
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 and the accompanying form of proxy to the purchaser or the 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 the transferee.

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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 5 to 12 of this circular. A letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on pages 13 to 14 of this circular. A letter of advice from Centurion to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 32 of this circular.

A notice convening the EGM to be held at Conference Room, No. 15, the 3rd Avenue, Tianjin Economic-Technological Development Area, Tianjin, The People's Republic of China, on Thursday, 11 November 2010 at 10:00 a.m. is set out on pages 40 to 41 of this circular. Whether or not you propose to attend the meeting, you are requested to complete the form of proxy attached to the notice of the EGM in accordance with the instructions printed thereon and return the same to Suite 5607, 56th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

** For identification purposes only*

20 October 2010

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DEFINITIONS

In this circular, unless the context requires otherwise, the expressions as stated below will have the following meanings:

“Agreements” and each an “Agreement”	the TFS Disposal Agreement and the TZCI Disposal Agreement;
“Announcements”	the announcement of the Company dated 28 September 2010 and the clarification announcement of the Company dated 20 October 2010;
“Board”	the board of Directors;
“Centurion”	Centurion Corporate Finance Limited, a corporation licensed to carry on 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 the Independent Board Committee and the Independent Shareholders in respect of the TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder;
“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;
“Completion”	TFS Completion and TZCI Completion;
“Completion Date”	the completion date of the Disposals;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposals”	the TZCI Disposal and the TFS Disposal;
“EGM”	the extraordinary general meeting to be convened to approve the TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Company comprising Mr. Hsu Shin-Chun, Mr. Lee Tiong-Hock and Mr. Michihiko Ota who are independent non-executive Directors established to give its advice in respect of the TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder to the Independent Shareholders;
“Independent Shareholders”	independent shareholders of the Company;
“Latest Practicable Date”	20 October 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, excluding Hong Kong, Macao Special Administrative Region of the PRC and the Republic of China for the purpose of this circular;
“Purchaser”	Great System Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and as at the Latest Practicable Date, owned by Messrs. Wei Ing-Chou, Wei Ying-Chiao, Wei Yin-Chun and Wei Yin-Heng, respectively in equal proportions;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shares”	ordinary shares of HK\$1.00 each in the capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“TFS”	Tianjin Ting Fung Starch Development Co., Ltd., a wholly owned foreign enterprise established in the PRC and as the Latest Practicable Date was owned as to 51.0% by the Company and 49.0% by East One Holding Limited;
“TFS Completion”	completion of the TFS Disposal Agreement;
“TFS Disposal”	the disposal of the TFS Sale Interest by the Company pursuant to the TFS Disposal Agreement;

DEFINITIONS

“TFS Disposal Agreement”	the sale and purchase agreement dated 28 September 2010 entered into between the Company and the Purchaser in relation to the TFS Disposal;
“TFS Products”	modified potato starch and seasoning flavour products supplied by TFS;
“TFS Sale Interest”	the 51% interest in the registered capital of TFS which is held by the Company prior to TFS Completion;
“TFS Supply Agreement”	the agreement entered into between TFS and the Company dated 28 September 2010 pursuant to which TFS will supply the TFS Products to the Group for the TFS Term;
“TFS Term”	as defined in the section “Letter from the Board — Continuing Connected Transactions — The TFS Supply Agreement — Term” of this circular;
“TZCI”	Tingzheng (Cayman Islands) Holding Corp., a company incorporated in Cayman Islands with limited liability and as the Latest Practicable Date owned as to 40.8% by the Company, 20.0% by Wei Ching-Ni, 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 Completion”	completion of the TZCI Disposal Agreement;
“TZCI Disposal”	the disposal of the TZCI Sale Interest by the Company pursuant to the TZCI Disposal Agreement;
“TZCI Disposal Agreement”	the sale and purchase agreement dated 28 September 2010 entered into between the Company and the Purchaser in relation to the TZCI Disposal;
“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), Tianjin Tingsheng Plastic Products Co., Ltd. (天津頂盛塑料製品有限公司), Tianjin Shengxiang Plastic Products Co., Ltd. (天津盛祥塑料製品有限公司), Hangzhou Tingzheng Packing Material Co., Ltd. (杭州頂正包材有限公司), and Chongqing Tingzheng Packing Material Co., Ltd. (重慶頂正包材有限公司), 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 Sale Interest”	the 40.8% interest in the issued share capital of TZCI which is held by the Company prior to TZCI Completion;

DEFINITIONS

“TZCI Supply Agreement”	an agreement entered into between TZCI and the Company dated 28 September 2010 pursuant to which TZCI will supply the TZCI Materials to the Group for the TZCI Term;
“TZCI Term”	as defined in the section “Letter from the Board — Continuing Connected Transactions — The TZCI Supply Agreement — Term” of this circular;
“US\$”	United States dollar, the lawful currency of the United States;
“%”	per cent.

In this circular, the exchange rate of HK\$7.765 to US\$1.00 and RMB6.792 to US\$1.00 is used. Such exchange rate will not be construed as a representation that amount in US\$ was or may have been converted into HK\$ or RMB using such exchange rate or any other exchange rate or at all.

LETTER FROM THE BOARD



康師傅控股有限公司*

TINGYI (CAYMAN ISLANDS) HOLDING CORP.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 322)

Executive Directors:

Wei Ing-Chou (*Chairman*)

Takeshi Ida

Ryo Yoshizawa

Wei Ying-Chiao

Wu Chung-Yi

Junichiro Ida

Registered Office:

Genesis Building, Fifth Floor

P.O. Box 448

George Town

Grand Cayman

Cayman Islands

Independent non-executive Director:

Hsu Shin-Chun

Lee Tiong-Hock

Michihiko Ota

Principal Office in Hong Kong:

Suite 5607, 56th Floor

Central Plaza

18 Harbour Road, Wanchai

Hong Kong

* For identification purposes only

20 October 2010

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the Announcements whereby the Board announced that on 28 September 2010 and 20 October 2010, the Company and the Purchaser entered into (i) the TZCI Disposal Agreement, pursuant to which, the Purchaser agreed to purchase, and the Company agreed to sell the TZCI Sale Interest, representing 40.8% interest in TZCI for a consideration of US\$84,438,000 (approximately HK\$655,661,070); and (ii) the TFS Disposal Agreement, pursuant to which, the Purchaser agreed to purchase, and the Company agreed to sell the TFS Sale Interest, representing 51.0% interest in TFS for a consideration of US\$13,895,000 (approximately HK\$107,894,675). The Board also announced that on 28 September 2010, the Company and TZCI had entered into (i) the TZCI Supply Agreement, pursuant to which, TZCI will supply the TZCI Materials to the Group for a term commencing on the Completion Date and ending on 31 December 2013; and (ii) the TFS Supply Agreement, pursuant to which, TFS will supply the TFS Products to the Group for a term commencing on the Completion Date and ending on 31 December 2013.

