
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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DISCLOSEABLE AND CONNECTED TRANSACTION

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



A letter from the Board is set out on pages 4 to 14 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 15 of this circular. A letter from Somerley, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 29 of this circular.

A notice convening an EGM to be held at the Conference Room, No. 15, The 3rd Avenue, Tianjin Economic-Technological Development Area, Tianjin, the PRC on Wednesday, 14 May 2014, at 10:00 a.m. is set out on pages 43 to 44 of this circular. A proxy form for use by the Shareholders for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's principal place of business in Hong Kong at Suite 5607, 56th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish.

* For identification purpose only

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DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the terms of the Agreement;
“Agreement”	the agreement dated 2 April 2014 between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Shares;
“associates”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“Business Day”	any day on which licensed banks are open for business in Hong Kong and the PRC;
“BVI”	the British Virgin Islands;
“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;
“Completion”	completion of the Agreement;
“connected persons”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration for the acquisition of the Sale Shares;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be held at the Conference Room, No. 15, The 3rd Avenue, Tianjin Economic-Technological Development Area, Tianjin, the PRC on Wednesday, 14 May 2014, at 10:00 a.m. for the Independent Shareholders to consider and if thought fit, approve the Acquisition;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board, comprising the independent non-executive Directors, which has been appointed by the Board to advise the Independent Shareholders on the terms of the Agreement;

DEFINITIONS

“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Agreement;
“Independent Shareholders”	Shareholders other than Mr. Wei Ying-Chiao and its associates;
“Latest Practicable Date”	14 April 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purpose of this circular will exclude Hong Kong, Macau and Taiwan;
“Project”	the property project being developed by Shanghai Jinqiu Minghao in Shanghai;
“Purchaser”	China Dingya Holding Limited, a company incorporated in the BVI, a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	147,232,000 shares of US\$1.00 each in the share capital of Wealth City, representing the entire issued share capital of Wealth City;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shanghai Jinqiu Minghao”	上海金球名豪房地產有限公司 (Shanghai Jinqiu Minghao Real Estate Co., Ltd.), a company established in the PRC;
“Shares”	ordinary shares of US\$0.005 each in the capital of the Company;
“Shareholder(s)”	Shareholder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Wealth City”	Wealth City Investment Limited, a company incorporated in the BVI;

DEFINITIONS

“Vendor” Victory Ascent International Limited, a company incorporated in the BVI which is interested in the entire issued share capital of Wealth City as at the date of this circular; and

“%” per cent.

Unless otherwise specified in this circular, translations of RMB into US\$ are made in this circular, for illustration only, at the rate of US\$1.00 to RMB6.116. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other 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: 0322)

Executive Directors:

Mr. Wei Ing-Chou

(Chairman and Chief Executive Officer)

Mr. Junichiro Ida *(Vice Chairman)*

Mr. Ryo Yoshizawa *(Vice Chief Executive Officer)*

Mr. Wu Chung-Yi

Mr. Wei Ying-Chiao

Mr. Teruo Nagano

Hong Kong Office:

Suite 5607, 56th Floor

Central Plaza

18 Harbour Road

Wanchai

Hong Kong

Independent non-executive Director

Mr. Hsu Shin-Chun

Mr. Lee Tiong-Hock

Mr. Hiromu Fukada

17 April 2014

To the Shareholders

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 2 April 2014. The purposes of this circular are:

- (i) to provide the Shareholders with details of the Acquisition;
- (ii) to set out the view of the Independent Board Committee in respect of the terms of the Agreement;
- (iii) to set out the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Agreement; and
- (iv) give you notice of the EGM.

* For identification purpose only

LETTER FROM THE BOARD

THE AGREEMENT

Date:

2 April 2014

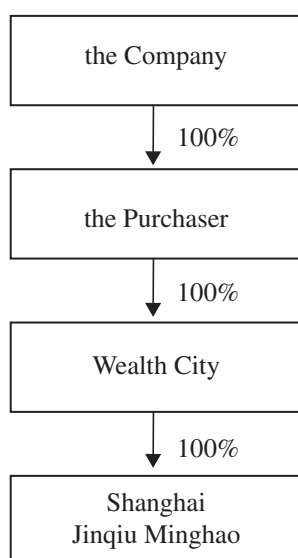
Parties to the Agreement:

- (1) Purchaser: China Dingya Holding Limited, a wholly-owned subsidiary of the Company.
- (2) Vendor: Victory Ascent International Limited, which is an investment holding company beneficially owned by Mr. Wei Ying-Chiao, an executive Director and a substantial shareholder of the Company, and hence is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules.

Subject matter

The Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares, which represent the entire issued share capital of Wealth City.

Wealth City is an investment holding company incorporated in the BVI. Its sole asset is its equity interest in Shanghai Jinqiu Minghao, which is the developer of the Project. The shareholding structure of Wealth City upon Completion is as follows:



LETTER FROM THE BOARD

The combined net asset value of Wealth City and Shanghai Jinqiu Minghao as at 31 December 2013 was approximately US\$159,730,793.16. The combined financial results of Wealth City and Shanghai Jinqiu Minghao for the two years immediately preceding the date of the transaction are as follows:

	For the year ended 31 December	
	2012	2013
	(unaudited)	(unaudited)
	RMB	RMB
Net (loss)/profit before tax	(14,869.1)	(13,038.92)
Net (loss)/profit after tax	(14,883.9)	(13,053.05)

The original cost of the Vendor in Wealth City was US\$147,232,000, which has been contributed and paid in as capital of Wealth City.

After completion of the Acquisition, Wealth City and Shanghai Jinqiu Minghao will become and accounted as indirect wholly-owned subsidiaries of the Company.

Consideration

The Consideration is RMB2,483,016,850 (equivalent to approximately US\$406 million).

The Consideration was determined after arm's length negotiations between the parties with reference to the valuation of the Project as determined by an independent property valuer using the direct comparison approach, as adjusted by the expected liability of Shanghai Jinqiu Minghao that the Purchaser will assume in the sum of RMB835,089,000 (equivalent to approximately US\$136.54 million) upon the completion of the Project, which is expected to be in end-March 2015.

The Project had a market value of RMB3,765,000,000 (equivalent to approximately US\$615.6 million) as at 28 February 2014 as determined by an independent property valuer. As the Purchaser would need to assume the expected liability of Shanghai Jinqiu Minghao in the sum of RMB835,089,000 (equivalent to approximately US\$136.54 million) upon the completion of the Project, the adjusted value of the Project would be RMB2,929,911,000 (equivalent to approximately US\$479 million). Accordingly, the Consideration represents a discount of approximately 15.3% to the adjusted value of the Project. For details of the valuation, please refer to Appendix I of this circular.

If the actual total liabilities of Shanghai Jinqiu Minghao upon completion of the Project (the "Payment Adjustment Date") are not equal to the abovementioned expected total liabilities of RMB835,089,000, the actual total liabilities to be deducted will be adjusted through the fourth instalment (as detailed below) of the Consideration. In any event, the Vendor has undertaken that the actual total liabilities on the Payment Adjustment Date will not exceed RMB900 million.

LETTER FROM THE BOARD

The Consideration will be payable by the Group through internal resources and bank borrowings on approximately a 50:50% basis. The Consideration will be payable in accordance with the following schedule:

- (a) a sum of RMB496,603,370, equivalent to 20% of the Consideration, will be payable by the Purchaser within 15 Business Days upon the receipt of the payment notice from the Vendor on the satisfaction of, among others, the following conditions on or before 31 May 2014: (i) the execution of the Agreement, (ii) the issued share capital of Wealth City being US\$147,232,000 and is fully paid-up, (iii) the respective boards of the Vendor and the Purchaser having approved the Acquisition and the execution of the Agreement, (iv) the independent non-executive Directors having approved the Acquisition, and (v) the Independent Shareholders having approved the Acquisition at the EGM by way of poll;
- (b) a sum of RMB1,241,508,425, equivalent to 50% of the Consideration, will be payable by the Purchaser within 15 Business Days from the receipt of the payment notice from the Vendor upon completion of, among others, the delivery to the Purchaser of Blocks A and B of the Project in their partially decorated forms, and the delivery of Block D of the Project in its bare shell form, Shanghai Jinqiu Minghao having obtained the necessary approvals from the local government authorities for the Purchaser and its designated persons to enter Block A and B to commence fitting out work, the registration of the Purchaser as the shareholder and the persons nominated by it as the directors of Wealth City, all these conditions should be satisfied before 30 June 2014;
- (c) a sum of RMB372,452,527.50, equivalent to 15% of the Consideration, will be payable by the Purchaser within 15 Business Days from the receipt of the payment notice from the Vendor upon completion of, among others, the delivery of Block C of the Project in its bare shell form to the Purchaser, the delivery of the full construction drawings of Block C to the Purchaser to enable the commencement of the interior decoration work, the work relating to the entire Project and the Project has obtained its examination certificate, the registration of the nominated persons of the Purchaser as the legal representative and directors respectively of Shanghai Jinqiu Minghao, and the Project has obtained permanent electricity, water and gas supplies, all these conditions should be satisfied before 31 December 2014;
- (d) a sum equivalent to the remaining portion of the Consideration after netting with the final instalment, will be payable by the Purchaser within 15 Business Days upon receipt of the payment notice by the Vendor and the completion of the final construction account of the Project, the registration and the issue of the relevant property certificates of the Project by the relevant property administration authority of the PRC, the delivery by financial institution on behalf of the Vendor or third party authorised by the Vendor of a surety bond in the sum of RMB30 million to be issued in favour of the Purchaser with validity of two years from the date Shanghai Jinqiu Minghao receives the completion document of the Project, all these conditions should be satisfied before 31 March 2015; and

LETTER FROM THE BOARD

- (e) the balance of the Consideration, equivalent to RMB20,000,000, will be payable by the Purchaser within 15 Business Days upon receipt of the payment notice by the Vendor and the expiry of the two years maintenance period of the Project. The conditions of this final instalment should be satisfied by 1 October 2016 or the expiry of the maintenance period of the Project, whichever is later.

