable ratios, the TZCI Supply Agreement and the TFS Supply Agreement will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders in relation to the terms of the TZCI Supply Agreement and the TFS Supply Agreement. Centurion has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the TZCI Supply Agreement and the TFS Supply Agreement.

The Company will seek approvals from the Independent Shareholders of the TZCI Supply Agreement and the TFS Supply Agreement and the proposed cap amounts thereunder in accordance with the requirements of the Listing Rules. The voting at the EGM will be by poll. As at the Latest Practicable Date, Messrs. Wei Ing-Chou and Wei Ying-Chiao and their respective associates were deemed to be interested in approximately 33.60% and 33.15% of the issued share capital of the Company, respectively. Messrs. Wei Ing-Chou and Wei Ying-Chiao and their respective associates will abstain from voting on the proposed resolutions approving the TZCI Supply Agreement and the TFS Supply Agreement at the EGM. Save for Messrs. Wei Ing-Chou and Wei Ying-Chiao and their associates, no other Shareholder of the Company is interested in the transactions contemplated under the TZCI Supply Agreement and the TFS Supply Agreement and is required to abstain from voting on the proposed resolutions approving the TZCI Supply Agreement and the TFS Supply Agreement at the EGM.

EGM

A notice convening the EGM to be held at 10:00 a.m. on 30 December 2013 at the Conference Room, No. 15, The 3rd Avenue, Tianjin Economic-Technological Development Area, Tianjin, the PRC is set out on pages 41 to 42 of this circular.

A form of proxy for the EGM for use by the Shareholders is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's principal place of business in Hong Kong at Suite 5607, 56th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 13 of this circular which contains its recommendation to the Independent Shareholders on the TZCI Supply Agreement and the TFS Supply Agreement and the relevant cap amounts thereunder. Your attention is also drawn to the letter of advice from Centurion which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the TZCI Supply Agreement and the TFS Supply Agreement and the relevant cap amounts thereunder. The letter from Centurion is set out on pages 14 to 34 of this circular.

The Directors consider that the TZCI Supply Agreement and the TFS Supply Agreement are in the best interests of the Company and the Independent Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

Your attention is also drawn to the general information set out in the appendix of this circular

By Order of the Board
Tingyi (Cayman Islands) Holding Corp.
IP Pui-Sum
Company Secretary

康師傅控股有限公司*

TINGYI (CAYMAN ISLANDS) HOLDING CORP.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0322)

6 December 2013

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company to the Shareholders dated 6 December 2013 (the "**Circular**"), in which this letter forms a part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings given to them in the section headed "Definitions" of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the TZCI Supply Agreement and the TFS Supply Agreement and the relevant cap amounts thereunder are fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the letter of advice from Centurion Corporate Finance Limited ("**Centurion**"), the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the TZCI Supply Agreement and the TFS Supply Agreement and the relevant cap amounts thereunder as set out on pages 14 to 34 of the Circular and the letter from the Board set out on pages 4 to 12 of the Circular.

Having considered, among other matters, the factors and reasons considered by, and the opinion of Centurion as stated in its letter of advice, we consider that the terms of the TZCI Supply Agreement and the TFS Supply Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and the relevant cap amounts under the TZCI Supply Agreement and the TFS Supply Agreement are reasonable so far as the Independent Shareholders are concerned and accordingly recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the TZCI Supply Agreement and the TFS Supply Agreement and the relevant cap amounts thereunder to be proposed at the EGM.

Yours faithfully,
For and on behalf of
The Independent Board Committee of
Tingyi (Cayman Islands) Holding Corp.
Hsu Shin-Chun
Lee Tiong-Hock
Hiromu Fukada
Independent Non-executive Directors

* *For identification purposes only*

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Centurion dated 6 December 2013 for incorporation in this circular:-

CENTURION CORPORATE FINANCE LIMITED
盛百利財務顧問有限公司

7th Floor, Duke Wellington House
14 -24 Wellington Street
Central, Hong Kong

香港中環
威靈頓街14 - 24號
威靈頓公爵大廈7樓

Telephone : (852) 2525 2128
(852) 2525 6026
Facsimile : (852) 2537 7622

6 December 2013

To the Independent Board Committee and
the Independent Shareholders of Tingyi (Cayman Islands) Holding Corp.

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We have been engaged to advise the Independent Board Committee and the Independent Shareholders with respect to the terms of the non-exempt continuing connected transactions contemplated under the TZCI Supply Agreement and the TFS Supply Agreement respectively, details of which are outlined in the "Letter From The Board" set out from pages 4 to 12 of the circular dated 6 December 2013 to the Shareholders ("Circular") of which this letter forms a part. We have been appointed to give an opinion as to whether the terms of the TZCI Supply Agreement and the TFS Supply Agreement respectively, the continuing connected transactions contemplated thereunder and the relevant annual caps will be carried out in the ordinary and usual course of business, will be of normal commercial terms and that the terms of such transactions will be fair and reasonable and in the interests of the Company and the Shareholders as a whole. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Company announced on 15 November 2013 regarding the entering into of the TZCI Supply Agreement and the TFS Supply Agreement and pursuant to which, the proposed purchases of the TZCI Materials and TFS Products by the Group from TZCI and TFS respectively and the proposed annual cap amounts arising thereof.

As both TZCI and TFS are majority owned by Messrs. Wei Ing-Chou and Wei Ying-Chiao, both being executive Directors, and their associates, each of TZCI and TFS is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the entering into of the TZCI Supply Agreement and the TFS Supply Agreement, the transactions contemplated thereunder respectively and the proposed annual cap amounts will constitute continuing connected transactions of the Company under the Listing Rules. As the aggregate annual transaction amount in respect of the TZCI Supply Agreement and the TFS Supply Agreement is expected to exceed 5% of the applicable ratios, the TZCI Supply Agreement and the TFS Supply Agreement, the transactions respectively contemplated thereunder and the proposed annual cap amounts will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the EGM, ordinary resolutions will be proposed for the Independent Shareholders to consider and, if thought fit, to approve the TZCI Supply Agreement and the TFS Supply Agreement, the transactions contemplated thereunder respectively and the proposed annual cap amounts.

The ordinary resolutions to be proposed at the EGM will be determined by way of poll by the Independent Shareholders. As set out in the "Letter From The Board", Messrs. Wei Ing-Chou and Wei Ying-Chiao and their respective associates shall abstain from voting on the proposed resolutions approving the TZCI Supply Agreement, the TFS Supply Agreement and the respective transactions contemplated thereunder at the EGM. In this regard, please refer to the sections headed "Implication Under the Listing Rules" as set out in the "Letter From The Board" for further details.

The Independent Board Committee has been formed to advise the Independent Shareholders in connection with the TZCI Supply Agreement, the TFS Supply Agreement, the respective transactions contemplated thereunder and the proposed annual caps. Such continuing connected transactions are also subject to the annual review requirements of Rules 14A.37 to 14A.40 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the accuracy of the information, opinions and representation contained in the Circular, the past business valuation report on TZCI and TFS prepared by an independent valuer as referred to in the Company's announcement dated 28 September 2010 ("Valuation Report") and other documents (including but not limited to the TZCI Supply Agreement, the TFS Supply Agreement and sample invoices), which have been provided by the executive Directors and to the extent such documents were prepared by the Group, they shall take full responsibility. We have also assumed that all statements, information, opinions and representations made or referred to in the Circular were true at the time they were made and continued to be true at the date of this Circular. We have also assumed that all statements of belief, opinions and intention made by the Directors in the Circular are reasonably made after due and careful enquiry.