LETTER FROM THE BOARD

The TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules and are subject to the requirements of reporting, annual review, announcement and Independent Shareholders' approval under Chapter 14A of the Listing Rules. 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 and the TFS Supply Agreement and the transactions contemplated thereunder at the EGM.

The purpose of this circular is to provide you with, amongst others, (i) further details of the TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder, (ii) the letter from the Independent Board Committee giving its recommendation to the Independent Shareholders relating to the TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder, (iii) the letter from Centurion containing its advice to the Independent Board Committee and the Independent Shareholders relating to the TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder and (iv) a notice of the EGM.

CONTINUING CONNECTED TRANSACTIONS

Upon completion of the TZCI Disposal, as the Purchaser, being wholly owned by Messrs. Wei Ing-Chou and Wei Ying-Chiao who are Directors, and Messrs. Wei Yin-Chun and Wei Yin-Heng who are their brothers, in equal proportions, together with Ms. Wei Ching-Ni, being an elder sister of Mr. Wei Ing-Chou, own more than 50% interests in TZCI, TZCI will become an associate of Messrs. Wei Ing-Chou and Wei Ying-Chiao, and a connected person of the Company. Upon TZCI Completion, the Purchaser will own 40.8% interests in TZCI. Given that the Purchaser is owned by Messrs. Wei Ing-Chun and Wei Ying-Heng together with their two brothers in equal proportion, Messrs Wei Ing-Chun and Wei Ying-Heng would indirectly together have 20.4% attributable interests in TZCI upon TZCI Completion. As at the Latest Practicable Date, Ms. Wei Ching-Ni held 20% interests in TZCI.

The TZCI Supply Agreement

Date:	28 September 2010
Parties:	(1) TZCI (2) the Company
Subject:	The supply of the TZCI Materials by TZCI and its subsidiaries to the Group.
Term:	The TZCI Supply Agreement has a term commencing from the Completion Date and ending on 31 December 2013, whereby the Company has an option to renew the agreement for a term of three years subject to compliance with the Listing Rules.

LETTER FROM THE BOARD

Price: 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 price on terms which are no less favorable to the Group than that available to third parties.

Historical amount: For the three years ended 31 December 2009 and the six months ended 30 June 2010, the Group has 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 TZCI Term. The table below summarises the actual transaction amounts incurred for the three years ended 31 December 2009 and the six months ended 30 June 2010 for the purchase of the TZCI Materials by the Group from TZCI:

Year ended	Year ended	Year ended	six months
31 December	31 December	31 December	ended 30
2007	2008	2009	June 2010
<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>

Actual				
transaction				
amount	270,360,000	311,460,000	267,880,000	161,980,000

Based on the historical transaction amount especially for the six months ended 30 June 2010, and the expectation that the transaction amount for the six months ending 31 December 2010 will remain the same as compared with the first six-month period of 2010 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 2007 through 2009. For the three years ending 31 December 2013, the aggregate amount payable by the Group to TZCI under the TZCI Supply Agreement are estimated not to exceed the following amounts:

Year ended	Year ended	Year ended
31 December	31 December	31 December
2011	2012	2013
<i>US\$</i>	<i>US\$</i>	<i>US\$</i>

Transaction			
amount	370,040,000	427,960,000	493,000,000

LETTER FROM THE BOARD

Upon completion of the TFS Disposal, TFS will become a subsidiary of the Purchaser, and therefore an associate of Messrs. Wei Ing-Chou and Wei Ying-Chiao, and a connected person of the Company.

The TFS Supply Agreement

Date: 28 September 2010

Parties: (1) TFS
(2) the Company

Subject: The supply of the TFS Products by TFS to the Group.

Term: The TFS Supply Agreement has a term commencing from the Completion Date and ending on 31 December 2013, whereby the Company has an option to renew the agreement for a term of three years subject to compliance with the Listing Rules (the "TFS Term").

Price: The basis of determining the amount to be paid by the Group to TFS under the TFS Supply Agreement will be with reference to prevailing market price on terms which are no less favorable to the Group than that available to third parties.

Historical amount: For the three years ended 31 December 2009 and the six months ended 30 June 2010, the Group has purchased the TFS Products from TFS, at market price. 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 TFS Term.

The table below summarises the actual transaction amounts incurred for the three years ended 31 December 2009 and the six months ended 30 June 2010 for the purchase of the TFS Products by the Group from TFS:

	Year ended 31 December 2007 <i>RMB</i>	Year ended 31 December 2008 <i>RMB</i>	Year ended 31 December 2009 <i>RMB</i>	six months ended 30 June 2010 <i>RMB</i>
Actual transaction amount	245,350,000	229,180,000	162,840,000	100,760,000

LETTER FROM THE BOARD

Based on the historical transaction amount especially for the six months ended 30 June 2010, and the expectation that the transaction amount for the six months ending 31 December 2010 to be lower as compared with the first six month period of 2010 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 increase as compared to 2007 through 2009. For the three years ending 31 December 2013, the aggregate annual fees payable by the Company to TFS under the TFS Supply Agreement are estimated not to exceed the following amounts:

	Year ended 31 December 2011 <i>RMB</i>	Year ended 31 December 2012 <i>RMB</i>	Year ended 31 December 2013 <i>RMB</i>
Transaction amount	191,480,000	202,970,000	215,139,000

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.

INFORMATION ON THE GROUP

The Group is principally engaged in the business of manufacturing, distribution and sale of instant noodles, beverages and bakery products in the PRC.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

Prior to the TZCI Disposal, TZCI has been the major provider of the TZCI Materials for the Group.

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. Prior to the TFS Disposal, TFS has been providing the TFS Products to the Group and it was one of the major providers to the related manufacturers within the Group located in northern region of Yangtze River commencing from 2008 in order to save transportation costs to be incurred by the Group.

LETTER FROM THE BOARD

Notwithstanding Completion, 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 high quality of the TZCI Materials and the TFS Products and their competitive prices.

As the TZCI Supply Agreement and the TFS Supply Agreement are entered into under normal commercial terms, the Directors (including the independent non-executive Directors) consider that the TZCI Supply Agreement and the TFS Supply Agreement are entered into in the ordinary and usual course of business of Group.