If the conditions set out in the payment schedule (a) to (d) above are not satisfied by the specified date as a result of the Vendor, and the Vendor continues fail to discharge its obligation after the three months extension period as provided in the Agreement, the Vendor is required to pay a penalty to the Purchaser calculated at 20% premium to the prevailing lending interest rate of the People's Bank of China at that time.

The Vendor will bear all the construction costs of approximately RMB1.1 billion which are necessary to bring the Project to its partially decorated form before its delivery to the Group by the expected completion date of 31 March 2015. The hand-over standard of partially decorated form refers to the standard upon which the premises will be delivered, including basic facilities and equipments which are consistent with commercial practice (such as raised floor and suspended ceiling) that can be used by occupiers of the premises for more extensive renovations directly. After the Project is delivered to the Group, the Group will be responsible for carrying out further decoration and fitting out work, furnishing and equipping the premises with the necessary furniture, office and laboratory equipment to the requirements of the Group and bringing the Project to its decorated and furnished state for occupation. It is estimated that the Group will spend approximately RMB0.1 to 0.2 billion to bring the Project to its decorated and furnished state for occupation.

Conditions

The Agreement is conditional upon:

- (a) approval of the Agreement and the transactions contemplated thereunder by the independent non-executive Directors;
- (b) approval of the Agreement and the transactions contemplated thereunder by the Independent Shareholders by way of poll at a general meeting of the Company convened in compliance with the Listing Rules;
- (c) approval of the Agreement and the transactions contemplated thereunder by the board of directors and shareholder of the Purchaser;
- (d) approval of the Agreement by the board of the Vendor; and
- (e) the issued share capital of Wealth City being US\$147,232,000.

If the conditions specified in the Agreement are not fulfilled or waived before 30 June 2014, the Agreement will forthwith become null and void and cease to have any effect.

LETTER FROM THE BOARD

Other terms

Pursuant to the terms of the Agreement, the Vendor has undertaken to the Purchaser to:

- (a) provide to the Purchaser deductible invoices of land appreciation tax (“LAT”) amounting to not less than approximately RMB1,610.0 million in respect of the costs of development of the Project by 31 March 2015, the expected date of completion of the Project;

The Group may face potential LAT exposure if the completed properties under the Project were to be sold on-shore in the future. Since the Project is being acquired by the Group for its own use as its operational headquarters for its beverage and food business and the Group has no intention of disposing any interest in the Project in the foreseeable future, the Directors are of the view that any LAT obligation in respect of the Project is a theoretical possibility only and is highly unlikely to materialise. Moreover, as the Consideration for the Acquisition is at a discount to the market value of the Project, any LAT that may become payable could be set-off by the discount gained by the Group. Given that (1) the Company has no intention of disposing of the Project, (2) the LAT is only a theoretical possibility, (3) any LAT payable could be set-off against the discount gained by the Group through the cheaper consideration paid by the Group for the Project, and (4) that LAT would be applicable for all investment properties owned by the Group and is not unique to the Project, the Directors are of the view that it is fair and reasonable not to require the Vendor to provide an indemnity for the LAT that may be incurred by the Group for the sale of the Project.

- (b) be responsible for all the operation costs (other than construction costs) and expenses to be incurred on the Project up to 31 December 2014, including interests fees payable on bank borrowings, operating costs of the Project, tax payable in relation to the use of lands and the related management fees, all of which should be recorded as liabilities in the book of Shanghai Jinqiu Minghao by the Vendor. Any costs to be incurred after 31 December 2014 will be borne by the Purchaser;
- (c) inform and make a written submission to the relevant tax authorities in the PRC before delivery of the Project on its guarantee any future tax payable resulting from the Acquisition. If such future tax to be paid by Shanghai Jinqiu Minghao is insufficient to cover the amount as guaranteed by the Vendor, the Vendor has agreed to indemnify the Purchaser for any future tax liabilities resulting from the Acquisition;
- (d) submit to the Purchaser the financial statements of Shanghai Jinqiu Minghao and invoices (including all costs and expenses on the Project to be paid by the Vendor) for the previous month before the tenth days of every month, commencing from the month of signing the Agreement and until the month of delivery of Block C and D (after completion of interior decoration); and
- (e) ensure Shanghai Jinqiu Minghao does not have any other receivables in its book and the actual total liabilities of which will not exceed RMB900.0 million as at 31 March 2015.

LETTER FROM THE BOARD

Indemnities provided by the Vendor

(a) Idle land

Shanghai Jinqiu Minghao obtained the land use grant contract from the relevant government authorities in Shanghai in 2003. Pursuant to the original terms of the land use grant contract, the construction work on the land was expected to commence no later than September 2004. However, owing to delay caused by the prolonged land demolition work by the relevant government authorities in Shanghai, construction work on the land did not commence until 2011.

Since the delay in the commencement of the construction work was the result of the prolonged land demolition work caused by the relevant government authorities in Shanghai, Shanghai Jinqiu Minghao and the relevant PRC government authorities have entered into a new land use grant contract on 16 May 2011 pursuant to which the dates for the commencement and completion of the construction works have been revised from 30 September 2004 and 30 September 2006 to 31 December 2011 and 31 December 2014, respectively.

In order to mitigate any risk that may arise as a result of the delay in commencement of the construction work, the Vendor is required to indemnify the Group for any future idle land cost after Completion.

(b) Demolition and relocation costs

The Vendor has represented to the Company that demolition and relocation work related to the land was completed and the related cost was fully settled as at the Latest Practicable Date. However, as not every item of accounts relating to the demolition and relocation costs could be tallied pursuant to the relevant demolition and relocation agreement entered into between Shanghai Jinqiu Minghao and the relevant PRC government authorities, the PRC Legal Adviser engaged by the Company has stated in their opinion that it remains uncertain as to whether all the relevant land demolition and relocation costs of the Project have been fully settled by Shanghai Jinqiu Minghao notwithstanding that Shanghai Jinqiu Minghao has already obtained the proof of completion of land demolition work from the relevant government authorities in the PRC. In this connection, in order to mitigate any risk that the demolition and relocation costs have not been fully settled, the Vendor is required to indemnify the Group for any future demolition and relocation costs that may be incurred by Shanghai Jinqiu Minghao after Completion.

INFORMATION ON WEALTH CITY AND THE PROJECT

Wealth City is an investment holding company and its sole asset is its equity interest in Shanghai Jinqiu Minghao.

Shanghai Jinqiu Minghao is a company engaged in property development. The current registered capital of Shanghai Jinqiu Minghao is US\$135 million and has been fully paid-up. Shanghai Jinqiu Minghao has been wholly-owned by Wealth City since 2006. Shanghai Jinqiu Minghao is the developer of the Project, which is located at Wuzhong Road, Hongqiao Town, Minhang District of Shanghai (上海市閔行區虹橋鎮吳中路), the PRC.

LETTER FROM THE BOARD

The Project comprises four office and commercial blocks and related ancillary facilities, including 818 car parking spaces, with an aggregated gross floor area of approximately 140,358.31 square meters. Construction of the Project has commenced and is at an advanced stage of development. Construction and partial decoration of two of the buildings, Block A and B, is expected to be completed by June 2014. Construction of the other two buildings, Block C and D, is still in progress and it is expected that the whole Project will be completed by end-March 2015.

FINANCIAL EFFECT TO THE GROUP AS A RESULT OF THE ACQUISITION

Following Completion, Wealth City will become a wholly-owned subsidiary of the Group, and the financial results and financial position of the Target Group would be consolidated into the financial statements of the Group.

The Group intends to use the Project as the operational headquarters for its beverage and food business. Some current rental payments will be saved and temporarily surplus office space (expected to be a minor portion of the Project) may be leased out. If approximately half of the Consideration is funded by bank borrowings, the annual interest cost is estimated to be approximately US\$4.0 million to US\$6.0 million at current interest rates. Considered with turnover and earnings before interest, tax, depreciation and amortisation of approximately US\$10,941 million and approximately US\$1,161.2 million for the year ended 31 December 2013, the Project is not expected to have any material impact on turnover or profit of the Group upon Completion.