In respect of the financial information of each of the Group, the TZCI Group and TFS, we have relied principally on their respective audited and/or unaudited financial statements, ledgers or sample invoices. Such documents were all prepared by the Company and for which the Directors take full responsibility. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and/or referred to in the Circular.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We consider that we have reviewed sufficient financial information to enable us to reach an informed view and to justify reliance on the accuracy of the financial information of the Group as contained in the Circular. We have not, however, conducted any form of independent or in-depth investigation into the businesses and affairs of the prospects of the Group, TZCI Group, TFS, or any of their respective controlling shareholders, subsidiaries or associates, or the cap amounts sought, nor have we independently verified any of the information supplied to us.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. BACKGROUND

1.1 *Information of the Group*

The Company, headquartered in Tianjin, the PRC, and its subsidiaries specialize in the production and distribution of instant noodles, beverages and baked goods in the PRC. These three main product segments have established leading market shares in certain segments of the food industry in the PRC. The Group is best known in the PRC for its "Master Kong" ("康師傅") brand name which appears on the packaging of most of its products and the Company believes such brand name is one of the most recognized consumer brand names in the PRC. As set out in the Company's 2012 annual report, the Group distributed its products throughout the PRC through its extensive sales network consisting of 571 sales offices and 95 warehouses serving 32,424 wholesalers and 107,131 direct retailers as at 31 December 2012. On 31 March 2012, a strategic alliance between the Company and PepsiCo in the beverage business in the PRC was formally established and the Group has since been involved in the PepsiCo beverages, including the manufacture, sell and distribute of PepsiCo non-alcoholic drinks on an exclusive basis in the PRC (excluding Hong Kong).

As set out in the Company's 2012 annual report, for the years ended 31 December 2011 and 2012 respectively, the Group's audited segmented turnover and results of its operations as extracted from its 2012 annual report are as follows:-

Table A : Group's revenue and segment results

	Revenue from external customers		**Segment results after finance costs**	
	2012	**2011**	**2012**	**2011**
(US$'000)	*(Audited)*	*(Audited)*	*(Audited)*	*(Audited)*
Instant noodles	3,960,656	3,592,389	464,268	418,044
Beverages	4,932,371	4,000,506	166,534	208,460
Instant food	234,128	201,499	7,032	5,862
Others	183,233	156,942	1,902	35,459
Inter-segment elimination	(98,536)	(84,756)	(5,669)	(4,849)
Total	9,211,852	7,866,580	634,067	662,976

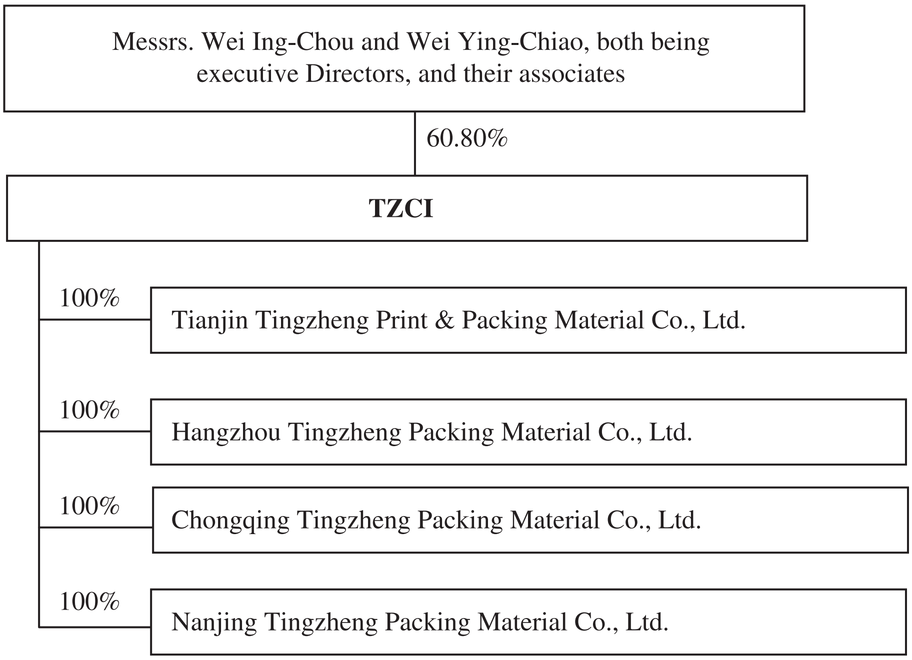
(Source: 2012 annual report of the Company)

Instant noodles and beverage businesses, which accounted for approximately 43% and 54% of the Group's turnover for the year ended 31 December 2012, accounted for 73% and 26% respectively in so far as segment results of these two businesses for the same year are concerned. Instant noodles and beverage businesses are thus the principal businesses of the Group.

As set out in the 2012 annual report of the Company, according to ACNielsen's latest survey on retails in December 2012, Master Kong's sales volume and value of instant noodles reached 43.8% and 56.0% respectively of the market shares and they continued to be number 1 in the market. Furthermore, Master Kong's ready-to-drink tea products had a market share of 47.5% in December 2012, which again was the leader in the market whereas its bottled water, diluted juice and carbonated drink in December 2012 had a market share of 20.6%. 27.0% and 33.9% respectively, ranking them number 2 in the market. The Group markets ready-to-drink tea, bottled water and fruit juice as its main beverage products and is engaged in the research, development, manufacture, distribution and sale of beverages under the brand names of 康師傅 in the PRC.

1.2 ***Information of the TZCI Group***

TZCI is incorporated in the Cayman Islands with limited liability and is an investment holding company. TZCI is owned as to 60.8% by Messrs. Wei Ing-Chou and Mr. Wei Ying-Chou, both executive Directors, and their associates, details of which are set out in the "Letter From The Board". TZCI's principal assets are its interests in its subsidiaries which are principally engaged in the business of manufacture and sale of flexible plastic packaging materials and plastic products used in instant noodles and beverage products. The following is a structure chart of TZCI Group.



(Source: Annual report of the Company and updated information from the Company)

The TZCI Group is the major provider of the plastics and flexible packaging materials and plastic products used in the Group's instant noodle and beverage products. The key cost factor for flexible packaging materials and plastic products i.e. the TZCI Materials, is dependent on the crude oil price.

The following information shows the importance of the business relationship between the Company and the TZCI Group and that the Group's total purchases of the TZCI Materials accounted for approximately 86% of the total turnover of the TZCI Group for the year ended 31 December 2012.