The Directors (including the independent non-executive Directors) are of the view that the entering into the TZCI Supply Agreement and the TFS Supply Agreement are fair and reasonable and in the interest of the Shareholders and the Company as a whole.

GENERAL

As the Purchaser, which is wholly owned by Messrs. Wei Ing-Chou and Wei Ying-Chiao who are Directors, and Messrs. Wei Yin-Chun and Wei Yin-Heng who are their brothers, in equal proportions, together with Ms. Wei Ching-Ni, being an elder sister of Mr. Wei Ing-Chou, will own more than 50% interests in TZCI upon TZCI Completion, and TFS will become a subsidiary of the Purchaser upon TFS Completion, both TZCI and TFS will become associates of Messrs. Wei Ing-Chou and Wei Ying-Chiao, and thus 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 immediately upon TZCI Completion and TFS Completion, respectively. Mr. Wei Ing-Chou, Mr. Wei Ying-Chiao and their respective associates own approximately 33.4% interests in the Company. 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.

Pursuant to Rules 14A.25 and 14A.26 of the Listing Rules, the Directors are of the view that the TFS Supply Agreement and the TZCI Supply Agreement should be aggregated. Given that the applicable percentage ratios (other than the profits ratio) in respect of the amounts payable by the Company under the TZCI Supply Agreement and the TFS Supply Agreement on an annual basis exceed 5%, the TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder are subject to Independent Shareholders' approval, an EGM will be convened 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. Votes for the resolutions at the EGM shall be taken by way of poll. The poll results will be published after the EGM.

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 and the TFS Supply

LETTER FROM THE BOARD

Agreement and the transactions contemplated thereunder at the EGM. To the best knowledge and belief of the Directors having made all reasonable enquiries, no other Shareholders have any interest in the TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder which are required to abstain from voting at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors (being Mr. Hsu Shin-Chun, Mr. Lee Tiong-Hock and Mr. Michihiko Ota) has been established to advise the Independent Shareholders regarding the TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder. Centurion was appointed as the independent financial adviser for the purpose of advising the Independent Board Committee and the Independent Shareholders regarding the TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder.

EGM

A notice convening the EGM is set out on pages 40 to 41 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to Suite 5607, 56th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the EGM. The completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 13 to 14 of this circular which contains its recommendation to the Independent Shareholders on the TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder. Your attention is also drawn to the letter of advice received 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 transactions contemplated thereunder and the principal factors and reasons considered by it in concluding its advice. The letter from Centurion is set out on pages 15 to 32 of this circular. The Directors (including the independent non-executive Directors) are of the opinion that the TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Board Committee (comprising all the independent non-executive Directors), having taken into account the advice of Centurion, is also of the opinion that the TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend that the Independent Shareholders vote in favour of the relevant resolutions to be proposed at the EGM to approve the TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

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

Yours faithfully,
For and on behalf of
Tingyi (Cayman Islands) Holding Corp.
Wei Ing-Chou
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



康師傅控股有限公司*

TINGYI (CAYMAN ISLANDS) HOLDING CORP.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 322)

Principal Office in Hong Kong:

Suite 5607, 56th Floor

Central Plaza

18 Harbour Road, Wanchai

Hong Kong

20 October 2010

To the Independent Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company to the Shareholders dated 20 October 2010 (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 transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from Centurion as set out on pages 15 to 32 of the Circular and the letter from the Board as set out on pages 5 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 TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

as a whole. We therefore recommend that the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the TZCI Supply Agreement and the TFS Supply Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. Hsu Shin-Chun
*Independent non-executive
Director*

Mr. Lee Tiong-Hock
*Independent non-executive
Director*

Mr. Michihiko Ota
*Independent non-executive
Director*

** For identification purpose only*

LETTER FROM CENTURION

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Centurion dated 20 October 2010 for incorporation in this circular:-



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

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14 -24 Wellington Street 威靈頓街 14 - 24號 (852) 2525 6026
Central, Hong Kong 威靈頓公爵大廈 7樓 Facsimile : (852) 2537 7622

20 October 2010

*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 TFS Supply Agreement respectively, the details of which are outlined in the “Letter From The Board” set out from pages 5 to 12 of the circular dated 20 October 2010 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 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 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 28 September 2010 regarding, among other things, 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.

The entering into of the TZCI Supply Agreement and the TFS Supply Agreement, the proposed purchases of the TZCI Materials and TFS Products by the Group from TZCI and TFS respectively and the proposed annual cap amounts, for the reasons set out in the “Letter From The Board”, will constitute continuing connected transactions of the Company under the Listing Rules immediately

LETTER FROM CENTURION

upon the Completion. As such, 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 "General" 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 cap amounts. 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 valuation report on the fair market values of each of the TZCI Sale Interest and the TFS Sale Interest ("Valuation Report") as referred to in the announcement of the Company dated 28 September 2010 ("Announcement") 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 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

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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 (including but not limited to the Valuation Report) 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 2009 annual report, the Group distributed its products throughout the PRC through its extensive sales network consisting of 493 sales offices and 79 warehouses serving 5,798 wholesalers and 72,955 direct retailers as at 31 December 2009.

As set out in the Company’s 2009 annual report, for the years ended 31 December 2008 and 2009 respectively, the Group’s audited segmented turnover and results of its operations as extracted from its 2009 annual report are as follows:-

Table A : Group’s revenue and segment results

<i>(US\$'000)</i>	Revenue from		Segment results	
	2009	2008	2009	2008
	(Audited)	(Audited)	(Audited)	(Audited)
Instant noodles	2,307,513	2,084,830	325,566	202,346
Beverages	2,541,962	1,924,119	287,075	253,364
Bakery	155,232	149,922	8,695	6,059
Others	76,406	113,182	7,629	32,932
Inter-segment elimination	—	—	(763)	(19,124)
Total	<u>5,081,113</u>	<u>4,272,053</u>	<u>628,202</u>	<u>475,577</u>

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Instant noodles and beverage businesses, which accounted for approximately 45% and 50% of the Group's turnover for the year ended 31 December 2009, accounted for 52% and 46% 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 2009 annual report of the Company, according to ACNielsen's latest survey on retails in December 2009, Master Kong's sales volume and value of instant noodles have 41.7% and 54.6% respectively of the market shares, of which noodles with high-end containers represented 69.3% of the market turnover and high-end packet noodles had 71.6% of the market turnover. Furthermore, Mater Kong's ready-to-drink tea products had a market share of 50.4% whereas its bottled water had a 21.4% market share. 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, and 鮮の每日C in the PRC.

