

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

康師傅控股

TINGYI (CAYMAN ISLANDS) HOLDING CORP.

康師傅控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0322)

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION — LOGISTICS SERVICES

This announcement is made pursuant to Rule 14A.54 of the Listing Rules.

Reference is made to the announcement of the Company dated 22 June 2020 in relation to the Logistics Agreement.

On 30 September 2021, the Company and Ting Tong entered into the Supplemental Agreement to revise the annual caps for the continuing connected transactions under the Logistics Agreement.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the revised annual caps under the Supplemental Agreement on an annual basis are more than 0.1% but less than 5%, the revision to the annual caps is subject to the reporting and announcement requirements and exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 22 June 2020 in relation to the Logistics Agreement.

REVISION TO THE ANNUAL CAPS

On 30 September 2021, the Company and Ting Tong entered into the Supplemental Agreement to revise the annual caps for the Logistics Agreement for the two financial years of 2021 and 2022 as follows:

Revised Annual Caps

Pursuant to the Supplemental Agreement, the annual caps for the logistics services to be provided by Ting Tong and its subsidiaries to the Group for the two financial years of 2021 and 2022 will be revised as follows:

	For the year ended 31 December	
	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Original annual cap	1,400,000	1,700,000
Revised annual cap	1,900,000	2,700,000

Basis of determining the revised annual caps

The revised annual caps were determined after arm's length negotiations between the Company and Ting Tong based on (i) the historical transaction amount; and (ii) the expected increase in demand by the Group for the captive logistics services from Ting Tong and its subsidiaries.

The historical transaction amounts for the logistics services were as follows:

	For the year ended 31 December 2020	For the six months ended 30 June 2021
	<i>RMB'000</i>	<i>RMB'000</i>
Original annual cap	1,100,000	1,400,000 ^(Note)
Actual transaction amount	670,322	775,959

Note: The annual cap for 2021 is for the whole financial year.

Save for the revision to the annual caps, the other terms of the Logistics Agreement remain unchanged.

SUMMARY INFORMATION OF THE LOGISTICS AGREEMENT

The other terms of the Logistics Agreement are summarized below:

Services: Ting Tong and its subsidiaries will provide transportation, warehousing and loading and unloading services to the Group.

Term: The Logistics Agreement has a term until 31 December 2022.

Service fee: The service fee of the logistics services provided by Ting Tong and its subsidiaries to the Group will be based on the quoted price for the logistics services to be provided. Such quoted price will be determined on a quarterly basis based on arm's length negotiations between the parties on normal commercial terms with reference to:

- (a) the prevailing market price for the same or substantially similar services, taking into account the service fee of the same or substantially similar services with comparable scope and level of services offered by independent third party logistics providers;
- (b) if there are insufficient comparable transactions to (a) above, on normal commercial terms comparable to those received from independent third parties in respect of the same or substantially similar services with comparable scope and level of services; and
- (c) if both (a) and (b) above are not applicable, by reference to the average price of similar services previously procured by the Group, and on normal commercial terms which are no less favourable to the Group than that are available from independent third parties.

Payment for the service fee under the Logistics Agreement will be calculated on a monthly basis upon completion of the services, with additional credit terms of 30 days. The payment will be made on the monthly payment day specified by the Group after the end of the credit terms.

INFORMATION ON THE PARTIES

The Group is principally engaged in the production and distribution of instant noodle and beverage products in the PRC.

Ting Tong is a limited liability company incorporated in the Cayman Islands. It is principally engaged in the provision of logistics services. Ting Tong is a subsidiary of Great System. Great System is an investment holding company incorporated in Singapore and is owned by Mr. Wei Ing-Chou and his brothers, Mr. Wei Ying-Chiao, Mr. Wei Yin-Chun and Mr. Wei Yin-Heng, and their respective spouses Ms. Wei Chang Lu-Yun, Ms. Lin Li-Mien, Ms. Wei Hsu Hsu-Mien and Ms. Wei Tu Miao in equal proportions. Mr. Wei Ing-Chou is the father of Mr. Wei Hong-Ming, the Chairman of the Board and an executive Director of the Company, and Mr. Wei Hong-Chen, an executive Director of the Company. As such, Ting Tong is a connected person of the Company.

REASONS FOR THE REVISION TO THE ANNUAL CAPS

Ting Tong and its subsidiaries have been providing logistics services to the Group for more than ten years. Owing to the Group's strategy to establish a nationwide integrated distribution network, the higher trading volume in the Group's products, and the increase in gasoline and diesel prices, the original annual caps under the Logistics Agreement for the two financial years of 2021 and 2022 are not expected to be able to meet the Group's demand for the captive logistics services from Ting Tong and its subsidiaries. The entering into of the Supplemental Agreement will enable the Group to continue to cooperate with Ting Tong and its subsidiaries on delivering the Group's products to the market.