Table B : Sales of TZCI Materials as a percentage to total turnover of the TZCI Group

	For the year ended 31 December 2012	For the nine months ended 30 September 2013
Actual transaction amount of the purchase of TZCI materials by the Group from TZCI	US$420,959,000	US$366,967,000
Consolidated turnover of the TZCI Group	US$491,721,000	US$441,381,000
Percentage of the abovementioned actual transaction amount to consolidated turnover of TZCI	86%	83%

(Source: the Company and TZCI audited and management accounts)

It is thus obvious from the above table that turnover of TZCI was heavily dependent on the purchase orders from the Group and in fact, given the growth in the Group's turnover over the last few years, TZCI had to rapidly expand its flexible packaging capacity to meet the packaging needs of the Group and insofar as TZCI's production lines are concerned, such expansion resulted in the considerable increase in capital expenditures to fund new production lines. Given that (i) TZCI's supply relationship with the Group and the aforesaid market positions of the Group's products; (ii) TZCI's audited consolidated turnovers as set out in the table above and the relevant market research as set out in the Valuation Report reviewed by us, TZCI is one of the leading manufacturers in the flexible packaging industry in the PRC.

1.3 ***Information of TFS***

TFS is a wholly-owned foreign enterprise established in the PRC and is a modified starch manufacturer. TFS is owned as to 51% by Messrs. Wei Ing-Chou and Mr. Wei Ying-Chou, both executive Directors, and their associates, details of which are set out in the "Letter From The Board". The core product, P-170, is a unique formula specifically tailored for manufacturing the Group's high-end instant noodle products. TFS is principally focused on satisfying and supplying the modified starch demand from the Group and its external sales are insignificant. In fact, for the year ended 31 December 2012, we understand that there was no external sale to independent third party in respect of the P-170 and P-150 core products sold to the Group. TFS specializes in producing modified starch from potato and cassava raw starch sourced from various PRC suppliers.

Modified starch is a chemically processed form of raw starch into other starch properties (different from its original form) for the purpose of say, manufacturing of instant noodle, which requires a lower gelatinization temperature. Raw starch extracted from potato, cassava and corn have different applications and potato starch, due to its better taste and texture, is ideal for various food applications but is also the most expensive. Direct material cost for modified potato starch products manufactured by TFS is mainly driven by potato starch price. Modified starch production process can be undertaken by the so called wet process, which involves the following six stages:-

Mixing

- Mixing raw material with water, creating a pasty batch for reaction

Reaction

- Adding chemicals (mainly acetic anhydride) to alter characteristics of starch
- Starch peak viscosity and gelatinization temperature are modified

Washing

- Using water to wash away chemicals in a turbine machine

Dehydration

- Lowering water content to certain percentage
- Potato starch uses vacuum spinning for dehydration, cassava starch uses shave spinning machine

Drying

- Further lowering water content to certain percentage

Packaging

- Packaging modified starch into tanks and bags for shipment

The core modified starch products of TFS are called STABI-A P-170 and P-150 which are sold to the Group only and are made from raw potato starch. The P-170 modified starch alone accounted for a large majority of the total sales of TFS to the Group for the past two years and nine months ended 30 September 2013. P-170 modified starch is thus the most important product for TFS and it is used for the manufacturing of high-end instant noodle by the Group.

The following information shows the importance of the business relationship between the Company and TFS and that the Group's total purchases of the TFS Products accounted for approximately 90% of the total turnover of TFS for the year ended 31 December 2012.

Table C : Sales of TFS Products as a percentage to total turnover of TFS

	For the year ended 31 December 2012	**For the nine months ended 30 September 2013**
Actual transaction amount of the purchase of TFS Products by the Group from TFS	US$15,093,000 (RMB95,086,000)	US$10,639,000 (RMB67,026,000)
Consolidated turnover of the TFS	RMB105,474,000	RMB77,191,000
Percentage of the abovementioned actual transaction amount to consolidated turnover of TFS	90%	87%

(Source: the Company and audited and management accounts of TFS)

Note: FX rate is RMB6.3 : US$1

The above table shows that turnover of TFS was also heavily dependent on the purchase orders from the Group. Due to change in the production approach of the Group and as a result, TFS's rising surplus manufacturing capacity and the focus to supply the Group only, sales of TFS had been declining over the recent years under review while at the same time, profit margin had also been slowly declining, due to, according to the management of the Company, the rise in both raw materials (such as potato) and in the manufacturing costs, details of which are elaborated below.

2. PRINCIPAL TERMS, TRANSACTION VALUES AND CAP AMOUNTS OF THE TZCI SUPPLY AGREEMENT

2.1 *Principal terms*

As set out in the "Letter From The Board", (i) the TZCI Supply Agreement has a three-year term ending on 31 December 2016; (ii) the basis of determining the amount to be paid by the Group to TZCI under the TZCI Supply Agreement will be with reference to prevailing market prices on terms which are no less favorable to the Group than that available to independent third parties; and (iii) payment for the products supplied will be made within 90 days of delivery.

2.2 *Historical transaction values and proposed cap amounts*

For the two years ended 31 December 2012 and the nine months ended 30 September 2013, as stated in the "Letter From The Board", the Group purchased the TZCI Materials from TZCI at market price. Pursuant to the TZCI Supply Agreement, the Company has agreed to purchase the TZCI Materials from TZCI based on the pricing policy stated above during the three-year term of the TZCI Supply Agreement.

The table below summarises the historical transaction amounts incurred for the two years ended 31 December 2012 and the nine months ended 30 September 2013 for the purchase of the TZCI Materials by the Group from TZCI and the relevant annual caps approved:

Table D : Historical transaction amounts and annual caps for the purchase of TZCI Materials

	Year ended 31 December 2011	**Year ended 31 December 2012**	**Nine months ended 30 September 2013**
Actual transaction amount which constituted continuing connected transactions	US$205,459,000 *(Note)*	US$420,959,000	US$366,967,000
			Year ending 31 December 2013
Annual cap. amount approved	US$370,040,000	US$427,960,000	US$493,000,000

(Source: the Company)

Note: Total sales of the TZCI Materials to the Group of US$410,308,930 based on the audited accounts of TZCI, of which only US$205,459,000 was attributable to continued connected transactions after 30 June 2011

Based on the historical transaction amounts and taking into account continued growth of the Company, the Directors expect that the annual amount payable by the Group under the TZCI Supply Agreement will increase as compared to 2011 through 2013.

As set out in the "Letter From The Board", in determining the annual caps for the purchase of the TZCI Materials, the Company has taken into consideration the anticipated sales volume of the Group and the proportion of TZCI Materials used in the production process. The historical transaction amounts were taken as reference. For the purpose of determining the annual caps for the year ending 31 December 2014, the Company has used the purchases of the TZCI Materials for the first nine months of year 2013 and the estimated amount of purchase for the full year, plus an anticipated increase in demand for such materials of between 14% and 15% and a buffer of approximately 1% to 2%. For the two years ending 31 December 2015 and 31 December 2016 respectively, an anticipated increase in sales of between 13% and 14% and a buffer of 1% to 2% was used in determining the annual caps for these two years.

Given that the transactions with TZCI are mainly transacted in Renminbi whereas the caps as well as the financial statements of the Group are denominated in United States dollar, the annual caps in the TZCI Supply Agreement have also provided for the anticipated appreciation of Renminbi against the United States dollar.