1.2 Information of the TZCI Group

TZCI is incorporated in the Cayman Islands with limited liability and is a privately owned 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. The reasons that TZCI will become a connected person of the Company after completion of the TZCI Disposal are set out in the "Letter From The Board". The following structure chart of TZCI Group is extracted from the 2009 annual report of the Company.



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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 prior to the TZCI Disposal. 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 is extracted from the Announcement which 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 90% of the total turnover of the TZCI Group over the last two years.

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

For the year ended	31 December 2008	31 December 2009
Actual transaction amount of the purchase of TZCI materials by the Group from TZCI	US\$311,460,000	US\$267,880,000
Audited consolidated turnover of the TZCI (continuing and discontinued operations)	US\$346,140,000	US\$300,831,000
Percentage of the abovementioned actual transaction amount to consolidated turnover of TZCI	90%	89%

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 (turnover of the Group increased by approximately 38%, 33% and 19% for 2007, 2008 and 2009 respectively), 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 doubling of its production lines from 2006 to 2009. Given (i) TZCI's supply relationship with the Group and the aforesaid market positions of the Group's products; (ii) TZCI's audited consolidated turnover for the year ended 31 December 2009 as set out in the table above which represented mostly flexible packaging products sold is ranked the fourth largest amongst other Group 1 comparable companies in Table F below (none of these larger comparable companies is principally engaged in flexible packaging products only); and (iii) 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.

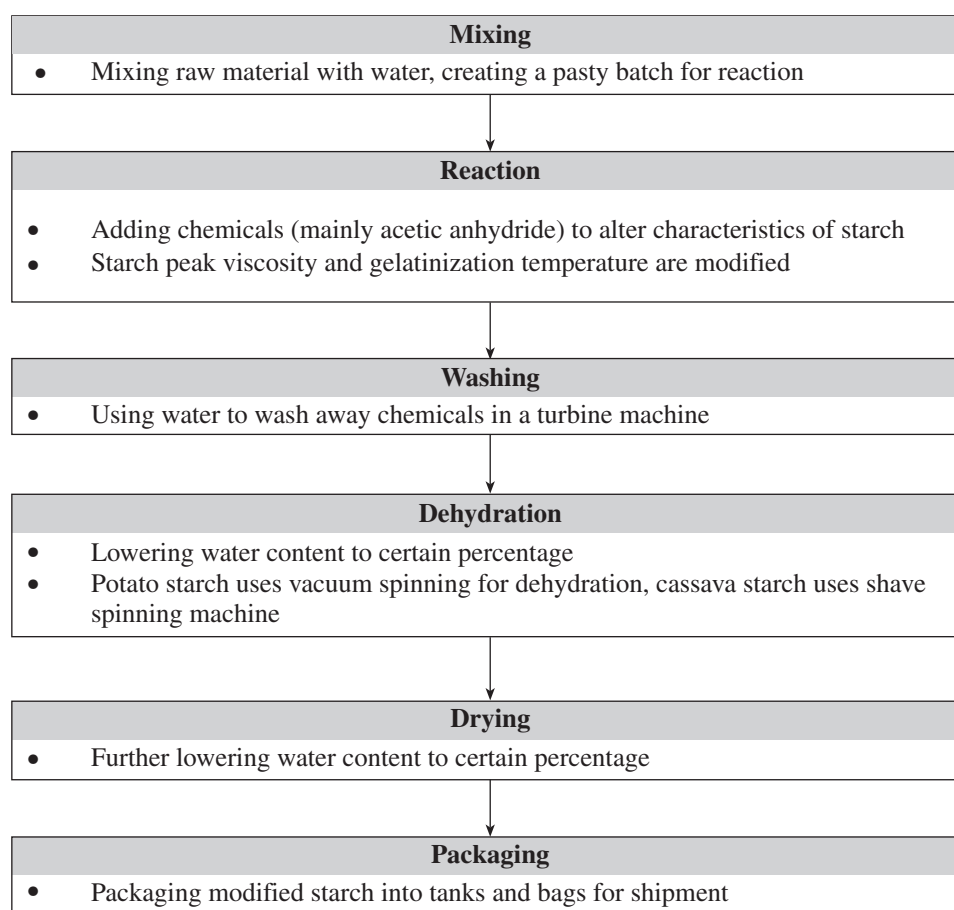
1.3 *Information of TFS*

TFS is a wholly-owned foreign enterprise established in the PRC and is owned as to 51% by the Company prior to the completion of the TFS Disposal. The reasons that TFS will become a connected person of the Company after completion of the TFS Disposal and the continuing connected transactions as contemplated under the TFS Supply Agreement will be subject to the approval of the Independent Shareholders are set out in the "Letter From The Board".

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TFS is principally focused on satisfying and supplying the modified starch demand from the Group and external sales are insignificant. TFS specializes in producing modified starch from potato and cassava raw starch (sourced from various PRC suppliers) and with its current production volume of approximately 25,000 tons per year, it accounted for approximately 12% of the PRC market shares as estimated by the management of TFS.

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:-



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 year ended 31 December 2009. 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.

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The following information is extracted from the Announcement which shows the importance of the business relationship between the Company and the TFS and that the Group's total purchases of the TFS Products accounted for approximately 87% of the total turnover of TFS for the year ended 31 December 2009.

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

For the year ended	31 December 2008	31 December 2009
Actual transaction amount of the purchase of TFS		
Products by the Group from TFS	RMB229,180,000	RMB162,840,000
Audited consolidated turnover of the TFS	RMB337,323,000	RMB188,189,000
Percentage of the abovementioned actual transaction amount to consolidated turnover of TFS	68%	87%

It is thus obvious from the above table that turnover of TFS was heavily dependent on the purchase orders from the Group. Due to sales strategy change and the increased focus to supply the Group only, sales of TFS had been declining over the last three years while at the same time, profit margin had been improving and as a result, its gross profit margin for the year ended 31 December 2009 was the highest amongst the last three years, 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 term commencing from the Completion Date and ending on 31 December 2013, whereby the Company has an option to renew the agreement for a term of three years subject to compliance with the Listing Rules; and (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 price on terms which are no less favorable to the Group than that available to third parties.

2.2 *Historical transaction values and proposed cap amounts*

For the three years ended 31 December 2009 and the six months ended 30 June 2010, 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.