The Group currently intends to finance the Acquisition by internal resources and bank borrowings on approximately a 50/50 basis. Based on the Group's net debt (defined as total borrowings, net of cash and bank balances and pledged bank deposits) of approximately US\$426.4 million (or approximately RMB2,607.9 million) and equity attributable to owners of the Company of approximately US\$2,880.3 million (or approximately RMB17,615.9 million) as at 31 December 2013, the Group's net gearing ratio (defined as net debt divided by equity attributable to owners of the Company) as at 31 December 2013 was approximately 14.8%. Adjusting for the Consideration of approximately RMB2,483.0 million, the net gearing ratio is expected to be approximately 33.6% following the completion of the Project.

As at 31 December 2013, the capital commitments of the Group, which mainly comprised of capital commitments on property, plant and equipment, amounted to approximately US\$264.7 million (or approximately RMB1,618.9 million).

Taking into account the Group's cash and bank balances, the Group's borrowings and capital commitments of the Group as at 31 December 2013, the payment of the Consideration amounting to approximately RMB2,483.0 million is not expected to have a significant adverse effect on the Group's financial position or working capital.

REASONS FOR THE ACQUISITION

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

LETTER FROM THE BOARD

In order to further the development of the Group on the basis of its current foundation, the Group intends to establish an operation headquarters in Shanghai to enhance the image of the Group, improve efficiency and to facilitate international contacts. Given Shanghai's strategic location at the mouth of the Yangtse River Delta in East China and its being the commercial and financial centre of the PRC and rich in human resources, the Company considers that locating its operation headquarters in Shanghai would enable the Company to effectively consolidate its internal and external resources, promote administrative efficiency, enhance the hiring of talents and their nurture, and strengthen the Group's leading position in product developments.

The Project is close to the most important and newest commercial area in Shanghai, the Hongqiao Commercial Area, which is served by the largest transportation hub in Asia (international airport, high-speed and metro railways). The location provides closer ties both domestically and overseas, as well as savings on transportation costs and will be beneficial to the Group's primary operation in the PRC, and its vision on the rest of the world. In addition, the Project has a complete layout, comprising offices, research and development centre, education and training centre and related amenities in executive catering and accommodation, with adequate space planning and a high standard of architectural design, it is a rare project in Shanghai that meets the requirements as the Group's new operation headquarters and suitable for the long-term plan of the Group

The Project comprises four office and commercial blocks and amenity facilities. The Company intends to initially use Block A and B of the Project as offices for its operation headquarters. Block C of the Project will be used by the Group for the overall research on and supervision of, food safety and certain other functions of the research and development division of the Group. Block D of the Project will initially be used by the Group for executive accommodation and may be converted into further office space in the future in accordance with the operational requirements of the Group.

The Company intends to hold the Project for its own use and has no current plan to resell any part of the Project. The Company may consider leasing out surplus part of the Project to affiliates of the Group. The leasing out of such surplus part of the Project to affiliates of the Group may constitute continuing connected transactions for the Company, and the Company will comply with the requirements of the Listing Rules as and when binding contracts have been entered into.

The Consideration was determined after arm's length negotiations and was based on the valuation of the Project, as adjusted by the expected liability of Shanghai Jinqiu Minghao in the sum of RMB835,089,000 that the Purchaser will assume. The Directors (other than the independent non-executive Directors and Mr. Wei Ying-Chiao and Mr. Wei Ing-Chou) are of the view that the Agreement was entered into under normal commercial terms and the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The view of the independent non-executive Directors, after considering the advice from the independent financial adviser, will be set out in the circular of the Company to be despatched to the Shareholders.

LETTER FROM THE BOARD

GENERAL

At the Board meeting held to approve the Acquisition, Mr. Wei Ying-Chiao, who owns the Vendor, and his brother Mr. Wei Ing-Chou are considered to be interested in the transaction contemplated under the Agreement and have abstained from the Board resolution proposed to approve the Acquisition.

As the applicable ratios in respect of the Acquisition are over 5% but below 25%, the transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Vendor is beneficially owned by Mr. Wei Ying-Chiao, an executive Director and a substantial shareholder of the Company. Accordingly, the Acquisition also constitutes a connected transaction for the Company and is subject to the approval by the independent Shareholders at the EGM by way of poll. Mr. Wei Ying-Chiao and his associates, who are interested in 1,868,069,866 Shares, representing approximately 33.59% of the issued share capital of the Company, will abstain from voting in respect of the resolution proposed at the EGM to approve the Acquisition.

The Independent Board Committee comprising the independent non-executive Directors has been established to advise the Independent Shareholders on the terms of the Agreement and Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition.

EGM

A notice convening the EGM to be held at the Conference Room, No. 15, The 3rd Avenue, Tianjin Economic-Technological Development Area, Tianjin, the PRC on Wednesday, 14 May 2014, at 10:00 a.m. is set out on pages 43 to 44 of this circular.

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

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 15 of this circular which contains its recommendation to the Independent Shareholders on the terms of the Acquisition. Your attention is also drawn to the letter of advice from Somerley which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition. The letter from Somerley is set out on pages 16 to 29 of this circular.

LETTER FROM THE BOARD

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

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

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

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: 0322)

17 April 2014

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to the circular of the Company to the Shareholders dated 17 April 2014 (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 Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the letter of advice from Somerley Capital Limited (“**Somerley**”), the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Agreement, as set out on pages 16 to 29 of the Circular and the letter from the Board set out on pages 4 to 14 of the Circular.

Having considered, among other matters, the factors and reasons considered by, and the opinion of Somerley as stated in its letter of advice, we consider that the terms of the Agreement is fair and reasonable so far as the Independent Shareholders are concerned, and the Agreement is reasonable so far as the Independent Shareholders are concerned and accordingly recommend the Independent Shareholders to vote in favour of the ordinary resolution in respect of the Acquisition to be proposed at the EGM.

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

* For identification purpose only

LETTER FROM SOMERLEY



SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

17 April 2014

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the Company's proposed acquisition of the entire equity interest in Wealth City from the Vendor pursuant to the Agreement. Details of the Acquisition are contained in the circular to the Shareholders dated 17 April 2014 (the "Circular"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As at the Latest Practicable Date, the Vendor was beneficially owned by Mr. Wei Ying-Chiao, who is an executive Director and substantial Shareholder of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company and is subject to approval by Independent Shareholders by way of poll at the EGM under the Listing Rules.

The Independent Board Committee comprising all of the three independent non-executive Directors, namely Mr. Hsu Shin-Chun, Mr. Lee Tiong-Hock and Mr. Hiromu Fukada, has been formed to advise the Independent Shareholders in respect of the terms of the Acquisition. We, Somerley Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our advice, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Group and have assumed that they are true, accurate and complete as at the date of the Circular and will remain so up to the time of the EGM. We have also sought and received confirmation from the Directors that all material relevant information has been supplied to us and that no material facts has been omitted from the information supplied and opinions expressed to us. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. However, we have not conducted any independent investigation into the business and affairs of any of the Group, Wealth City and its subsidiaries (together the "Target Group"), the Vendor and their respective subsidiaries and associates.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Agreement are fair and reasonable in so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. **Background to, reasons for and benefits of the Acquisition**

(i) *The Group*

The Group is principally engaged in the production and distribution of instant noodles, beverage and instant food products in the PRC. The Group started its instant noodle business in 1992 and moved on to the beverage and instant food industry four years later, in 1996. The Group has based its production and operation in Tianjin since 1992. In 2012, the Group formed an alliance with PepsiCo Inc. (“PepsiCo”) to exclusively manufacture, bottle, package, distribute and sell PepsiCo’s non-alcoholic products in the PRC. As disclosed in the Company’s 2013 annual report, the Group has established leading market shares in the PRC for all of its three business segments, with its main brand name “Master Kong” being one of the best known consumer brands in the PRC. For six consecutive years from 2008 to 2013, the Company was named one of the 50 best listed companies in Asia and one of the Taiwan’s top ten international brands for eleven consecutive years.