Having considered the bases and assumptions for the abovementioned caps, the fact that (i) historical transaction amounts based on the annualized 2013 amounts have increased by approximately 16% from 2012 (when viewed against the proposed annual cap for 2014, which represents a 19% increase, based on the annualized 2013 amount); (ii) flexible plastic packaging such as the TZCI Materials are highly correlated with the growth of the end market application of the food and beverage sector, in which the Group has a leading position in the PRC; (iii) the ongoing economic transformation in the PRC also bodes well for such annual cap growth assumption; and (iv) we have reviewed the sales projections, bases and assumptions in determining the proposed new caps for the next three years, we are of the view that such sales projections, bases and assumptions and the proposed new cap amounts are fair and reasonable.

For the three years ending 31 December 2016, the aggregate amount payable by the Group to TZCI under the TZCI Supply Agreement will be subject to the following annual caps:

Table E : Annual cap amounts for the proposed purchase of the TZCI Materials

	Year ending 31 December 2014	**Year ending 31 December 2015**	**Year ending 31 December 2016**
Annual cap. amount to be sought	US$583,000,000	US$670,000,000	US$771,000,000

2.3 ***Terms of the historical purchases of the TZCI Materials***

In determining whether the prices and terms for the TZCI Materials supplied by TZCI are comparable to market, the purchase department of the Group will undertake certain checks and market research and the Company will also engage its auditors to conduct certain review, details of which are set out in the "Letter From The Board" under the section headed "The TZCI Supply Agreement". In this regard, we have reviewed supporting information that the purchase department of the Group has indeed (i) visited the factory of an independent third party supplier of the flexible plastic packaging materials which are comparable to the TZCI Materials; and (ii) sample invoices of the Group involving purchases from such supplier whose pricings are comparable to those of TZCI.

Apart from the above and in order to further satisfy ourselves that the terms of the continuing connected transactions contemplated under the TZCI Supply Agreement will be, in general, carried out in the ordinary and usual course of business, and will be with reference to prevailing market price or on terms which are no less favorable to the Group than that available to independent third parties as set out in the "Letter From The Board", we have also reviewed (i) certain sample invoices involving purchases of the TZCI Materials from TZCI by the Group; (ii) audited accounts of the TZCI Group; (iii) latest published audited income statements of other comparable listed issuers in packaging businesses; and (iv) the Valuation Report.

We have been advised by management of the Company that sales of the TZCI Materials to the Group and sales of other packaging materials by TZCI to independent third parties cannot be compared to each others due to difference in printing, quantity and application. Such non comparability is also set out in the Valuation Report and following our discussion with management of the Company, we are in incurrence with such explanation. As set out above, we have also reviewed sample invoices of the Group involving an independent third party supplier of flexible plastic packaging materials sold to the Group whose pricings are comparable to those of TZCI. The size and scale of such supplies of flexible plastic packaging materials to the Group were still relatively small, when compared to those of TZCI. We understand from the Company that the new supply relationship with this independent supplier has only been developed in 2013 and the Group purchased the TZCI Materials from TZCI only in 2012 and 2011. In light of this almost exclusive supply relationship with TZCI and the resulting lack of sample invoices involving purchases from independent third parties by the Group prior to 2013, we have sought market comparables amongst other listed issuers with respect to appropriate profit margin in the marketplace, details of which are set out below.

In order to better understand the historical terms of the purchases of TZCI Materials by the Group, we have reviewed the gross profit margin of the TZCI Group as set out in its audited income statements for the three years ended 31 December 2010, 2011, and 2012 respectively. In light of the aforesaid lack of purchases from independent suppliers of packaging materials by the Group prior to 2013, we are of the opinion that as an alternative approach, the gross profit margin of TZCI Group can be viewed against other industry comparables, in order to consider whether or not its profit margins are generally in line with market comparables. This is because gross profit margins of other producers of flexible plastic packaging materials are also subject to market pricings willing to be paid by other players in the food and beverage end markets, which all share the same seasonality and other market conditions faced by the Group. This gross profit margin comparison also offers a summarized overview on the gross profit margins of the TZCI Group and that of other independent producers, having taken into account their respective costs of packaging materials sold vs. sale prices. Hence we take the view that such comparison is relevant to our findings as set out herein.

As we are unable to obtain consent from TZCI to disclosing its profit margin herein, we can only confirm that its gross profit margin had been rising for the three years ended 31 December 2012 and it 2012's gross profit margin is comparable to the high ends of Group 1 comparables in the table below. Against such historical gross profit margin of the TZCI Group, we have compared with the gross profit margins (as determined from the latest published audited accounts) of the following listed companies whose businesses are in our view, reasonably comparable to that of TZCI.

Table F : Gross profit margins of comparable listed companies of TZCI

Company	Stock code	Listing venue	Reporting currency	Gross profit margin as determined from the latest published accounts
Group 1				
Shanghai Zijiang Enterprise Group Co., Ltd.	600210	Shanghai Stock Exchange	RMB	17.1%
Zhuhai Zhongfu Enterprise Co., Ltd.	000659	Shenzhen Stock Exchange	RMB	14.2%
Huangshan Novel Co., Ltd.	002014	Shenzhen Stock Exchange	RMB	22.2%
China Flexible Packaging Holdings Limited	C59	Singapore Exchange Securities Trading Ltd.	RMB	(7.1)%
CPMC Holdings Limited	906	Hong Kong Stock Exchange	RMB	16.7%
Zhejiang Great Southeast Packaging Co., Ltd.	002263	Shenzhen Stock Exchange	RMB	(3.0)%
			Average (Group 1)	**10.0%**
			Adjusted average* (Group 1)	**17.6%**
Group 2				
AMVIG Holdings Limited	2300	Hong Kong Stock Exchange	HK$	30.0%
Cheong Ming Investments Limited	1196	Hong Kong Stock Exchange	HK$	25.5%
New Island Development Holdings Limited	377	Hong Kong Stock Exchange	HK$	20.2%
Hung Hing Printing Group Limited	0450	Hong Kong Stock Exchange	HK$	14.5%
			Average (Group 2)	**22.6%**
			Average* (Groups 1 and 2)	**20.1%**

Company	Stock code	Listing venue	Reporting currency	Gross profit margin as determined from the latest published accounts
Group 3				
Malaysia Packaging Industry Berhad *(Noted 1)*	8095	Bursa Malaysia Securities Berhad	RM	38.4%
Toyo Seikan Kaisha, Ltd.	5901	Tokyo Stock Exchange	Yen	12.6%
			Average (Group 3)	**25.5%**
			Average* (Groups 1, 2 and 3)	**21.1%**

(Sources: The above issuers' annual reports)

Notes:-

** :-*	*Adjusted by excluding those which had a negative "gross profit" margin*
Yen :-	*Japanese yen, the lawful currency of Japan*
RM :-	*Malaysian Ringgit, the lawful currency of Malaysia*
Note 1:-	*Became a subsidiary of Toyo Seikan Kaisha, Ltd. on 30 March 2006*

In the above table, the comparable companies are classified into three different groups, on the basis of where they conduct their respective businesses i.e. the reporting currency. Our selection criteria is to include all relevant listed producers in Asia whose businesses include flexible plastic packaging or related packaging which have similarities in the nature of printing, laminating and other printing-related products. This approach is designed to give a more comprehensive overview of such market comparables so that the resulting findings thereof would be more representative on an "across-the-board" basis. Group 1 comparable companies, having RMB as their reporting currency, are in our view, most comparable to TZCI. Group 2 companies are Hong Kong-based and their products are less directly related to flexible packaging whereas there are similarities in the nature of printing, laminating and other printing-related products. Group 3 companies are two overseas packaging manufacturers and their products, in the case of Toyo Seikan Kaisha, Ltd., are more diversified, a small portion of which includes flexible packaging products.