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The table below summarises the historical transaction amounts incurred for the three years ended 31 December 2009 and the six months ended 30 June 2010 for the purchase of the TZCI Materials by the Group from TZCI:

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

	Year ended 31 December 2007	Year ended 31 December 2008	Year ended 31 December 2009	Six months ended 30 June 2010
Actual transaction amount	US\$270,360,000	US\$311,460,000	US\$267,880,000	US\$161,980,000

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 2007 through 2009. For the three years ending 31 December 2013, the aggregate amount payable by the Group to TZCI under the TZCI Supply Agreement are estimated not to exceed the following cap amounts:

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

	Year ending 31 December 2011	Year ending 31 December 2012	Year ending 31 December 2013
Annual cap. amount sought	US\$370,040,000	US\$427,960,000	US\$493,000,000

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

In order to 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 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 sales of the TZCI Materials by TZCI to the Group and sales of other packaging materials to independent third parties; (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 sample invoices involving sales of the TZCI Materials by TZCI to the Group and sales of other packaging materials to independent third parties as reviewed by us 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 concurrence with such explanation. In lieu of confirmation from sample invoices provided, 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.

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In order to better understand the historical terms of the purchases of TZCI Materials by the Group, we have also reviewed the audited gross profit margin of the TZCI Group as set out in its audited income statements for the three years ended 31 December 2007, 2008, and 2009 respectively. Based on such audited income statements and without any adjustment to the management fees paid as referred to below, gross profit margin for each of the three years ended 31 December 2007, 2008, and 2009 was approximately 15.3%, 19.0% and 13.7% respectively whereas their average three-year gross profit margin was approximately 16.0%. 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, 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	28.0%
Zhuhai Zhongfu Enterprise Co., Ltd.	000659	Shenzhen Stock Exchange	RMB	26.6%
Huangshan Novel Co., Ltd.	002014	Shenzhen Stock Exchange	RMB	22.5%
China Flexible Packaging Holdings Limited	C59	Singapore Exchange Securities Trading Ltd.	RMB	16.3%
CPMC Holdings Limited	906	Hong Kong Stock Exchange	RMB	15.2%
Zhejiang Great Southeast Packaging Co., Ltd.	002263	Shenzhen Stock Exchange	RMB	<u>15.1%</u>
			Average (Group 1)	<u>20.6%</u>
Group 2				
AMVIG Holdings Limited	2300	Hong Kong Stock Exchange	HK\$	34.9%
Cheong Ming Investments Limited	1196	Hong Kong Stock Exchange	HK\$	27.8%
New Island Printing Holdings Limited	377	Hong Kong Stock Exchange	HK\$	23.5%

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Company	Stock code	Listing venue	Reporting currency	Gross profit margin as determined from the latest published accounts
Hung Hing Printing Group Limited	0450	Hong Kong Stock Exchange	HK\$	<u>21.0%</u>
			Average (Group 2)	<u>26.8%</u>
			Average (Groups 1 and 2)	<u>23.1%</u>
Group 3				
Malaysia Packaging Industry Berhad (Noted 1)	8095	Bursa Malaysia Securities Berhad	RM	17.2%
Toyo Seikan Kaisha, Ltd.	5901	Tokyo Stock Exchange	Yen	<u>14.0%</u>
			Average (Group 3)	<u>15.6%</u>
			Average (Groups 1, 2 and 3)	<u>21.8%</u>

Notes:-

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. 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.

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That said, it should be noted that any 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. In order to better understand the historical terms of supply of the TCZI Materials by TZCI to the Group, it is important to take into account the following special mode of operation of TZCI for the past few years under review by us:-

- (i) an annual management fee of considerable (but fluctuating) amount was charged by the Company and payable by TZCI, supposedly to account for price discount to the Group due to mass orders placed with TZCI by it, the net effect of which would reduce the gross profit margin of the sales of the TZCI Materials;
- (ii) trade payments by the Company to the TZCI Group for TZCI Materials delivered are usually longer than industry practice, resulting in longer outstanding of aged receivables on the balance sheet of the TZCI Group; and
- (iii) as set out above, TZCI Group's turnover was (and will continue to be) heavily dependent on the orders from the Group (approximately 90% of its overall sales were intergroup in nature for each of the past two years).

Following our review of the audited consolidated accounts of TZCI over the past three years, we noted that the average gross profit margin of TZCI as abovementioned for each of the three years ended 31 December, 2007, 2008 and 2009 respectively is either in line with or lower than the individual gross profit margin exhibited in the Group 1 comparable companies as set out in the table above. Due to depressed market conditions arising from global financial turmoil which resulted in price reduction of TZCI Materials, gross profit margin of TZCI's turnover for the year ended 31 December 2009 actually registered a sharp decline from the previous years. Such one-off decline in profit margin is in our view, less comparable and as such, we believe the three-year average gross profit margin of 16.0% as abovementioned is more representative of the historical purchases of the TZCI Materials.

Whilst the Valuation Report also contains an analysis of the gross profit margin of TZCI's intergroup sales vs. external sales (approximately 90% and 10% respectively) and the result of which indicated that external sales to third parties by TZCI for the year ended 31 December 2009 commanded a higher gross profit margin, such higher margin is likely related to the more complicated manufacturing process required by such third parties as set out in the Valuation Report. We are therefore of the view that any comparison between the intergroup sales vs. external sales may not be appropriate. Such view notwithstanding, the overall gross profit margin of TZCI's sales, of which approximately 90% were related to intergroup sales, did produce the relevant confirmation when compared to market comparables in the above table.

Notwithstanding our recognition as mentioned above that TZCI and its market comparables may be different in terms of size, major customer concentration, products manufactured and cost structures, the result of the gross profit margin analysis and in particular, the profit margin gap between those of TZCI and the comparables, are in our view, indicative of the general terms of the historical purchases of the TZCI Materials were indeed with reference to the then prevailing market price and

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on terms which were 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 listed industry participants in the flexible packaging industry.

Thus, based on its audited accounts and prior to any adjustment of the management fees paid, TZCI's gross margins for the past three years under review were indeed, able to confirm that the aggregate amounts paid by the Group to TZCI for the supply of TZCI Materials were with reference to the then prevailing market price and on terms which were no less favorable to the Group than that available to independent third parties. If such gross profit margin of the TZCI Group were to be adjusted by the aforesaid management fee charged by the Company on an annual basis (supposedly to account for price discount to the Group due to its mass orders placed with TZCI), the result would be a further reduction in the adjusted gross profit margin which would mean such historical terms for the supply of TZCI Materials were more favorable to the Group than those market terms available to independent third parties. This adjustment to TZCI's gross profit margin is in our view, a more accurate reflection of the historical terms arising from the purchases of the TZCI Materials by the Group.

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 commencing from the Completion Date and ending on 31 December 2013, whereby the Company has an option to renew the agreement for a term of three years subject to compliance with the Listing Rules; and (ii) the basis of determining the amount to be paid by the Group to TFS under the TFS Supply Agreement will be with reference to prevailing market price on terms which are no less favorable to the Group than that available to third parties.