Given that the Supplemental Agreement has been entered into after arm's length negotiations and under normal commercial terms, the Directors (including the independent non-executive Directors but excluded Mr. Wei Hong-Ming, the Chairman of the Board and an executive Director of the Company, and Mr. Wei Hong-Chen, an executive Director of the Company, who are considered to be interested in the transactions contemplated under the Supplemental Agreement and have not participated in the discussion in relation to the Supplemental Agreement and have abstained from voting for the resolution proposed to approve the Supplemental Agreement) consider that the transactions contemplated under the Supplemental Agreement and the revised annual caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the revised annual caps under the Supplemental Agreement on an annual basis are more than 0.1% but less than 5%, the revision to the annual caps is subject to the reporting and announcement requirements and exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

At the Board meeting held to approve the Supplemental Agreement, Mr. Wei Hong-Ming and Mr. Wei Hong-Chen are considered to be interested in the transactions contemplated thereunder and have abstained from voting for the resolution proposed to approve the Supplemental Agreement.

INTERNAL CONTROL PROCEDURES

To ensure that the terms of the continuing connected transactions of the Group are fair and reasonable and no less favourable to the Group than those available to/from independent third parties, the Group has in place the following internal control and pricing policies under which:

Internal control and pricing policies

- (i) the Group maintains a list of carefully selected suppliers and service providers. The list is regularly reviewed and updated. For a supplier or service provider to become listed, the Group will initially conduct and must be satisfied with the on-site visits to the supplier or service provider, the supplier or service provider must also have a good track record with the Group in terms of the quality of the products or services which is reviewed by the quality assurance team of the Group (the “**Quality Assurance Department**”). The supplier or service provider must also have a track record of at least one year. Further, if the supplier or service provider has not supplied any products or provided any services to the Group for more than a year, the supplier or service provider will be delisted from the Group's list and the Group will initiate the full selection procedure (including on-site visits and quality checks) for the supplier or service provider to be re-included onto the Group's list;
- (ii) with respect to any potential orders, the research and development department (the “**R&D Department**”) or the purchasing department (the “**Purchasing Department**”) of the Group will first discuss and formulate the details of the specifications of the order (including materials, safety, functions, the specification of the relevant products and the scale and scope of the relevant services);

- (iii) after such formulation by the R&D Department or the Purchasing Department, based on their experience and taking into account similar purchases made by the Group or similar services procured by the Group, the Purchasing Department will obtain quotations from the supplier or service provider and also select not less than two and on average about three suppliers or service providers from the Group's list which are independent third parties for quotations in order to ascertain the prevailing market price in accordance with the pricing policies as set out under the supply agreement or service agreement;
- (iv) the selection criteria of the suppliers or service providers will be based on their quotation, delivery times, payment terms, specifications, quality, safety and recent performance;
- (v) upon delivery of the products or upon completion of the services (whether by the supplier, service provider or independent third parties), the Quality Assurance Department will conduct checks to review (including but not limited to quality and safety) and assess whether the products or services have been provided in accordance with the terms of each contract; and
- (vi) the price of the logistic services provided by Ting Tong and its subsidiaries will be determined based on the pricing policies set out in the section headed "SUMMARY INFORMATION OF THE LOGISTICS AGREEMENT".

Internal review policies

- (i) the pricing policies for all the continuing connected transactions of the Group will be supervised and monitored by the accounting department of the Group and the management of the Group dedicated with the responsibility of supervising the continuing connected transactions of the Group to ensure that the relevant continuing connected transactions are being conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole;
- (ii) in respect of any order for logistics services, the Group will assess the scale and scope of the services required and obtain reference quotations from independent third party service providers for setting the prevailing market price;
- (iii) the relevant personnel from the accounting department and the management of the Group will conduct regular checks to review and assess whether the transactions contemplated under the relevant continuing connected transactions 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 policies; and

(iv) 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.

The Directors consider that the above internal control and pricing policies and internal review policies of the Group are effective to ensure that the transactions contemplated under the relevant continuing connected transaction will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

DEFINITIONS

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

“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;
“Great System”	Great System Holdings (Private) Limited, a company incorporated in Singapore with limited liability;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Logistics Agreement”	the logistics agreement dated 22 June 2020 between the Company and Ting Tong;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;

“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	the supplemental agreement to the Logistics Agreement dated 30 September 2021;
“Ting Tong”	Ting Tong (Cayman Islands) Holding Corp., a company incorporated in the Cayman Islands with limited liability; and
“%”	per cent.

By order of the Board
Tingyi (Cayman Islands) Holding Corp.
Mr. Junichiro Ida
Vice-Chairman and Executive Director

Hong Kong, 30 September 2021

As at the date of this announcement, Mr. Wei Hong-Ming, Mr. Junichiro Ida, Mr. Wei Hong-Chen, Mr. Koji Shinohara, Mr. Yuko Takahashi and Ms. Tseng Chien are executive Directors of the Company. Mr. Hsu Shin-Chun, Mr. Lee Tiong-Hock and Mr. Hiromu Fukada are independent non-executive Directors of the Company.

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

** For identification purposes only*