We are of the opinion that the comparable companies set out in the above table is reasonably exhaustive and meaningful. That said, it should be noted that each of these Groups 1, 2 and 3 comparable companies is different from TZCI in so far as major customer concentration, packaging materials manufactured, businesses model undertaken and mode of operation are concerned.

Following our review of the audited consolidated accounts of TZCI over the past three years, we noted that the gross profit margin of TZCI for each of the three years ended 31 December 2010, 2011 and 2012 respectively and the average of such margin are generally in line with the individual gross profit margin exhibited in either the Group 1, or the average of Groups 1, 2 and 3, comparable companies as set out in the table above. Due to better control on both raw materials and labour cost, coupled with an improved market conditions following the global financial turmoil of the Lehman Brothers collapse which then resulted in price reduction of TZCI Materials, gross profit margin of TZCI's turnover for the year ended 31 December 2012 actually registered an increase from the previous year.

The following table contains an analysis of the gross profit margin of the Company and the percentage of TZCI Materials purchased to the cost of sales of the Company over the last five years period. This should give an overview on the possible impact and trend that the purchase of TZCI Materials may have on the Group.

Table G : Trends on gross profit margin of the Group and percentage of purchase of TZCI Materials to cost of sales of the Group

Year ended 31 December	**2008**	**2009**	**2010**	**2011**	**2012**
Gross profit margin of the Group *(Note 1)*	32.2%	34.6%	28.4%	26.5%	30.0%
Sales of TZCI Materials as set out in the notes to TZCI audited financial statements	US$312,007,087	US$267,875,144	US$405,395,000	US$410,308,930	US$419,670,889 *(Note 2)*
Cost of sales of the Group *(Note 1)*	US$2,897,449,000	US$3,321,764,000	US$4,782,037,000	US$5,778,611,000	US$6,457,364,000
Sales of TZCI Materials to cost of sales of the Group (both as set out above)	10.8%	8.1%	8.5%	7.1%	6.5%

(*Source: Annual reports of the Company)*

Note 1: Extracted or computed from the audited accounts of the Group as set out in the annual reports

Note 2: Different from Table D above due to exchange rates and other booking difference.

Based on the above overview, gross profit margins of the Group over the last three years ended 31 December 2012 were rather stable and indeed, peaked in 2012. The sales of TZCI Materials to the Group (as set out in the notes to audited financial statements of TZCI) as a percentage to the reported cost of sales of the Group actually has been steadily declining. Having noted the rising gross profit margin of TZCI as mentioned above, we are of the view that these findings do support the reason for such improved profit margin was indeed due to better cost control on the part of TZCI as set out above with respect to the overall purchases of the TZCI Materials.

In light of our aforesaid review of the (i) sample invoices involving purchases of the TZCI Materials from TZCI by the Group; (ii) sample invoices involving purchases of packaging materials from independent third party by the Group in 2013, the pricings of which were comparable to that for the TZCI Materials; (iii) gross profit margins comparison; and (iv) the Company's existing measures to ensure pricing terms for purchases of TZCI Materials will be with reference to prevailing market prices and terms e.g. its purchase department's visit to an independent third party supplier of the flexible plastic packaging materials as part of such measures, we are thus of the view that the general terms of the proposed purchases of the TZCI Materials will be with reference to the then prevailing market price and on terms which will be no less favorable to the Group than that available to independent third parties. We further recognized the sample size as represented by Group 1 comparables in Table F above has a total of six companies, such small sample size is indeed a reflection of the limited number of industry participants in the flexible packaging industry.

3. PRINCIPAL TERMS, TRANSACTION VALUES AND CAP AMOUNTS OF THE TFS SUPPLY AGREEMENT

3.1 *Principal terms*

As set out in the "Letter From The Board", (i) the TFS Supply Agreement has a term of three years ending on 31 December 2016; (ii) the basis of determining the amount to be paid by the Group to TFS under the TFS Supply Agreement will be based on prevailing market prices of the TFS Products or on terms which are no less favorable to the Group than that available to independent third parties; and (iii) payment for the products supplied will be made within 90 days of delivery.

3.2 *Historical transaction values and proposed cap amounts*

For the two years ended 31 December 2012 and the nine months ended 30 September 2013, as stated in the "Letter From The Board", the Group purchased the TFS Products from TFS. Pursuant to the TFS Supply Agreement, the Company has agreed to purchase the TFS Products from TFS based on the pricing policy stated above during the three-year term of the TFS Supply Agreement.

The table below summarizes the historical transaction amounts incurred for the two years ended 31 December 2012 and the nine months ended 30 September 2013 for the purchase of the TFS Products by the Group from TFS and the relevant annual cap amounts approved:

Table H: Historical transaction amounts for the purchase of TFS Products

	Year ended 31 December 2011	**Year ended 31 December 2012**	**Nine months ended 30 September 2013**
Actual transaction amount which constituted continuing connected transactions	US$15,437,000 *(Note)*	US$15,093,000	US$10,639,000
			Year ending 31 December 2013
Annual cap. amount approved	RMB191,480,000 (US$28,918,000)	RMB202,970,000 (US$32,317,000)	RMB215,139,000 (US$34,205,000)

(Source: the Company)

Note: Only US$15,437,000 was attributable to continued connected transactions after 30 June 2011

Based on the historical transaction amounts and taking into account continued growth of the Company, the Directors expect that the annual amount payable by the Group under the TFS Supply Agreement will begin to increase as compared to historical purchases in 2011 through 2013. We understand rising raw material and labour cost are factors for such expected increase, details of which are set out below.

As set out in the "Letter From The Board", in determining the annual caps for the purchase of the TFS Products, the Company has taken into consideration the anticipated sales volume of the Group and the proportion of TFS Products used in the production process. The historical transaction amounts were taken as reference. For the purpose of determining the annual caps for the year ending 31 December 2014, the Company has used the purchases of the TFS Products for the first nine months of year 2013 and the estimated amount of purchase for the full year, plus an anticipated increase in demand for such materials of between 16% and 17% and a buffer of about 1% to 2%. The buffer is for any possible unforeseen events. For the two years ending 31 December 2015 and 31 December 2016, an estimated increase in sales of between 13% and 14% and a buffer of about 1% to 2% was used in determining the annual caps for these two years.

Given that the transactions with TFS are mainly transacted in Renminbi whereas the caps are denominated in United States dollar, the annual caps in the TFS Supply Agreement have also provided for the anticipated appreciation of Renminbi against the United States dollar.