3.2 *Historical transaction values and proposed cap amounts*

For the three years ended 31 December 2009 and the six months ended 30 June 2010, as stated in the "Letter From The Board", the Group purchased the TFS Products from TFS at market price. 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.

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The table below summarizes the historical transaction amounts incurred for the three years ended 31 December 2009 and the six months ended 30 June 2010 for the purchase of the TFS Products by the Group from TFS:

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

	Year ended 31 December 2007	Year ended 31 December 2008	Year ended 31 December 2009	Six months ended 30 June 2010
Actual transaction amount	RMB245,350,000	RMB229,180,000	RMB162,840,000	RMB100,760,000

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 increase as compared to 2007 through 2009. For the three years ending 31 December 2013, the aggregate amount payable by the Company to TFS under the TFS Supply Agreement are estimated not to exceed the following cap amounts:

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

	Year ending 31 December 2011	Year ending 31 December 2012	Year ending 31 December 2013
Annual cap. amount sought	RMB191,480,000	RMB202,970,000	RMB215,139,000

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

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 sales of the TFS Products by TFS to the Group and sales of other modified starch materials by TFS to independent third parties; (ii) certain sample invoices involving purchases of modified starch products by the Group from an independent third party; (iii) market prices of 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, we are of the view that the pricing 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. More details of our analysis on the pricing of the TFS Products are set out below. We have also noted that in order to save transportation costs, TFS has become one of the major providers of the TFS Products to the related manufacturers within the Group located in the northern region of Yangtze River

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commencing from 2008. In this regard, we have also reviewed sample invoices for TFS Products supplied by a third party supplier to the Group which is located in the southern region of Yangtze River and are of the view that such pricings were generally in line with the terms of other historical purchases of the TFS Products reviewed by us.

In order to better understand the historical terms of the purchases of TFS Products by the Company, we have also reviewed the audited gross profit margin of TFS as set out in its audited income statements for the three years ended 31 December 2007, 2008, and 2009 respectively. Against such historical gross profit margin of TFS, 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 TFS.

Table I : Gross profit margins of comparable listed companies of TFS

Company	Stock code	Listing venue	Reporting currency	Gross profit margin as determined from the latest published accounts
China Essence Group Ltd.	G54	Singapore Exchange Securities Trading Ltd.	RMB	34.5%
Global Bio-chem Technology Group Company Limited.	809	Hong Kong Stock Exchange	HK\$	13.5%
China Starch Holdings Limited	3838	Hong Kong Stock Exchange	RMB	<u>10.8%</u>
			Average	<u>19.6%</u>

The table above contains three comparable companies and out of which, China Essence Group Ltd. is in our view, the most comparable as its products are also potato starch-related. The other two companies are engaged in corn starch-related products and starch-based sweetener. Gross profit margin of China Essence Group Ltd. is approximately 34.5%, the average gross profit margin for all three companies as set out in the table above is approximately 19.6%. Following our discussion with the management of the Company and after reviewing the Valuation Report, for the reasons set out in this section below, we understand that the average gross profit margin for TFS will likely level off gradually over the three-year term of the TFS Supply Agreement and return to the average range of approximately 20%-25%, and should this be the case, gross profit margin of TFS would be more in line with market margin for modified starch producers.

Following our review of the audited consolidated accounts of TFS over the past three years, we noted that the average gross profit margin of TFS for each of the three years ended 31 December, 2007,

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2008 and 2009 respectively had been steadily increasing. Gross profit margins of TFS in 2007 and 2008 were close to the average of the three comparable companies of 20% as set out in the table above whereas its gross profit margin in 2009 was approximately 31.5% (this is comparable to the abovementioned 34.5% gross profit margin of China Essence Group Ltd.). Average gross profit margin of TFS for the three years ended 31 December 2009 was approximately 23.9%. The higher gross profit margins, in 2009 in particular, are attributable to the following:-

- (i) Increased proportion of higher priced products as required by the Group which commanded bigger margins;
- (ii) Due to over-supply of potato starch in early 2009, raw material cost per unit manufactured by TFS dropped approximately 7% from the previous years; and
- (iii) Fully depreciated production equipment purchased more than 10 years ago in 1996 and 1997 meant a reduction in depreciation expenses for 2008 and 2009.

According to records provided by management of the Company, average selling price per ton of P-170 modified starch was approximately RMB7,400 in 2009, which was above the average selling price of approximately RMB5,400 per ton of STABI-A modified starch sold to external parties by TFS in 2009. The price difference was 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. Average selling price per ton of P-150 modified starch sold to the Company by TFS was approximately RMB5,000 in 2009. In comparison, our market research indicated that market prices for potato starch per ton in January 2010 commanded a price range between RMB5,400-RMB7,000.

Another advantage on profit margin for the almost exclusive sales of the TFS Products to the Group is that selling expenses of TFS decreased as such internal sales require no major advertising or promotional expenses.

Whilst we recognized that TFS and its market comparables may be different in terms of size, major customer concentration, products manufactured and cost structures, the results of the sample invoices review, market research on potato starch pricing and comparable gross profit margin analysis are in our view, indicative of the general terms of the historical purchases of the TFS Products were indeed with reference to the then prevailing market price and on terms which were no less favorable to the Group than that available to independent third parties. We further recognized the sample size as represented by comparables in Table I above has a total of three companies, such small sample size is indeed a reflection of the limited number of listed industry participants in the starch industry.

Having considered the above information, in particular, (i) the higher margin for TFS was attributable to the Group's requirement for higher quality modified starch products; and (ii) the gross profit margins of TFS based on its audited accounts for the past three years under review, we are of the view that historical supply of the TFS Products was generally with reference to the then prevailing market price (while reflecting the higher quality requirements of the Group) and on terms which were no less favorable to the Group than that available to independent third parties.

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We further noted that as set out in the Valuation Report, once factors affecting margins like fluctuating potato price; more depreciation expense due to new equipment added etc. become more stabilised, the gross profit margin of TFS may level off and track closer to the then prevailing average profit margin in the marketplace gradually over the three-year term of the TFS Supply Agreement. We are of the opinion 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 indeed be levelling off and would better adhere to the then prevailing market margin.

