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**(Stock Code: 0322)**

## **CONTINUING CONNECTED TRANSACTIONS**

On 29 January 2016, the Company entered into the 2016 Supply Agreement with Ting Chuan for the supply by the subsidiaries of the Group of the Products to Ting Chuan and its subsidiaries for a term of two financial years ending 31 December 2017.

Ting Chuan operates the Family Mart. It is a wholly owned subsidiary of Ting Hsin, which is a substantial shareholder of the Company holding approximately 33.61% of the issued share capital of the Company as at the date of this announcement. Accordingly, Ting Chuan is a connected person of the Company for the purpose of the Listing Rules, and transactions under the 2016 Supply Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the annual transaction amount under the 2016 Supply Agreement is expected to be more than 0.1% but less than 5% of the applicable percentage ratios, the transactions contemplated under the 2016 Supply Agreement are subject to the reporting and announcement requirements and exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

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## **THE 2016 SUPPLY AGREEMENT**

**Date of the agreement:** 29 January 2016

### **Parties:**

- (1) The Company; and
- (2) Ting Chuan, a company established in the Cayman Islands which operates the Family Mart chain of convenient stores in the PRC.

### **Supply of goods**

Under the terms of the 2016 Supply Agreement, the subsidiaries of the Group will supply the Products to Ting Chuan and its subsidiaries.

The prices of the Products supplied by the Group to Ting Chuan and its subsidiaries will be based on the prevailing market prices of the Products supplied by the Group to its third-party customers. Payment for the Products under the 2016 Supply Agreement will be on credit terms in line with the credit policy of the Group extended to its other customers.

The 2016 Supply Agreement has a term of two financial years ending 31 December 2017, subject to the following annual caps:

| <b>Period</b>                                  | <b>Annual Cap</b><br><i>US\$ '000</i> |
|--|---------------------------------------|
| For the financial year ending 31 December 2016 | 28,000                                |
| For the financial year ending 31 December 2017 | 35,000                                |

The annual caps are determined with reference to historical transaction amounts, the anticipated increase in demand for the Products that Ting Chuan and its subsidiaries would require for their operation, and the range of the Products being offered by the Group. Ting Chuan currently operates over 1501 Family Mart convenient stores in the PRC, and it is expected that it will continue with its expansion. The Group is also continuously introducing new products to the market. With the anticipated growth of the Family Mart and the additional offering of the Products, the Company expects the sales amount to Family Mart will continue to grow during the term of the 2016 Supply Agreement.

Ting Chuan has been purchasing the Products from the Group since 2005. For the three financial years ended 31 December 2015, the Group's supply of Products to Ting Chuan and its subsidiaries were as follows:

|                           | <b>For the year ended 31 December</b> |                 |                 |
|---------------------------|---------------------------------------|-----------------|-----------------|
|                           | <b>2013</b>                           | <b>2014</b>     | <b>2015</b>     |
|                           | <i>US\$'000</i>                       | <i>US\$'000</i> | <i>US\$'000</i> |
| Annual caps               | 13,700                                | 23,500          | 27,700          |
| Actual transaction amount | 9,818                                 | 9,687           | 14,789          |

### **Reason for the Supply Agreement**

The Company specialises in the production and distribution of instant noodles, beverages and instant food in the PRC. Ting Chuan operates the Family Mart chain of convenient stores which has more than 1501 stores in the PRC as at the date of this announcement.

The supply of Products to convenient stores is in the Group's ordinary course of business. The supply agreement entered into between the parties in October 2013 for the supply of the Products expired at the end of 2015. The 2016 Supply Agreement was entered into to refresh the supply of the Products to Ting Chuan. The 2016 Supply Agreement was entered into after arm's length negotiations and under normal commercial terms, with the terms of supply for the Products being benchmarked against the terms of supply extended by the Group to its other customers.

The Directors (including the independent non-executive Directors but excluded Mr. Wei Ing-Chou and Mr. Wei Hong-Ming, who have abstained from voting for the resolution to approve the 2016 Supply Agreement) are of the view that the 2016 Supply Agreement was entered into under normal commercial terms and in the ordinary and usual course of business of the Group, that the terms and conditions of the 2016 Supply Agreement, including the annual caps, are fair and reasonable, and that the entering into of the 2016 Supply Agreement with Ting Chuan is in the interests of the Company and the Shareholders as a whole.

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

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the accounting department of the Group and the management of the Group dedicated with the responsibility of supervising the continuing connected transactions charges of the Group to ensure that the relevant continuing connected transaction is conducted on normal commercial terms and will

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

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

## **GENERAL**

At the Board meeting held to approve the 2016 Supply Agreement, Mr. Wei Ing-Chou and Mr. Wei Hong-Ming, who have beneficial interests in Ting Hsin, were considered to be interested in the transactions contemplated under the 2016 Supply Agreement and have abstained from voting in respect of the resolution proposed to approve the 2016 Supply Agreement.

Ting Chuan is a wholly owned subsidiary of Ting Hsin, which is a substantial shareholder of the Company holding approximately 33.61% of the issued share capital of the Company as at the date of this announcement. Accordingly, Ting Chuan is a connected person of the Company for the purpose of the Listing Rules, and the transactions under the 2016 Supply Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the annual transaction amount under the 2016 Supply Agreement is expected to be more than 0.1% but less than 5% of the applicable percentage ratios, the transactions contemplated under the 2016 Supply Agreement are subject to the reporting and announcement requirements and exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

## DEFINITIONS

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

|                         |   |
|-------------------------|---|
| “2016 Supply Agreement” | the agreement dated 29 January 2016 between the Company and Ting Chuan;   |
| “Board”                 | the board of directors of the Company;  |
| “Company”               | Tingyi (Cayman Islands) Holding Corp., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange; |
| “connected person”      | has the meaning ascribed to it under the Listing Rules;   |
| “Director(s)”           | the director(s) of the Company;   |
| “Family Mart”           | the chain of convenient stores in the PRC operated under the brand of “Family Mart”;  |
| “Group”                 | the Company and its subsidiaries;   |
| “Hong Kong”             | the Hong Kong Special Administrative Region of the People’s Republic of China;  |
| “Listing Rules”         | the Rules Governing the Listing of Securities on the Stock Exchange;  |
| “PRC”                   | the People’s Republic of China and for the purpose this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China;     |
| “Products”              | products produced by the Group, including instant noodles, bakery products, snacks and beverages;   |
| “Shareholder(s)”        | shareholder(s) of the Company;  |
| “Stock Exchange”        | The Stock Exchange of Hong Kong Limited;  |
| “Ting Chuan”            | Ting Chuan (Cayman Islands) Holding Corp., a company incorporated in the Cayman Islands,  |

“Ting Hsin” Ting Hsin (Cayman Islands) Holding Corp., a company incorporated in the Cayman Islands, a substantial shareholder of the Company; and

“US\$” United States dollar, the lawful currency of United States of America.

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

Hong Kong, 29 January 2016

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

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*\* For identification purposes only*