Based on the annualized 2011 and 2013 amounts, the historical transaction amounts for the TFS Products registered a declining trend. The annual caps for the TFS Supply Agreement are therefore, set at a level lower than that of the previous agreement for this declining trend reason. As set out in the "Letter From The Board", this was due to the changes in production approach undertaken by the Group from time to time over the years under review to decrease purchases such as the P-170 modified starch from TFS, as the Group had increased its purchases of modified starch products from independent suppliers to meet its manufacturing needs (the Group expects to maintain such purchases from independent suppliers for the three years ending 31 December 2016). Hence, the 2014 annual cap of US$18.2 million to be sought represents a 47% decrease from the 2013's annual cap of US$34.2 million. That said, as set out above, the new caps to be sought do represent an anticipated increase in purchase of the TFS Products and a buffer. Having considered (i) these bases and assumptions and the fact that sample invoices of modified starch purchases such as the P-170 starch from independent suppliers had been made available for our review; and (ii) the sales projections, bases and assumptions in determining the proposed new caps for the three years ending 31 December 2016, we are of the view that these sales projections, bases and assumptions and the proposed cap amounts are fair and reasonable.

For the three years ending 31 December 2016, the aggregate amount payable by the Company to TFS under the TFS Supply Agreement are subject to the following annual caps:

Table I: Annual cap amounts for the proposed purchase of the TFS Products

	Year ending 31 December 2014	**Year ending 31 December 2015**	**Year ending 31 December 2016**
Annual cap. amount to be sought	US$18,166,000	US$20,891,000	US$24,025,000

3.3 ***Terms of the historical purchases of the TFS Products***

In determining whether the prices and terms for the TFS Products supplied by TFS are comparable to market, the purchase department of the Group will undertake certain checks and market research and the Company will also engage its auditors to conduct certain review, details of which are set out in the "Letter From The Board" under the section headed "The TFS Supply Agreement".

In order to satisfy ourselves that the terms of the continuing connected transactions contemplated under the TFS Supply Agreement will be, in general, carried out in the ordinary and usual course of business, and will be with reference to prevailing market price on terms which are no less favorable to the Group than that available to independent third parties, we have reviewed (i) certain sample invoices involving purchases of the TFS Products from TFS by the Group; (ii) certain sample invoices involving purchases of modified starch products (including the high-end P-170 modified starch) by the Group from an independent third party; (iii) market prices of modified potato starch in general; (iv) audited accounts of TFS; (v) latest published audited accounts of other comparable listed issuers in the starch manufacturing businesses; and (vi) the Valuation Report.

Having considered the above sample invoices and market data and in particular, sample invoices of the high-end P-170 modified starch purchased from an independent third party by the Group, we are of the view that the pricings for the historical purchases of the TFS Products by the Group reviewed by us were in general, with reference to prevailing market price while reflecting the special needs and quality requirements of the Group. The pricing mechanism for purchases from TFS and from independent third party suppliers was the same, which was based on a unit price per kg of modified starch. This allows pricing for the TFS Products to be viewed against those charged by independent suppliers. More details of our analysis on the pricings of the TFS Products are set out below. In order to save transportation costs, TFS has become one of the major providers of the TFS Products to the Group in the northern region of Yangtze River since 2008. We have also reviewed sample invoices of other lower-end modified starch products supplied by an independent third party supplier to the Group and noted that such pricings were not comparable to the higher quality of the TFS Products (i.e. P-170 and P-150).

Following our review of the audited consolidated accounts of TFS over the past three years and as we are unable to obtain consent from TFS to disclosing its profit margin herein, we can only confirm that the gross profit margin of TFS for each of the three years ended 31 December, 2010, 2011 and 2012 respectively had been steadily decreasing. The declining gross profit margin is attributable to the following:-

1. Increased cost of raw materials such as potato; and

2. Production capacity of TFS was underutilized and thus per unit production cost had arisen.

According to information provided by management of the Company, average selling price per ton of P-170 modified starch was approximately RMB11,700 in 2012, and TFS did not sell this P-170 modified starch to any external party in 2012. This pricing is comparable to the recent purchases of P-170 modified starch by the Group from an independent third party supplier the sample invoices of which were reviewed by us as abovementioned. Historically, there was a lower price structure for modified starch sold to an external part by TFS, mainly due to the Group's requirement for higher quality modified starch product in the forms of P-170 and P-150, which were supplied by TFS to the Group only and accordingly, were not comparable to those sold externally to third parties for such reason. In addition, our market research indicated that current market prices for various grades of potato starch per ton command a price range between RMB7,000 to RMB13,700.

Another advantage on the almost exclusive sales of the TFS Products to the Group is that such internal sales require no major advertising or promotional expenses, the benefit of which could hopefully, be passed on to the Group.

Having considered the above information, in particular, (i) the higher pricing for TFS Products was attributable to the Group's requirement for higher quality modified starch products; (ii) the sample invoices of the high-end P-170 modified starch purchased from an independent third party by the Group under the same pricing mechanism for the TFS Products and such independent third party pricings were indeed comparable to that of TFS; and (iii) the Company's existing measures to ensure that pricing terms for the purchases of TFS Products will be based on prevailing market prices and on terms which are no less favorable to the Group than that available to independent third parties, we are of the view that the proposed purchases of the TFS Products will be generally with reference to the then prevailing market price (while reflecting the higher quality requirements of the Group) and on terms which will be no less favorable to the Group than that available to independent third parties.

We further noted that as set out above, factors like fluctuating potato price and underutilization of the production facilities of TFS had pushed down its profit margin for 2012. These factors may change over the next three-year term of the TFS Supply Agreement. We are of the view that during their annual review of the continuing connected transactions under the TFS Supply Agreement pursuant to Rules 14A.37 to 14A.40 of the Listing Rules, members of the Independent Board Committee should ensure that the gross profit margin would continue be in line with the then prevailing market margin.

4. REASONS FOR AND BASES OF THE PROPOSED ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS

4.1 *Reasons*

The following reasons are as set out in the "Letter From The Board":-

TFS is a modified starch manufacturer, specialized in producing modified starch, especially from potato. The core product, P-170, is a unique formula specifically tailored for manufacturing the Group's high-end instant noodle products. TZCI is a packaging materials manufacturer. It products are developed for the Group's manufacturing and sales requirements. Both TFS and TZCI are specialist suppliers of materials that are essential for the Group's operations, and they have been suppliers to the Group for a long period of time. With their experience servicing the Group and the terms of supply on prevailing market prices, the transactions contemplated under the TZCI Supply Agreement and the TFS Supply Agreement are on normal commercial terms and would also guarantee the Group a stable source of quality materials for the operations of the Group.

The Directors believe that it is in the benefit of the Company and the Shareholders as a whole to continue to acquire the TZCI Materials and the TFS Products from TZCI and TFS, respectively, on the basis of the high quality of the TZCI Materials and the TFS Products and their competitive prices.

As the existing agreements with respect to the supply of products from TZCI and TFS are due to expire soon, the Directors consider that the entering into of the TZCI Supply Agreement and the TFS Supply Agreement are in the ordinary and usual course of business of the Group. Given that the TZCI Supply Agreement and the TFS Supply Agreement are entered into under normal commercial terms, and that the terms have been reached after arm's length negotiations, the Directors consider that the TZCI Supply Agreement and the TFS Supply Agreement and their respective annual caps are fair and reasonable and in the interest of the Independent Shareholders and the Company as a whole.