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

4.1 *Reasons*

As set out in the “Letter From The Board”, prior to the TZCI Disposal, TZCI has been the major provider of the TZCI Materials for the Group. TFS is a modified starch manufacturer, specialized in producing modified starch, especially from potato. The core product, P-170 modified starch, is a unique formula specifically tailored for manufacturing the Group’s high-end instant noodle products. Prior to the TFS Disposal, TFS has been providing the TFS Products to the Group and it was one of the major providers to the related manufacturers within the Group located in northern region of Yangtze River commencing from 2008 in order to save transportation costs to be incurred by the Group.

Notwithstanding Completion, 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 TFS Products from TZCI and TFS, respectively, on the basis of high quality of the TZCI Materials and the TFS Products and their competitive prices.

The Directors also stated that as the TZCI Supply Agreement and TFS Supply Agreement are entered into under normal commercial terms, the Directors consider that the TZCI Supply Agreement and the TFS Supply Agreement are entered into in the ordinary and usual course of business of Group.

The Directors are of the view that the entering into the TZCI Supply Agreement and the TFS Supply Agreement are fair and reasonable and in the interest of the Shareholders and the Company as a whole.

4.2 *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.

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

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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 Mater 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 insofar as instant noodles are concerned, by 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.

4.3 *Bases for the annual caps sought*

As set out in the "Letter From The Board", the proposed annual caps have been determined with reference to the historical transaction amount 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 and the TFS Supply Agreement will increase as compared to 2007 through 2009.

As disclosed in the Announcement, the Valuation Report contained among other things, an income approach for valuing the fair market value of each of the TZCI Sale Interest and TFS Sale Interest. Such income approach includes a projection of future intergroup sales of each of TZCI and TFS, the bases and assumptions of which are supplied by the senior management of each of the Company, TZCI and TFS. Having reviewed such Valuation Report with the independent valuer and senior management of the Company and having considered the relevant bases and assumptions for such projected future intergroup sales, we are in concurrence with the executive Directors in their projected annual cap amounts for the continuing connected transactions and take the view that such bases are fair and reasonable.

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 agreements are entered into in the ordinary and usual course of business of Group. On the basis that the terms for 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 will remain substantially unchanged (and in the case of TFS, its profit margin will level off as abovementioned), we are also of the view that the entering into the TZCI Supply Agreement and the TFS Supply Agreement, the

LETTER FROM CENTURION

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 each of the ordinary resolutions approving the TZCI Supply Agreement, the TFS Supply Agreement, the continuing connected transactions contemplated thereunder and the relevant annual cap amounts for the three years ending 31 December 2011, 2012 and 2013 respectively, at the EGM.

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

APPENDIX — GENERAL INFORMATION

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, none of the Directors or chief executive of the Company, save as disclosed below, had or was deemed to have any interests or short positions in the shares, underlying shares and 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 and short positions which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange:

(a) Long position in the Shares and the underlying Shares

Name of Directors	Number of Shares		Percentage of total Shares	Number of underlying Shares held under options <i>(see note 2)</i>
	Personal interests	Corporate interests <i>(see note 1)</i>		
Wei Ing-Chou	13,242,000	1,854,827,866	33.4%	7,016,000
Wei Ying-Chiao	—	1,854,827,866	33.2%	—

APPENDIX — GENERAL INFORMATION

(b) Long position in shares of associated corporation

Name of Directors	Name of associated corporation	Number of shares of the associated corporation (see note 3)	Percentage of total shares (see note 3)	Nature of interest (see note 3)
Wei Ing-Chou	Tingyi-Asahi Beverages Holding Co. Ltd. (previously known as “Tingyi-Asahi-Itochu Beverages Holding Co. Ltd.”) (“TAB”)	179,918	17.99%	Corporate
Wei Ying-Chiao	TAB	179,918	17.99%	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 47.02% by Ho Te Investments Limited (“Ho Te”), as to approximately 32.26% by Rich Cheer Holdings Limited (“Rich Cheer”), as to 20% by Itochu Corporation, an independent third party and as to the remaining 0.72% by unrelated third parties (see note 4). Ho Te is owned as to 51% (in the form of ordinary shares) by Profit Surplus Holdings Limited (“Profit Surplus”) and as to 49% (in the form of non-voting preference shares) by Wei Ing-Chou, Wei Ying-Chiao, Wei Yin-Chun and Wei Yin-Heng, respectively in equal proportions. Rich Cheer is owned as to 51% (in the form of ordinary shares) by Profit Surplus and as to 49% (in the form of non-voting preference shares) by Wei Chang Lu-Yun (the spouse of Wei Ing-Chou), Lin Li-Mien (the spouse of Wei Ying-Chiao), Wei Hsu Hsiu-Mien (the spouse of Wei Yin-Chun) and Wei Tu Miao (the spouse of Wei Yin-Heng), respectively in equal proportions. 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 holds 7,016,000 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) under the share option scheme of the Company passed by an extraordinary general meeting of the Company held on 20 March 2008.

APPENDIX — GENERAL INFORMATION

3. On 28 September 2010, AI Beverage Holding Co., Ltd. as vendor and Ting Hsin as purchaser entered into the share and purchase agreement in respect of the sale and purchase of 80,008 shares (the “Sale Shares”) of US\$0.01 each in the issued share capital of TAB, representing an 8% interest in TAB, as announced by the Company on the same date. The aforementioned acquisition of the Sale Shares is yet to be completed, however Wei Ing-Chou and Wei Ying-Chiao are deemed to be interested in 179,918 shares in TAB pursuant to the SFO. Please refer to note 1 for the shareholding structure of Ting Hsin.

4. Upon completion of the acquisition of the Sale Shares by Ting Hsin, certain adjustments to the shareholding structure of Ting Hsin would also take place at the same time.

3. SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at the Latest Practicable Date, according to the register of interests kept by the Company under section 336 of the SFO and so far as is known to the Directors, the following are details of 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 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any option in respect of such capital:

Long position in the Shares and the underlying Shares

Name of Shareholders	Capacity	Number of Shares held	% of the issued share capital
Ting Hsin (<i>see note 1</i>)	Beneficial owner	1,854,827,866	33.20
Ho Te Investments Limited (<i>see note 1</i>)	Interest of controlled company	1,854,827,866	33.20
Rich Cheer Holdings Limited (<i>see note 1</i>)	Interest of controlled company	1,854,827,866	33.20
Profit Surplus Holdings Limited (<i>see note 1</i>)	Trustee of a unit trust	1,854,827,866	33.20
HSBC International Trustee Limited (<i>see note 1</i>)	Trustee of discretionary trusts	1,854,827,866	33.20
Wei Yin-Chun (<i>see note 1</i>)	Beneficiary of a discretionary trust	1,854,827,866	33.20
Wei Yin-Heng (<i>see note 1</i>)	Beneficiary of a discretionary trust	1,854,827,866	33.20
Wei Chang Lu-Yun (<i>see notes 1 & 2</i>)	Settlor and beneficiary of a discretionary trust	1,854,827,866	33.20
Lin Li-Mien (<i>see note 1</i>)	Settlor and beneficiary of a discretionary trust	1,854,827,866	33.20