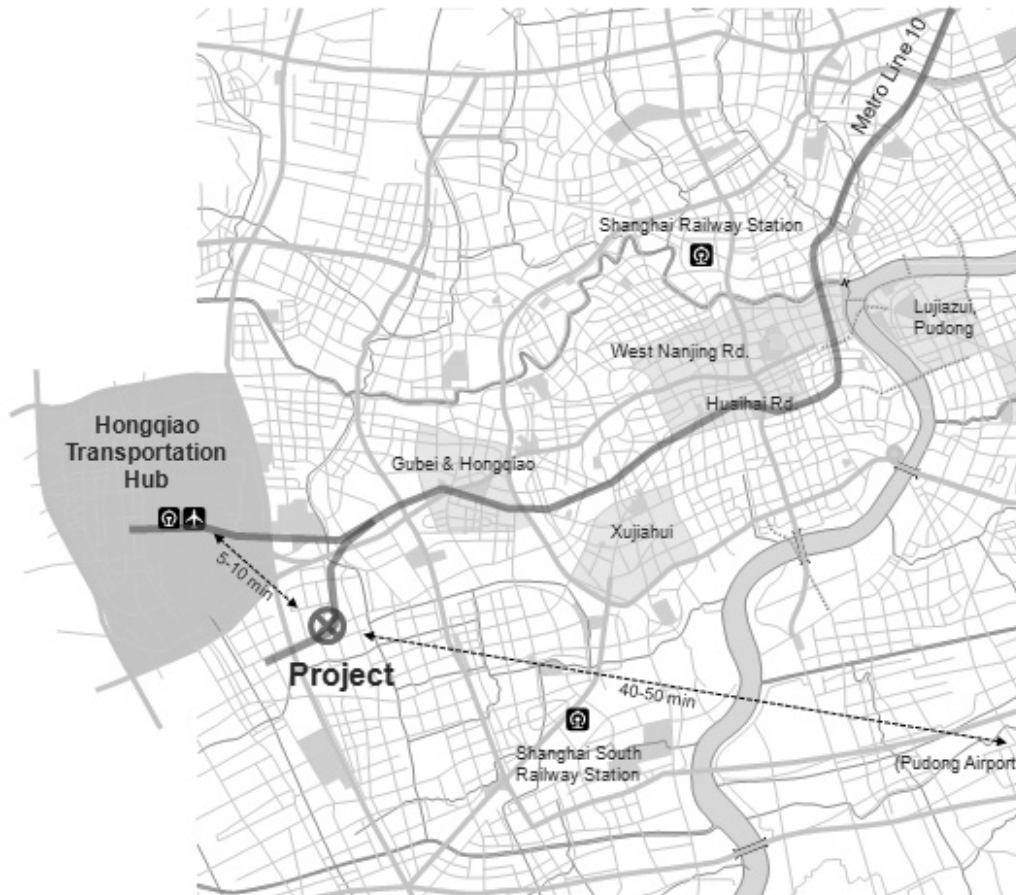
The Company has been listed on the Stock Exchange since 1996 and had a market capitalisation of approximately HK\$125.9 billion as at the Latest Practicable Date.

(ii) *Wealth City and Shanghai Jinqiu Minghao*

Wealth City is an investment holding company incorporated in the BVI and is currently directly wholly-owned by the Vendor. The sole asset of Wealth City is the entire equity interest in Shanghai Jinqiu Minghao. Shanghai Jinqiu Minghao is engaged in property development and the developer of the Project, and has a fully paid-up capital of US\$135.0 million as at the Latest Practicable Date.

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The Project, comprising two land parcels (the “Lands”) in Shanghai with aggregate site area of approximately 25,228.7 square meters, is situated at Wuzhong Road, Hongqiao Town, Minhang District of Shanghai (上海市閔行區虹橋鎮吳中路), the PRC. The Project is currently at an advanced stage of construction. A map of the location of the Project is shown below:



The Project comprises principally (1) two office buildings completed and fitted out ready for handover in June 2014; (2) a building to be adopted for the overall research on and supervision of, food safety and certain other functions of the research and development division of the Group; (3) a building to be used initially as executive staff quarters; and (4) related ancillary facilities (e.g. 818 car parking spaces), with aggregate gross floor area of approximately 140,358.3 square meters. For further information on the status of the Project, please refer to the section below headed “5. Information of the Target Group — (i) Status of the Project”.

(iii) *Reasons for and benefits of the Acquisition*

Currently, the Company has its group headquarters together with a major production plant located in Tianjin. Following the strategic alliance with PepsiCo, an operational headquarters for the Group’s beverage business was established in Shanghai in mid-2013. Having considered the growing scale and international connections of the Group’s operations, and the desirability of a centrally

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located operational headquarters for its food business as well, the Group has entered into the Agreement with a view to consolidate the Group's food and beverage managements in a single location, to enhance the image of the Group, to improve efficiency and human resource management and to facilitate multinational contacts.

In terms of location, the Directors consider a consolidated, strategically located operational headquarters for both its beverage and food business will enhance the Group's ability to manage, control and direct its business segments. Having considered various locations, the Group selected Shanghai, the commercial and financial hub of the PRC with skilled and qualified human services, strategically located at the centre of the economically important and internationally orientated Eastern seaboard cities of the PRC. The Project itself is also close to the Hongqiao Commercial Area, a new commercial areas in Shanghai, and is conveniently located near the Hongqiao Airport, one of the two commercial airports in Shanghai.

As stated in the Letter from the Board, the Group will hold the completed Project for its own use. The Group does not intend to dispose of any interest in the Project in the foreseeable future. Any initially surplus office space, which is expected to be a minor portion of the Project, will be leased out to earn rental income pending its anticipated take-up by the Group in due course.

Taking this strategy into account, we concur with the Directors' view that the Acquisition will enable the Group to consolidate its operational headquarters for its beverage and food business in a central location, promote administrative efficiency and position itself to enhance its domestic and international growth in the future.

2. Principal terms of the Agreement

(i) *Subject matters*

Pursuant to the Agreement, the Purchaser (a wholly-owned subsidiary of the Company) would purchase the entire issued share capital of Wealth City from the Vendor. Upon Completion, the Company, through Wealth City, will own the entire equity interests in Shanghai Jinqiu Minghao, and in turn the interests in the Project. Apart from the assets and liabilities related to the Project, the Target Group will not be interested in other assets and liabilities as at Completion.

The Vendor has undertaken to bear all the construction costs (expected to be approximately RMB1,100.0 million) which are necessary to bring the Project to its partially decorated form which includes basic facilities and equipments which are consistent with commercial practice, before the Project is delivered to the Group by the expected completion date of 31 March 2015. The Group itself will incur further costs (expected to be approximately RMB100.0 million to RMB200.0 million) to bring the Project to its decorated and furnished state after the Project is delivered to the Group.

We understand from the management of the Group that the acquisition of the Project using an offshore shareholding structure (i.e. purchase of Wealth City, a company incorporated in the BVI), instead of a direct onshore purchase of the Project, facilitates a tax efficient transaction which would reduce the related costs to the Group.

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(ii) *Consideration*

Pursuant to the Agreement, the Group will pay to the Vendor an aggregate consideration of approximately RMB2,483.0 million (or approximately US\$406.0 million) for the acquisition of the Sale Shares. The Consideration was primarily arrived at by reference to the property valuation of the Project carried out by DTZ Debenham Tie Leung Limited (“DTZ”), an independent property valuer, after adjusting for the expected total liabilities of the Target Group of approximately RMB835.1 million upon the expected project completion date of 31 March 2015.

The original cost of the Vendor in Wealth City was US\$147.2 million, which has been contributed and paid in as capital of Wealth City.

It was further stated in the Agreement that, if the actual total liabilities of the Target Group on 31 March 2015 (the “Payment Adjustment Date”) are not equal to the abovementioned expected total liabilities of the Target Group, the actual total liabilities to be deducted will be adjusted through the fourth instalment (as detailed below) of the Consideration. In any event, the Vendor has undertaken that the actual total liabilities on the Payment Adjustment Date shall not exceed RMB900.0 million.

The Consideration will be payable by the Group in five instalments, as follows:

- (a) a sum of RMB496.6 million, equivalent to 20% of the Consideration, will be payable within 15 Business Days upon receipt of the payment notice by the Vendor on the satisfaction of (i) the execution of the Agreement; (ii) the issued share capital of Wealth City being US\$147.2 million and is fully paid-up; (iii) the respective boards of the Vendor and the Purchaser having approved the Acquisition and the execution of the Agreement; (iv) the independent non-executive Directors having approved the Acquisition and (v) the Independent Shareholders having approved the Acquisition at the EGM by way of poll. The conditions precedent of this first instalment shall be satisfied by 31 May 2014;
- (b) a sum of RMB1,241.5 million, equivalent to 50% of the Consideration, will be payable within 15 Business Days upon receipt of the payment notice by the Vendor upon completion of (i) the delivery to the Purchaser of Blocks A and B of the Project in their partially decorated forms and the delivery of Block D of the Project in its bare shell form; (ii) Shanghai Jinqiu Minghao having obtained the necessary approvals from the local government authorities for the Purchaser and its designated persons to enter Block A and B to commence fitting out work and (iii) the registration of the Purchaser as the shareholder and the persons nominated by it as the directors of Wealth City. The conditions precedent of this second instalment shall be satisfied by 30 June 2014;
- (c) a sum of RMB372.5 million, equivalent to 15% of the Consideration, will be payable within 15 Business Days upon receipt of the payment notice by the Vendor upon completion of (i) the delivery of Block C of the Project in its bare shell form to the Purchaser; (ii) the delivery of the full construction drawings of Block C to the Purchaser to enable the commencement of the interior decoration work; (iii) the work relating to the entire Project and the Project has obtained its examination certificate; (iv) the registration of the

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nominated persons of the Purchaser as the legal representative and directors respectively of Shanghai Jinqiu Minghao and (v) the Project has obtained permanent electricity, water and gas supplies. The conditions precedent of this third instalment shall be satisfied by 31 December 2014;

- (d) a sum equivalent to the remaining portion of the Consideration after netting with the final instalment, will be payable within 15 Business Days upon receipt of the payment notice by the Vendor and (i) the completion of the final construction account of the Project; (ii) the registration and the issue of the relevant property certificates of the Project by the relevant property administration authority of the PRC and (iii) the delivery by financial institution on behalf of the Vendor or third party authorised by the Vendor of a surety bond in the sum of RMB30.0 million to be issued in favour of the Purchaser with validity of two years from the date Shanghai Jinqiu Minghao receives the completion document of the Project. The conditions precedent of this fourth instalment shall be satisfied by 31 March 2015; and
- (e) the balance of RMB20.0 million, will be payable within 15 Business Days upon receipt of the payment notice by the Vendor and the expiry of the two years maintenance period of the Project. The conditions precedent of this fifth instalment shall be satisfied by 1 October 2016 or the expiry of the maintenance period of the Project, whichever is later.