4.2 ***Bases for the annual caps sought***

As set out in the "Letter From The Board", the annual caps for each of the TZCI Supply Agreement and TFS Supply Agreement were determined based on the historical transaction amount and taking into account the growth of the Group's sales volume and the buffer. The Company entered into an agreement with each of TZCI and TFS on 15 November 2013 on the purchase of the TZCI Materials and TFS Products respectively by the Group. Such agreements will expire on 31 December 2016.

Having considered the relevant bases and assumptions for such projected future purchases of the TZCI Materials and TFS Products as abovementioned, we are in concurrence with the executive Directors in their projected annual cap amounts sought for the continuing connected transactions and take the view that such bases are fair and reasonable.

4.3 ***Our views***

Independent Shareholders should take note of the special and close business relationship between the Group and each of the TZCI Group and TFS, details of which are set out above and in the "Letter From The Board".

We also understand from management of the Company that the whole supply chain arrangements of the Group with respect to the TZCI Materials and the TFS Products are driven by a combination of important factors like pricing, quality, stability of supply and other supply chain factors like logistics services and supports, these are therefore the reasons for the proposed continuing connected transactions under the TZCI Supply Agreement and the TFS Supply Agreement respectively, and the annual cap amounts of such transactions as sought by the Company.

In the light of the above, in particular, having considered that Master Kong's instant noodles and high-end packet noodles have achieved a leading position in the PRC marketplace and that Master Kong's ready-to-drink tea, bottled water and fruit juice products have also achieved significant positions in their respective marketplaces in the PRC, all of these achievements have been supported by the TZCI Group and TFS, we are of the view that the proposed continuing connected transactions under the TZCI Supply Agreement and the TFS Supply Agreement and the respective annual cap amounts of such transactions are vital to the Group's continuing success.

The risk of relying on another major supplier of TZCI Materials and TFS Products other than TZCI and TFS respectively is simply too high for the Group and is therefore uncommercial. We are thus in concurrence with the abovementioned reasons as cited by the executive Directors that it is in the benefit of the Company and the Shareholders as a whole to continue to acquire the TZCI Materials and the TFS Products from TZCI and TFS respectively.

RECOMMENDATION

Having considered the principal factors and reasons set out above, we consider that the TZCI Supply Agreement and the TFS Supply Agreement are entered into under normal commercial terms and such agreement is entered into in the ordinary and usual course of business of Group. On the basis of terms of the historical purchases of the TZCI Materials and the TFS Products by the Group from the TZCI Group and TFS respectively as set out above, we are also of the view that the entering into the TZCI Supply Agreement and the TFS Supply Agreement, the continuing connected transactions respectively contemplated thereunder and the relevant annual cap amounts will be carried out under normal commercial terms and that the terms of such transactions will be fair and reasonable and in the interests of the Shareholders as a whole. We therefore, advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions approving each of the TZCI Supply Agreement and the TFS Supply Agreement, the continuing connected transactions contemplated thereunder and the relevant annual cap amounts for the three years ending 31 December 2014, 2015 and 2016 respectively, at the EGM.

Yours faithfully,
for and on behalf of
Centurion Corporate Finance Limited
Baldwin LEE
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in the compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests in Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive officer of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which the Directors and chief executive were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

(i) ***Long positions in the shares and underlying shares of the Company***

	Number of Shares			
Name of Director	**Personal interests**	**Corporate interests** *(Note 1)*	**Percentage of the issued share capital**	**Number of underlying Shares under options** *(Note 2)*
Mr. Wei Ing-Chou	13,242,000	1,854,827,866	33.60%	12,038,000
Mr. Wei Ying-Chiao	—	1,854,827,866	33.15%	—

(ii) ***Long positions in the shares of associated corporations***

Name of Director	**Name of associated corporation**	**Number of shares of the associated corporation held** *(Note 3)*	**Percentage of the issued share capital**	**Nature of interest**
Mr. Wei Ing-Chou	Tingyi-Asahi Beverages Holding Co. Ltd. ("**TAB**")	180,008	17.10%	Corporate
Mr. Wei Ying-Chiao	TAB	180,008	17.10%	Corporate

Notes:

1. These 1,854,827,866 shares are held by and registered under the name of Ting Hsin (Cayman Islands) Holding Corp. ("Ting Hsin"). Ting Hsin is beneficially owned as to approximately 43.94% by Ho Te Investments Limited ("Ho Te"), as to approximately 30.15% by Rich Cheer Holdings Limited ("Rich Cheer"), as to 25.23% by China Foods Investment Corp., an independent third party which was incorporated by Itochu Corporation and Asahi Breweries, Ltd., and as to the remaining 0.68% by unrelated third parties. Ho Te and Rich Cheer were owned as to 100% by Profit Surplus Holdings Limited ("Profit Surplus"). Profit Surplus is the trustee of a unit trust, which is in turn held by four discretionary trusts in equal proportions. HSBC International Trustee Limited is the trustee of each of the above four discretionary trusts, the settlors and discretionary objects of the above four discretionary trusts are as follows:

   — Wei Chang Lu-Yun is the settlor of one of the above discretionary trusts with Wei Chang Lu-Yun and Wei Ing Chou as discretionary objects;

   — Lin Li-Mien is the settlor of one of the above discretionary trusts with Lin Li-Mien and Wei Ying-Chiao as discretionary objects;

   — Wei Hsu Hsiu-Mien is the settlor of one of the above discretionary trusts with Wei Hsu Hsiu-Mien and Wei Yin-Chun as discretionary objects; and

   — Wei Tu Miao is the settlor of one of the above discretionary trusts with Wei Tu Miao and Wei Yin-Heng as discretionary objects.

2. Wei Ing-Chou is also personally interested in 13,242,000 shares and holds 12,038,000 share options (2,000,000 share options are exercisable for the period from 21 March 2013 to 20 March 2018 at an exercise price of HK$9.28 per share, 2,816,000 share options are exercisable for the period from 23 April 2014 to 22 April 2019 at an exercise price of HK$9.38 per share and 2,200,000 share options are exercisable for the period from 1 April 2015 to 31 March 2020 at an exercise price of HK$18.57 per share. 2,264,000 share options are exercisable for the period from 12 April 2016 to 11 April 2021 at an exercise price of HK$19.96 per share, 1,368,000 share options are exercisable for the period from 26 April 2017 to 25 April 2022 at an exercise price of HK$20.54 per share and 1,390,000 share options are exercisable for the period from 27 May 2018 to 26 May 2023 at an exercise price of HK$20.16 per share) under the share option scheme of the Company passed by an extraordinary general meeting of the Company held on 20 March 2008. Wei Chang Lu-Yun, being the spouse of Wei Ing-Chou, is also deemed to be interested in the shares and the underlying shares held by Wei Ing-Chou.