APPENDIX — GENERAL INFORMATION

Name of Shareholders	Capacity	Number of Shares held	% of the issued share capital
Wei Hsu Hsiu-Mien <i>(see note 1)</i>	Settlor and beneficiary of a discretionary trust	1,854,827,866	33.20
Wei Tu Miao <i>(see note 1)</i>	Settlor and beneficiary of a discretionary trust	1,854,827,866	33.20
Sanyo Foods Co., Ltd.	Beneficial owner	1,854,827,866	33.20

Notes:

1. These 1,854,827,866 Shares are held by and registered under the name of Ting Hsin. Ting Hsin is beneficially owned as to approximately 47.02% by Ho Te Investments Limited (“Ho Te”), as to approximately 32.26% by Rich Cheer Holdings Limited (“Rich Cheer”), as to 20% by Itochu Corporation, an independent third party and as to the remaining 0.72% by unrelated third parties. Ho Te is owned as to 51% (in the form of ordinary shares) by Profit Surplus Holdings Limited (“Profit Surplus”) and as to 49% (in the form of non-voting preference shares) by Wei Ing-Chou, Wei Ying-Chiao, Wei Yin-Chun and Wei Yin-Heng, respectively in equal proportions. Rich Cheer is owned as to 51% (in the form of ordinary shares) by Profit Surplus and as to 49% (in the form of non-voting preference shares) by Wei Chang Lu-Yun (the spouse of Wei Ing-Chou), Lin Li-Mien (the spouse of Wei Ying-Chiao), Wei Hsu Hsiu-Mien (the spouse of Wei Yin-Chun) and Wei Tu Miao (the spouse of Wei Yin-Heng), respectively in equal proportions. 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 7,016,000 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) 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.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries which is not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.

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5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

6. COMPETING INTEREST

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or their respective associates had any interest in a business which competes or likely to compete with the business of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position or contingent liabilities of the Group since 31 December 2009, being the date to which the latest published audited financial statements of the Company were made up.

8. EXPERT AND CONSENT

The following are the qualifications of the expert whose opinions or advice are contained in this circular:

Name	Qualification
Centurion	a corporation licensed to carry on 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 had given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated the date hereof and reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, Centurion was not interested in any shareholding in any member of the Group or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and it had no direct or indirect interest in any assets which have been or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2009, being the date to which the latest published audited accounts of the Company were made up.

9. INTERESTS IN ASSETS

As at the Latest Practicable Date, save as disclosed in the Announcement under which the Company entered into (i) the TZCI Disposal Agreement and (ii) the TFS Disposal Agreement, none

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of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2009, 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 were proposed to be acquired or disposed of by or leased to any member of the Group.

10. DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed herein and in the Announcement, there was no contract of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisting as at the Latest Practicable Date.

11. MISCELLANEOUS

- (a) The company secretary of the Company is Ip Pui-Sum, who is 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 & Auditors, the Chartered Institute of Management Accountants, the Institute of Chartered Secretaries and Administrators and the ordinary member of Hong Kong Institute of Chartered Secretaries.
- (b) The principal share registrar and transfer office of the Company is Genesis Trust & Corporate Services Ltd. whose address is 2nd Floor, Compass Centre, P.O. Box 448, George Town, Grand Cayman KY1-1106, Cayman Islands.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Hong Kong Registrars Limited whose address is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

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12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Suite 5607, 56th Floor, Central Plaza 18 Harbour Road, Wanchai, Hong Kong, up to and including 11 November 2010:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the “Letter from the Independent Board Committee” as set out in this circular;
- (c) the “Letter from Centurion” as set out in this circular;
- (d) the written consent from Centurion as referred to in the section headed “Expert and Consent” above;
- (e) the annual report of the Company for the two financial years ended 31 December 2009;
- (f) the Agreements dated 28 September 2010;
- (g) the TZCI Supply Agreement;
- (h) the TFS Supply Agreement; and
- (i) this circular.

NOTICE OF EGM



康師傅控股有限公司*

TINGYI (CAYMAN ISLANDS) HOLDING CORP.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 322)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “EGM”) of Tingyi (Cayman Islands) Holding Corp. (the “Company”) will be held at Conference Room, No. 15, the 3rd Avenue, Tianjin Economic-Technological Development Area, Tianjin, The People’s Republic of China on Thursday , 11 November 2010 at 10:00 a.m. to consider and, if thought fit, to pass with or without amendments, the following resolutions:

ORDINARY RESOLUTIONS

“**THAT:**

1. (i) the supply agreement dated 28 September 2010 entered into between the Company and Tingzheng (Cayman Islands) Holding Corp. (“TZCI”) in relation to the supply of plastics and flexible packaging materials by TZCI to the Company (the “TZCI Supply Agreement”) and the transactions contemplated thereunder be and are hereby approved and authorised;
 - (ii) the annual caps in relation to the TZCI Supply Agreement be and are hereby approved, ratified and confirmed; and
 - (iii) 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 make any amendments to the TZCI Supply Agreement and any other documents and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated under the TZCI Supply Agreement.
2. (i) the supply agreement dated 28 September 2010 entered into between the Company and Tianjin Ting Fung Starch Development Co., Ltd. (“TFS”) in relation to the supply of modified potato starch and seasoning flavour products by TFS to the Company (the “TFS Supply Agreement”) and the transactions contemplated thereunder be and are hereby approved and authorised;
 - (ii) the annual caps in relation to the TFS Supply Agreement be and are hereby approved, ratified and confirmed; and

NOTICE OF EGM

(iii) 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 make any amendments to the TFS Supply Agreement and any other documents and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated under the TFS Supply Agreement.”

By Order of the Board
Tingyi (Cayman Islands) Holding Corp.
Wei Ing-Chou
Chairman

Hong Kong, 20 October 2010

Notes:

1. The register of members of The Company will be closed from Tuesday, 9 November 2010 to Thursday, 11 November 2010 (both dates inclusive). In order to qualify for attendance and voting at the EGM, all transfer documents should be lodged for registration with the share registrar of the Company’s Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 November 2010.
2. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of such member. A proxy need not be a member of the Company.
3. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited at Suite 5607, 56th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting (or adjourned meeting as the case may be).
4. The voting on the resolutions at the EGM will be conducted by way of poll.