If the conditions precedent from the first to the fourth instalments as stated above is not satisfied by its specified date as a result from the Vendor, and the Vendor continues fail to discharge its obligation after the three months extension period as stated in the Agreement, apart from the original payment, the Vendor is required to compensate the Purchaser with an additional cost, which will be calculated as 20% premium to the prevailing lending interest rate in accordance with People's Bank of China.

The Group currently expects to finance the Acquisition by internal resources and bank borrowings on approximately a 50/50 basis.

(iii) *Conditions*

Completion of the Agreement is conditional upon (a) approval of the Agreement by the independent non-executive Directors; (b) approval of the Agreement by the Independent Shareholders by way of poll at the EGM; (c) approval of the Agreement by the board of directors and shareholder of the Purchaser; (d) approval of the Agreement by the board of the Vendor and (e) the issued share capital of Wealth City shall be at least US\$147.2 million.

If the conditions specified in the Agreement are not fulfilled or waived before 30 June 2014 or such latter date as the parties may otherwise agree, the Agreement will become null and void and cease to have any effect.

As at the Latest Practicable Date, except conditions precedent (b), all of the above conditions precedents have been fulfilled.

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(iv) *Other obligations of the Vendor*

Pursuant to the Agreement, the Vendor has undertaken to the Purchaser to:

- (a) provide to the Purchaser deductible invoices of land appreciation tax (“LAT”) amounting to not less than approximately RMB1,610.0 million in respect of the costs of development of the Project by 31 March 2015, the expected date of completion of the Project;
- (b) be responsible for all the operation costs (other than construction costs) and expenses to be incurred on the Project on or before 31 December 2014, including interests fees payable on bank borrowings, operating costs of the Project, tax payable in relation to the use of Lands and the related management fees, all of which should be recorded as liabilities in the book of Shanghai Jinqiu Minghao by the Vendor. Any costs to be incurred after 31 December 2014 will be borne by the Purchaser;
- (c) inform and make a written submission to the relevant tax authorities in the PRC before delivery of the Project to guarantee any future tax payable resulting from the Acquisition. If such future tax to be paid by Shanghai Jinqiu Minghao is insufficient to cover the amount as guaranteed by the Vendor, the Vendor has agreed to indemnify the Purchaser for any future tax liabilities resulting from the Acquisition;
- (d) submit to the Purchaser the financial statements of Shanghai Jinqiu Minghao and invoices (including all costs and expenses on the Project to be paid by the Vendor) for the previous month before the tenth days of every month, commencing from the month of signing the Agreement and until the month of delivery of Block C and D (after completion of interior decoration); and
- (e) ensure Shanghai Jinqiu Minghao does not have any other receivables in its book and the actual total liabilities of which shall not exceed RMB900.0 million as at 31 March 2015.

(v) *Land appreciation tax*

The Target Group records in its books the original costs of acquisition of the land use rights from the relevant land bureau, which is lower than the value implied by the Consideration under the Agreement. If in future (which is not intended), the Group (through the Target Group) were to sell the completed properties to third parties, LAT would be levied based on the sales proceeds less deductible costs, which are calculated with reference to the above original land acquisition and development costs, not the Group’s cost of acquiring the Project from the Vendor (i.e. the Consideration). The management of the Group has estimated that the potential LAT exposure, assuming the completed properties under the Project are sold at the same amount as the Consideration, is approximately RMB321.1 million.

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The Vendor has undertaken that it will be able to provide invoices of not less than RMB1,610.0 million deductible for LAT purpose in respect of the Project. These LAT deductible invoices, estimated with reference to the expected liabilities of the Project, including but not limited to land costs, operational and construction costs in relation to the Project and financial charges of bank borrowings. We consider it an acceptable approach for Vendor, who is responsible for the construction cost of the Project, to undertake to provide the Group with LAT deductible invoices, which can be utilised by the Group in case any LAT obligation in respect of the Project may crystallise in future which, as explained below, is in any case considered a theoretical possibility only.

We are informed that the management of the Group considered the potential of a LAT liability arising when negotiating the terms of the Acquisition. However, as the Group intends to hold the completed Project for its own use as operational headquarters for its beverage and food business, and has no intention to dispose of any interest in the Project in the foreseeable future, the scenario where the Group might incur a LAT obligation would require a change of Group's policy. The Directors therefore considered this a theoretical possibility only.

3. Valuation of the Project

The Project has been valued by an independent property valuer, DTZ. The full text of the valuation report and certificate dated 28 February 2014 is set out in Appendix I of the Circular.

When arriving at the property valuation of the Project of approximately RMB3,765.0 million (or approximately US\$615.6 million), DTZ has adopted the direct comparison approach, assuming the Project will be completed according to the proposed development scheme by the Company. Under this approach, sales of completed properties of nature and character similar to the Project are collated and analysed in order to arrive at a value appropriate to the Project. Comparisons are made in respect of the differences in locations, sizes and characters between the Project and the relevant comparable properties in order to arrive at a value appropriate to the Project. The methodology is, in our opinion, a reasonable approach in establishing the open market value of the Project.

According to DTZ, they have valued the Project on the basis of its best future use in accordance with the usage of each building of the Project as stated in the Housing and Land Ownership Survey Reports (the "Reports" (房屋土地權屬調查報告書)) prepared under the supervision by the relevant government authorities in Shanghai. Based on the Reports, the whole of Block C, and the first floor of Block A, B and D (the "Subject Units") are designated for commercial and retail purpose, whereas the Company intends to designate the Subject Units in general for office use. We are advised by DTZ that the valuation of the Subject Units are based on commercial and retail purpose as stated in the Reports, which, according to the estimation by the Group, is in aggregate approximately RMB73.8 million higher than that for office purpose. Apart from the Subject Units, the intended uses for other floor area of the Project are in general in line with the designated use as stated in the Reports.

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DTZ has also carried out inspections, made relevant enquiries and searches for the purpose of the valuation. We have reviewed and discussed with DTZ the bases and assumptions adopted for the valuation of the Project. We consider that the assumptions adopted by DTZ are fair and reasonable and the basis used is a normal one for valuing the Project. We have also performed work as required under note (1)(d) to the Listing Rule 13.80 in relation to DTZ and its work as regards the valuation of the Project.

4. Evaluation of the Consideration

The Consideration is approximately RMB2,483.0 million (or approximately US\$406.0 million), which has been arrived at by reference to the market value of the Project, after adjusting for the expected total liabilities of the Target Group of approximately RMB835.1 million upon the expected project completion date of 31 March 2015. Pursuant to the Agreement, the Vendor has undertaken to deliver, at its own cost, the completed Project to the Company by 31 March 2015, save for any subsequent changes in specifications as requested by the Group. Accordingly, our evaluation of the Consideration is made with reference to the market value of the Project on completion basis. In terms of size, the Acquisition is a discloseable transaction, the valuation of the Project being acquired representing approximately 7.3% of the total assets of the Group as at 31 December 2013.

It is stipulated in the Agreement that upon 31 March 2015, the Payment Adjustment Date, the final Consideration will be fixed, and upon when the Target Group will comprise principally the completed Project, with the expected total liabilities of approximately RMB835.1 million. Any difference between the above expected total liabilities and the actual liabilities on the Payment Adjustment Date will be adjusted by increasing or reducing the Consideration. Accordingly, in evaluating the Consideration, we have compared the Consideration to the property valuation of the Project as at 28 February 2014, less the expected total liabilities of the Target Group of approximately RMB835.1 million, as follows:

	Approximately <i>RMB' million</i>
Property valuation of the Project as at 28 February 2014 as set out in Appendix I of the Circular	3,765.0
<i>Less:</i>	
Expected total liabilities of the Target Group as at the Payment Adjustment Date	<u>(835.1)</u>
Adjusted net asset value of the Target Group (the "Adjusted NAV")	2,929.9
Consideration	2,483.0
Discount of Consideration to the Adjusted NAV	<u>15.3%</u>

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As shown above, the Consideration is approximately RMB2,483.0 million. The Consideration represents a discount of approximately RMB446.9 million (or approximately 15.3%) to the Adjusted NAV, which in our view is a fair principle for a bulk purchase.

5. Information of the Target Group

As at the Latest Practicable Date, Wealth City, through Shanghai Jinqiu Minghao, owns the entire equity interests of the Project.

(i) Status of the Project

The Chart below sets out the lay-out plan of the Project:



As advised by the management of the Group, construction and partial decoration of two of the buildings, Block A and B, is expected to be completed by June 2014. Construction work of the other two buildings, Block C and D is still in progress as at the Latest Practicable Date. As stated in the Letter from the Board, it is expected that the whole Project will be completed by 31 March 2015.