3. These 180,008 shares are held by and registered under the name of Ting Hsin. Please refer to note 1 for the shareholding structure of Ting Hsin.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive officer of the Company, had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which the Directors and chief executive were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company, or were required, pursuant to the Model Code of the Listing Rules to be notified to the Company and the Stock Exchange.

(b) **Directors' service contracts**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company (excluding contracts expiring or determinable within one year without payment of compensation other than statutory compensation).

(c) **As at the Latest Practicable Date:**

(i) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2012, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries; and

(ii) none of the Directors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Group.

(d) **Directors' interests in competing businesses**

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company under section 336 of the SFO, the persons other than a Director or chief executive of the Company who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of shareholder	**Capacity in which interests are held**	**Number of shares**	**Interests as to % of the issued share capital of the Company**
Ting Hsin (Cayman Islands) Holding Corp. *(Note 1)*^	Beneficial owner	1,854,827,866	33.15
Ho Te Investments Limited *(Note 1)*^	Interest of controlled company	1,854,827,866	33.15
Rich Cheer Holdings Limited *(Note 1)*^	Interest of controlled company	1,854,827,866	33.15

Name of shareholder	Capacity in which interests are held	Number of shares	Interests as to % of the issued share capital of the Company
Profit Surplus Holdings Limited *(Note 1)*^	Trustee of a unit trust	1,854,827,866	33.15
HSBC International Trustee Limited *(Note 1)*^	Trustee of discretionary trusts	1,854,827,866	33.15
Wei Yin-Chun *(Note 1)*^	Beneficiary of a discretionary trust	1,854,827,866	33.15
Wei Yin-Heng *(Note 1)*^	Beneficiary of a discretionary trust	1,854,827,866	33.15
Wei Chang Lu-Yun *(Notes 1 and 2)*^	Settlor and beneficiary of a discretionary trust/Interest of spouse	1,880,107,866	33.60
Lin Li-Mien *(Note 1)*^	Settlor and beneficiary of a discretionary trust/Interest of spouse	1,854,827,866	33.15
Wei Hsu Hsiu-Mien *(Note 1)*^	Settlor and beneficiary of a discretionary trust/Interest of spouse	1,854,827,866	33.15
Wei Tu Miao *(Note 1)*^	Settlor and beneficiary of a discretionary trust/Interest of spouse	1,854,827,866	33.15
Sanyo Foods Co., Ltd.	Beneficial owner	1,854,827,866	33.15

^ *Note 1 and 2 are set out on page 36*

Save as disclosed above, the Directors and the chief executive of the Company were not aware that there was any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save for Mr. Wei Ing-Chou and Mr. Wei Ying-Chiao, who are directors of Ting Hsin, none of the Directors is a director or employee of a company which has an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, the date to which the latest published audited accounts of the Company were made up.

6. EXPERT'S QUALIFICATION AND CONSENT

Centurion has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The following is the qualification of the expert who has given its opinions or advices which are contained in this circular:

Name	Qualification
Centurion Corporate Finance Limited	a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

As at the Latest Practicable Date, Centurion did not have any direct or indirect interest in any asset which had been, since 31 December 2012, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, Centurion was not interested in any Share or share in any member of the Group nor did it have any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

7. MISCELLANEOUS

(a) The registered office of the Company is Genesis Building, Fifth Floor, P.O. Box 448, George Town, Grand Cayman, Cayman Islands and the principal place of business of the Company in Hong Kong is at Suite 5607, 56th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

(b) The Company's Hong Kong branch share registrar and transfer office is Hong Kong Registrars Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) The company secretary of the Company is Mr. Ip Pui-Sum, a fellow member of the Association of Chartered Certified Accountants (United Kingdom) and an associate of the Hong Kong Institute of Certified Public Accountants, the Society of Chinese Accountants and Auditors, the Chartered Institute of Management Accountants, the Institute of Chartered Secretaries and Administrators and an ordinary member of the Hong Kong Institute of Chartered Secretaries.

(d) The English text of this circular shall prevail over the Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong during normal business hours from the date of this circular and up to and including 30 December 2013:

(a) the letter of recommendation from the Independent Board Committee to the Independent Shareholders as set out in this circular;

(b) the letter from Centurion, the text of which is set out in this circular;

(c) the written consent referred to in the paragraph headed "Expert's qualification and consent" in this Appendix;

(d) the TZCI Supply Agreement and the TFS Supply Agreement; and

(e) this circular.

康師傅控股有限公司*

TINGYI (CAYMAN ISLANDS) HOLDING CORP.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0322)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting ("the **EGM**") of Tingyi (Cayman Islands) Holding Corp. (the "**Company**") will be held at 10:00 a.m. on 30 December 2013 at the Conference Room, No. 15, The 3rd Avenue, Tianjin Economic-Technological Development Area, Tianjin, the PRC for the purpose of considering and, if thought fit, passing the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**

   (a) the supply agreement dated 15 November 2013 (the "**TZCI Supply Agreement**") entered into between the Company and Tingzheng (Cayman Islands) Holding Corp. ("**TZCI**"), a copy of which is tabled at the meeting and marked "**A**" and initialed by the chairman of the meeting for identification purpose, pursuant to which, TZCI and its subsidiaries will supply the TZCI Materials (as defined in the circular of the Company dated 6 December 2013 (the "**Circular**")) to the Company and its subsidiaries (the "**Group**") for a term of three financial years ending 31 December 2016, be and is hereby approved, ratified and confirmed;

   (b) the cap amounts in relation to the supply of the TZCI Materials for the three financial years ending 31 December 2016 as set out in the Circular, be and are hereby approved; and

   (c) any one director of the Company be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the TZCI Supply Agreement and the transactions contemplated thereunder."

2. "**THAT**

   (a) the supply agreement dated 15 November 2013 (the "**TFS Supply Agreement**") entered into between the Company and Tianjin Ting Fung Starch Development Co., Ltd. ("**TFS**"), a copy of which is tabled at the meeting and marked "**B**" and initialed by the chairman of the meeting for identification purpose, pursuant to which, TFS will supply the TFS Products (as defined in the Circular) to the Group for a term of three financial years ending 31 December 2016, be and is hereby approved, ratified and confirmed;

* *For identification purposes only*

(b) the cap amounts in relation to the supply of the TFS Products for the three financial years ending 31 December 2016 as set out in the Circular, be and are hereby approved; and

(c) any one director of the Company be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the TFS Supply Agreement and the transactions contemplated thereunder."

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

Hong Kong, 6 December 2013

Notes:

1. Any member of the Company entitled to attend and vote at the meeting by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

3. In order to be valid, the instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must be delivered to the Company's Hong Kong office at Suite 5607, 56/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting thereof (as the case may be).

4. Completion and return of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) and in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. In the case of joint registered holders of any share, if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person, or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.

As at the date of this notice, the executive directors of the Company are Messrs. Mr. Wei Ing-Chou, Mr. Junichiro Ida, Mr. Ryo Yoshizawa, Mr. Wei Ying-Chiao, Mr. Wu Chung-Yi and Mr. Teruo Nagano; and the independent non-executive directors of the Company are Messrs. Mr. Hsu Shin-Chun, Mr. Lee Tiong-Hock and Mr. Hiromu Fukada.