(ii) Financial information of the Target Group

As stated in the Letter from the Board, the Target Group has incurred combined net losses after tax of approximately RMB14,883.9 and RMB13,053.1 for the two years ended 31 December 2013. According to the management of the Group, such net losses mainly represented administrative expenses in relation to the Project during its construction period, when no operation income is being generated.

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As at 31 December 2013, according to the management of the Group, assets of the Target Group mainly comprised of (i) capitalised expenses in relation to the development of the Project of approximately RMB1,052.4 million, including payment to the relevant government authorities in Shanghai for the land expropriation and demolition work, foundation work and the related construction work for the Project, which represents approximately 90.0% of the total assets; (ii) goodwill arising from acquisition of Shanghai Jinqiu Minghao by Wealth City in 2006 of approximately RMB74.5 million and (iii) cash and bank balances of approximately RMB5.4 million.

As at 31 December 2013, according to the management of the Group, liabilities of the Target Group represented mainly the long term secured bank borrowings of approximately RMB190.6 million (including accrued interests) for the development work of the Project, which would be brought into the Group upon Completion.

6. Financial effects on the Group

(i) Results

Following Completion, Wealth City will become a wholly-owned subsidiary of the Group, and the financial results and financial position of the Target Group would be consolidated into the financial statements of the Group.

The Group intends to use the Project as the operational headquarters for its beverage and food business. Some current rental payments will be saved and temporarily surplus office space (expected to be a minor portion of the Project) may be leased out. If approximately half of the Consideration is funded by bank borrowings, the annual interest cost is estimated to be approximately US\$4.0 million to US\$6.0 million at current interest rates. Considered with turnover and earnings before interest, tax, depreciation and amortisation of approximately US\$10,941.0 million and approximately US\$1,161.2 million for 2013, the Project is not expected to have any material impact on turnover or profit of the Group upon Completion.

(ii) Gearing and working capital

The Group currently intends to finance the Acquisition by internal resources and bank borrowings on approximately a 50/50 basis. Based on the Group's net debt (defined as total borrowings, net of cash and bank balances and pledged bank deposits) of approximately US\$426.4 million (or approximately RMB2,607.9 million) and equity attributable to owners of the Company of approximately US\$2,880.3 million (or approximately RMB17,615.9 million) as at 31 December 2013, the Group's net gearing ratio (defined as net debt divided by equity attributable to owners of the Company) as at 31 December 2013 was approximately 14.8%. Adjusting for the Consideration of approximately RMB2,483.0 million, the net gearing ratio is expected to be approximately 33.6% following the completion of the Project.

As at 31 December 2013, the capital commitments of the Group, which mainly comprised of capital commitments on property, plant and equipment, amounted to approximately US\$262.9 million (or approximately RMB1,607.9 million).

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Taking into account the Group's cash and bank balances, the Group's borrowings and capital commitments of the Group as at 31 December 2013, the payment of the Consideration amounting to approximately RMB2,483.0 million is not expected to have a significant adverse effect on the Group's financial position or working capital.

7. Tax and legal issues

Set out below are the principal risks associated with the Acquisition which we have considered during our assessment of the fairness and reasonableness of the Acquisition:

(a) *Idle land*

As advised by the management of the Group, Shanghai Jinqiu Minghao obtained the land use grant contract from the relevant government authorities in Shanghai in 2003. Pursuant to the land use grant contract, the construction work on the Lands is expected to commence no later than September 2004. However, the commencement of construction work on the Lands was delayed to 2011. According to the management of the Group, it is principally due to the delay caused by the prolonged land demolition work by the relevant government authorities in Shanghai.

According to the advice from the PRC legal adviser (the "PRC Legal Adviser") engaged by the Company, as at the Latest Practicable Date, since the prolonged land demolition work is caused by the relevant government authorities in Shanghai whom delayed the construction work of Shanghai Jinqiu Minghao, the PRC Legal Adviser is therefore of the view that such delay shall be attributable to the government authorities in Shanghai. In addition, in order to mitigate such risk, it was further provided in the Agreement that the Vendor is required to indemnify the Group for any future idle land cost after the Completion.

(b) *Tax issues — LAT*

As mentioned in the section above headed "2. Principal terms of the Agreement — (v) Land appreciation tax", the Group may face the potential LAT exposure if the completed properties under the Project were to be sold in the future.

As advised by the management of the Group, since the Project is acquired by the Group for its own use as its operational headquarters for its beverage and food business and the Group does not intend to dispose of any interest in the Project in the foreseeable future, any LAT obligation in respect of the Project is considered a theoretical possibility only.

In addition, the Consideration is made at a discount of approximately 15.3% to the Adjusted NAV. In dollar term, the Consideration is lower than the Adjusted NAV by approximately RMB446.9 million. The Group has estimated the potential LAT impact of a sale of the Project at a price equal to the Consideration to be approximately RMB321.1 million. Should the potential LAT for any reason crystallise, the discount of approximately RMB446.9 million would be sufficient to cover such an eventuality. On this basis, we consider the potential LAT exposure, as discussed above, is fairly mitigated.

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(c) *Approved use of the properties*

It is currently stated in the Reports that the Subject Units are designated for commercial and retail purpose, whereas the Company intends to designate the Subject Units in general for office use. In addition, a further commercial and office building is planned to be used initially as executive staff quarters.

According to the advice from the PRC legal adviser, there are no specific rules and regulations which prohibit buildings for commercial and retail use from being used as offices, or for a commercial and office building from being used as staff quarters. The PRC Legal Adviser is of the view that it is highly improbable that the PRC government authority would take any administrative action against the Shanghai Jinqiu Minghao if the buildings developed on the Lands are to be used for the above purposes.

(d) *Land demolition cost*

As advised by the management of the Group, the land demolition work was completed and the related cost was fully settled as at the Latest Practicable Date. However, according to the opinion of the PRC Legal Adviser, it remains to be uncertain that all the relevant land demolition costs of the Project have been fully settled by Shanghai Jinqiu Minghao as at the Latest Practicable Date.

According to the PRC Legal Adviser, Shanghai Jinqiu Minghao has already obtained the proof of completion of land demolition work from the relevant government authorities in the PRC. In addition, in order to mitigate such risk, it was further provided in the Agreement that the Vendor is required to indemnify the Group for any future land demolition cost after the Completion.

DISCUSSION AND ANALYSIS

The main purpose of the Acquisition is to provide new consolidated operational headquarters in Shanghai for the Group, in particular for the two main divisions, food and beverages. The beverage division is currently run from rental premises in Shanghai, and the food division is run from Tianjin. We concur with the Directors' view that uniting them in wholly-owned premises in Shanghai, a centrally located and internationally oriented city, should enhance the image of the Group and promote management efficiency and future growth planning.

The Consideration for the Acquisition is payable in instalments and is based on an independent valuation by DTZ, and reflects a discount of approximately 15.3% to the Target Group's net asset value as adjusted by such valuation. We have discussed with DTZ the bases and assumptions for their valuation and consider them appropriate. We consider this a fair basis for the Group, reflecting, inter alia, a bulk purchase.

As regards potential taxation, we estimated potential liability in respect of idle land has been allowed for in the total liabilities of the Target Group, and therefore in effect deducted from the Consideration. No such specific allowance has been made for LAT, but as the Project is being acquired, as explained above, for own use headquarters and no sale is anticipated in the foreseeable future, we concur with the Directors' view that no provision for LAT is required.

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As at 31 December 2013, the Group's net gearing ratio was approximately 14.8% and it is expected that the Acquisition will be funded by internal resources and bank borrowings on approximately a 50/50 basis. Consequently, some interest cost is likely to be incurred, while some current rental costs will be saved. Overall, we do not consider the Acquisition will have a material impact on either the earnings or the financial position of the Group.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Acquisition is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned. We consider the entering into of the Agreement is in the ordinary and usual course of business of the Company and in the interests of the Company and its shareholders as a whole. We therefore advise the Independent Board Committee to recommend the Independent Shareholders, and we ourselves advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Acquisition.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
M. N. Sabine
Chairman

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from DTZ Debenham Tie Leung Limited, an independent valuer, in connection with its opinion of estimated Market Value as if completed of the Property held by 上海金球名豪房地產有限公司 (Shanghai Jinqiu Minghao Real Estate Co., Ltd.) (“Shanghai Jinqiu Minghao”) in the PRC as at 28 February 2014.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

17 April 2014

The Board of Directors
Tingyi (Cayman Islands) Holding Corp.
Suite 5607, 56th Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

Re: No. 1666, 1678, 1686, 1688 and 1690 Wuzhong Road, Minhang District, Shanghai, the People’s Republic of China

Instructions, Purpose and Date of Valuation

In accordance with the instruction of Tingyi (Cayman Islands) Holding Corp. (the “Company”) for us to carry out the valuation of the estimated Market Value as if completed of the property (“Property”) held by 上海金球名豪房地產有限公司 (Shanghai Jinqiu Minghao Real Estate Co., Ltd.) (“Shanghai Jinqiu Minghao”) in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the estimated Market Value as if completed of the Property as at 28 February 2014 (the “date of valuation”).

Definition of Market Value

Our valuation of the Property represents its market value which in accordance with the HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Valuation Basis and Assumption

Our valuation of the Property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the Property held by Shanghai Jinqiu Minghao in the PRC, we have assumed that the transferable land use rights in respect of the Property for its specific term at nominal annual land use fee have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company and the PRC legal opinion of the Company's legal adviser, 上海虹橋正瀚律師事務所 (Zhenghan Law Firm) on 26 February 2014, regarding the title to the Property and the interests in the Property. In valuing the Property, we have assumed that the owners have enforceable title to the Property and have free and uninterrupted rights to use, occupy or assign the Property for the whole of the unexpired terms as granted.

No allowance has been made in our valuation for any charges, pledges or amounts owing on the Property nor any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that the Property is free from encumbrances, restrictions and outgoing of any onerous nature which could affect its value.

Method of Valuation

We have valued the Property, on the assumption that it will be completed according to the development scheme provided to us, by Direct Comparison Approach by making reference to comparable sales evidence as available in the relevant market.

In valuing the Property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institutes of Surveyors.

Source of Information

We have relied to a very considerable extent on the information given by the Company and the opinion of the PRC legal adviser as to PRC laws. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, identification of the Property, particulars of occupancy, development scheme, construction cost, site and floor areas and all other relevant matters.

Dimension, measurements and areas included in this valuation report are based on the information provided to us and are, therefore, only approximations. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese version of the documents and consult its legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided by the Company with copies or extracts of documents. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

Site Inspection

Our valuers, Eric Y Fan (a Chartered Surveyor and a China Real Estate Appraiser) and Rick Sun have inspected the exterior and, wherever possible, the interior of the Property in December 2013. However, no structural survey was made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report whether the Property is free of rot, infestation or any other structural defects. No test was carried out on any of the services.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the copies of documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC.

We attach our valuation certificate herewith.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
Philip C Y Tsang
Registered Professional Surveyor (GP)
Registered China Real Estate Appraiser
MSc, MRICS, MHKIS
Director

Note: Mr. Philip C Y Tsang is a Registered Professional Surveyor (General Practice) who has over 21 years experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property held by Shanghai Jinqiu Minghao for development in the PRC

Property	Description and tenure	Particulars of occupancy	Estimated Market Value as if completed as at 28 February 2014																
No. 1666, 1678, 1686, 1688 and 1690 Wuzhong Road, Minhang District, Shanghai, the PRC	The Property is located at Wuzhong Road, Minhang District, Shanghai. The Property is designated for commercial and office uses and is to be erected on two parcels of land with a total site area of approximately 25,228.70 square meters.	As at the valuation date, the Property was under construction.	RMB3,765,000,000																
	Upon completion, the Property will comprise two 10-storey office buildings, one 9-storey office building and one 6-storey commercial building on a 2-storey basement. The basement will have 818 car parking spaces.																		
	We have valued the Property according to the Housing and Land Ownership Survey Reports (房屋土地權屬調查報告書) Nos. 201312300837 and 201312289128 provided by the Company, the breakdown of the gross floor areas of the Property is planned as follows:																		
	<table border="1"> <thead> <tr> <th data-bbox="443 1001 480 1028">Use</th> <th data-bbox="695 978 879 1046">Approximate Gross Floor Area (square meters)</th> </tr> </thead> <tbody> <tr> <td data-bbox="443 1077 504 1104">Office</td> <td data-bbox="799 1077 879 1104">60,500.80</td> </tr> <tr> <td data-bbox="443 1104 560 1131">Commercial</td> <td data-bbox="799 1104 879 1131"><u>30,796.51</u></td> </tr> <tr> <td data-bbox="443 1140 531 1167">Sub-total</td> <td data-bbox="799 1140 879 1167">91,297.31</td> </tr> <tr> <td data-bbox="443 1167 531 1193">Ancillary</td> <td data-bbox="799 1167 879 1193"><u>417.28</u></td> </tr> <tr> <td data-bbox="443 1202 580 1229">Above ground</td> <td data-bbox="799 1202 879 1229">91,714.59</td> </tr> <tr> <td data-bbox="443 1229 531 1256">Basement</td> <td data-bbox="799 1229 879 1256"><u>48,643.72</u></td> </tr> <tr> <td data-bbox="443 1265 496 1292">Total</td> <td data-bbox="786 1265 879 1292"><u>140,358.31</u></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (square meters)	Office	60,500.80	Commercial	<u>30,796.51</u>	Sub-total	91,297.31	Ancillary	<u>417.28</u>	Above ground	91,714.59	Basement	<u>48,643.72</u>	Total	<u>140,358.31</u>		
Use	Approximate Gross Floor Area (square meters)																		
Office	60,500.80																		
Commercial	<u>30,796.51</u>																		
Sub-total	91,297.31																		
Ancillary	<u>417.28</u>																		
Above ground	91,714.59																		
Basement	<u>48,643.72</u>																		
Total	<u>140,358.31</u>																		
	The Property is scheduled to be completed in the end of March 2015. The Property will be partially decorated with the hand-over standard including basic facilities and equipments which are consistent with commercial practice (such as raised floor and suspended ceiling) that can be used by occupiers for more extensive renovations directly.																		
	The Property is located on Wuzhong Road, Minhang District, which is in the urban area of Shanghai. Developments nearby are mainly residential and commercial.																		
	According to the information provided by the Company, the completed Property will be used as commercial and office buildings; there are no environmental issues or legal disputes; there are no plans for any change in the use of the Property in near future.																		
	The land use rights of the Property has been granted for a term of 50 years for composite uses from 26 September 2003 to 25 September 2053.																		

Notes:

- (1) According to two Certificates of Real Estate Ownership No. (2003)076164 and (2003)076165 issued by Shanghai Municipal Housing and Land Resources Administrative Bureau dated 6 November 2003, the land use rights of the Property has been granted to Shanghai Jinqiu Minghao for a term of 50 years for composite uses from 26 September 2003 to 25 September 2053.
- (2) According to Grant Contract for State-owned Land Use Rights No. (2003)186 and Supplementary Grant Contract entered into with Shanghai Municipal Land Resources Bureau of Minhang District (“Party A”) and Shanghai Jinqiu Minghao (“Party B”) on 27 May 2013, Party A has agreed to grant the land use rights of the Property to Party B:

Site Area: Changed from 35,291 square meters to 25,228.70 square meters

Land Use: Commercial, office

Land Use Term: 40 years for commercial use 50 years for office use

Land Premium: RMB21,900,000

Plot Ratio: The plot ratio gross floor area is no more than 88,227 square meters

(We note that the proposed development scheme has a total gross floor area of 91,714.59 sq m and, as instructed, we have valued the Property according to the scheme and assumed that the supplemental land premium, if any, has been fully settled.)

- (3) According to Planning Permits for Construction Use of Land No. (2004)1081, the construction site of land with a total site area of approximately 69,691 square meters is in compliance with urban planning requirements.
- (4) According to Planning Permit for Construction Works Nos. (2011) FA31011220112163 and (2012)FA31011220120382, the construction works of the Property with a total gross floor area of approximately 141,642.82 square meters was in compliance with the urban planning requirements and has been permitted to proceed.
- (5) According to Commencement Permit for Construction Works Nos. 0601MH0057D01 310112200608180519 and 0601MH0057D02 310112200608180519, the construction works of the Property with a total gross floor area of approximately 141,642.82 square meters was in compliance with the works commencement requirements.
- (6) According to Business License No. 310000400311556 dated 2 July 2012, Shanghai Jinqiu Minghao was established as a limited liability company on 12 August 2002 with a registered capital of US\$135,000,000 for an operational period of from 12 August 2002 to 11 August 2032.
- (7) According to the PRC legal opinion:
 - (i) Shanghai Jinqiu Minghao has obtained the land use rights of two parcels of land by way of land granting for consideration for a term from 26 September 2003 to 25 September 2053;
 - (ii) the total site area has changed from 35,291 square meters to 25,228.70 square meters. Shanghai Jinqiu Minghao is the legal state-owned land use rights user of the two parcels of land;
 - (iii) the building covenant to completion has been extended to 31 December 2014; if the completion is delayed beyond 31 December 2014; according to the stipulations of Grant Contract for State-owned Land Use Rights, a liquidated damages of 0.1% of the total land price on a daily basis would be payable to the grantor;

- (iv) Shanghai Jinqiu Minghao is legally constructing the commercial and office development with 91,297.31 square meters above ground gross floor area. The ultimate gross floor area upon completion will be according to the Building and Land Title Survey Report in due course;
- (v) the Property is mortgaged to Bank of Shanghai Stock Co., Ltd., Xuhui Branch for a loan amount of RMB880,000,000 for a period till 20 December 2015. The mortgage is legal and valid; and
- (vi) except subject to the mortgage, Shanghai Jinqiu Minghao can exercise its related right of state-owned land use rights user according to the laws.
- (8) The status of the titles and grants of major approvals and licence in accordance with the information provided by the Company and the opinion of the PRC legal adviser:
- | | |
|--|-----|
| Certificate of Real Estate Ownership (land only) | Yes |
| Grant Contract for State-owned Land Use Rights | Yes |
| Planning Permit for Construction Use of Land | Yes |
| Planning Permit for Construction Works | Yes |
| Commencement Permit for Construction Works | Yes |
| Housing and Land Ownership Survey Reports | Yes |
| Business License | Yes |

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS**(a) Directors' interests in Shares**

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

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

Name of Director	Number of Shares			Number of underlying Shares under options <i>(Note 2)</i>
	Personal interests	Corporate interests <i>(Note 1)</i>	Percentage of the issued share capital	
Mr. Wei Ing-Chou	13,242,000	1,854,827,866	33.59%	12,038,000
Mr. Wei Ying-Chiao	—	1,854,827,866	33.14%	—

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

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

Notes:

- These 1,854,827,866 shares are held by and registered under the name of Ting Hsin (Cayman Islands) Holding Corp. (“Ting Hsin”). Ting Hsin is beneficially owned as to approximately 43.94% by Ho Te Investments Limited (“Ho Te”), as to approximately 30.15% by Rich Cheer Holdings Limited (“Rich Cheer”), as to 25.23% by China Foods Investment Corp., an independent third party which was incorporated by Itochu Corporation and Asahi Breweries, Ltd., and as to the remaining 0.68% by unrelated third parties. Ho Te and Rich Cheer were owned as to 100% by Profit Surplus Holdings Limited (“Profit Surplus”). Profit Surplus is the trustee of a unit trust, which is in turn held by four discretionary trusts in equal proportions. HSBC International Trustee Limited is the trustee of each of the above four discretionary trusts, the settlors and discretionary objects of the above four discretionary trusts are as follows:
 - Wei Chang Lu-Yun is the settlor of one of the above discretionary trusts with Wei Chang Lu-Yun and Wei Ing Chou as discretionary objects;
 - Lin Li-Mien is the settlor of one of the above discretionary trusts with Lin Li-Mien and Wei Ying-Chiao as discretionary objects;
 - Wei Hsu Hsiu-Mien is the settlor of one of the above discretionary trusts with Wei Hsu Hsiu-Mien and Wei Yin-Chun as discretionary objects; and
 - Wei Tu Miao is the settlor of one of the above discretionary trusts with Wei Tu Miao and Wei Yin-Heng as discretionary objects.
- Wei Ing-Chou is also personally interested in 13,242,000 shares and holds 12,038,000 share options (2,000,000 share options are exercisable for the period from 21 March 2013 to 20 March 2018 at an exercise price of HK\$9.28 per share, 2,816,000 share options are exercisable for the period from 23 April 2014 to 22 April 2019 at an exercise price of HK\$9.38 per share and 2,200,000 share options are exercisable for the period from 1 April 2015 to 31 March 2020 at an exercise price of HK\$18.57 per share. 2,264,000 share options are exercisable for the period from 12 April 2016 to 11 April 2021 at an exercise price of HK\$19.96 per share, 1,368,000 share options are exercisable for the period from 26 April 2017 to 25 April 2022 at an exercise price of HK\$20.54 per share and 1,390,000 share options are exercisable during the period from 27 May 2018 to 26 May 2023 at an exercise price of HK\$20.16 per share) under the share option scheme of the Company passed by an extraordinary general meeting of the Company held on 20 March 2008. Wei Chang Lu-Yun, being the spouse of Wei Ing-Chou, is also deemed to be interested in the shares and the underlying shares held by Wei Ing-Chou.
- These 180,008 shares are held by and registered under the name of Ting Hsin. Please refer to note 1 for the shareholding structure of Ting Hsin.

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

(b) Directors' service contracts

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

(c) As at the Latest Practicable Date:

- (i) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2013, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries; and
- (ii) none of the Directors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Group.

(d) Directors' interests in competing businesses

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

3. SUBSTANTIAL SHAREHOLDERS

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

Name of shareholder	Capacity in which interests are held	Number of shares	Interests as to % of the issued share capital of the Company
Ting Hsin (Cayman Islands) Holding Corp. (Note 1)^	Beneficial owner	1,854,827,866	33.14
Ho Te Investments Limited (Note 1)^	Interest of controlled company	1,854,827,866	33.14
Rich Cheer Holdings Limited (Note 1)^	Interest of controlled company	1,854,827,866	33.14
Profit Surplus Holdings Limited (Note 1)^	Trustee of a unit trust	1,854,827,866	33.14
HSBC International Trustee Limited (Note 1)^	Trustee of discretionary trusts	1,854,827,866	33.14
Wei Yin-Chun (Note 1)^	Beneficiary of a discretionary trust	1,854,827,866	33.14
Wei Yin-Heng (Note 1)^	Beneficiary of a discretionary trust	1,854,827,866	33.14
Wei Chang Lu-Yun (Notes 1 and 2)^	Settlor and beneficiary of a discretionary trust/Interest of spouse	1,880,107,866	33.59
Lin Li-Mien (Note 1)^	Settlor and beneficiary of a discretionary trust/Interest of spouse	1,854,827,866	33.14
Wei Hsu Hsiu-Mien (Note 1)^	Settlor and beneficiary of a discretionary trust/Interest of spouse	1,854,827,866	33.14

Name of shareholder	Capacity in which interests are held	Number of shares	Interests as to % of the issued share capital of the Company
Wei Tu Miao (<i>Note 1</i>) [^]	Settlor and beneficiary of a discretionary trust/Interest of spouse	1,854,827,866	33.14
Sanyo Foods Co., Ltd.	Beneficial owner	1,854,827,866	33.14

[^] *Note 1 and 2 are set out on page 37*

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

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

4. LITIGATION

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

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, the date to which the latest published audited accounts of the Company were made up.

6. EXPERT'S QUALIFICATION AND CONSENT

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

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

Name	Qualification
Somerley	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.
DTZ Debenham Tie Leung Limited	Registered professional surveyors, valuers and property advisers

As at the Latest Practicable Date, each of Somerley and DTZ Debenham Tie Leung Limited did not have any direct or indirect interest in any asset which had been, since 31 December 2013, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

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

7. MISCELLANEOUS

- (a) The registered office of the Company is 2nd Floor, Midtown Plaza, Elgin Avenue, P.O. Box 448, Grand Cayman KY1-1106, Cayman Islands and the principal place of business of the Company in Hong Kong is at Suite 5607, 56th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (b) The Company's Hong Kong branch share registrar and transfer office is Hong Kong Registrars Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The company secretary of the Company is Mr. Ip Pui-Sum, a fellow member of the Association of Chartered Certified Accountants (United Kingdom) and an associate of the Hong Kong Institute of Certified Public Accountants, the Society of Chinese Accountants and Auditors, the Chartered Institute of Management Accountants, the Institute of Chartered Secretaries and Administrators and an ordinary member of the Hong Kong Institute of Chartered Secretaries.
- (d) The English text of this circular shall prevail over the Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong during normal business hours from the date of this circular and up to and including 14 May 2014:

- (a) the letter of recommendation from the Independent Board Committee to the Independent Shareholders as set out in this circular;
- (b) the letter from Somerley, the text of which is set out in this circular;
- (c) the property valuation report from DTZ Debenham Tie Leung Limited, the text of which is set out in Appendix I to this circular;
- (d) the consent letters referred to in the paragraph headed "Expert's qualification and consent" in this Appendix;
- (e) the Agreement; and
- (f) 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: 0322)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“the **EGM**”) of Tingyi (Cayman Islands) Holding Corp. (the “**Company**”) will be held at the Conference Room, No. 15, The 3rd Avenue, Tianjin Economic-Technological Development Area, Tianjin, the PRC on Wednesday, 14 May 2014, at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution of the Company:

ORDINARY RESOLUTION

“**THAT**

- (a) the agreement dated 2 April 2014 (the “**Agreement**”) entered into between China Dingya Holding Limited, a wholly-owned subsidiary of the Company (the “**Purchaser**”), and Victory Ascent International Limited (the “**Vendor**”), a copy of which is tabled at the meeting and marked “**A**” and initialed by the chairman of the meeting for identification purpose, pursuant to which, the Purchaser has agreed to acquire from the Vendor the entire issued share capital of Wealth City Investment Limited, at a consideration of RMB2,483,016,850 (equivalent to approximately US\$406 million), be and is hereby approved, ratified and confirmed; and
- (b) any one director of the Company be and is hereby authorised to do all such acts or things and to sign and execute all such other or further documents and to take all such steps which in the opinion of the director may be necessary, appropriate, desirable or expedient to implement and/or give effects to the Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 17 April 2014

* *For identification purpose only*

NOTICE OF EGM

Notes:

1. Any member of the Company entitled to attend and vote at the meeting by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
3. In order to be valid, the instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must be delivered to the Company's Hong Kong office at Suite 5607, 56/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting thereof (as the case may be).
4. Completion and return of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the case of joint registered holders of any share, if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person, or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
6. The register of members of the Company will be closed from Saturday, 10 May 2014 to Wednesday, 14 May 2014 (both dates inclusive). In order to determine the identity of the shareholders who are entitled to attend and vote at the Extraordinary General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 9 May 2014.

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