
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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康師傅控股

TINGYI (CAYMAN ISLANDS) HOLDING CORP.

康師傅控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0322)

PROPOSED CONTINUING CONNECTED TRANSACTIONS

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



SOMERLEY CAPITAL LIMITED

A letter from the Board is set out on pages 4 to 18 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 19 of this circular. A letter from Somerley Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 40 of this circular.

A notice convening an EGM to be held at the Conference Room, No.1688, Wuzhong Road, Minhang District, Shanghai City, PRC on Monday, 13 June 2022, at 10:00 a.m. is set out on pages 46 to 49 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 advised 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

28 April 2022

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PRECAUTIONARY MEASURES FOR THE EGM

In light of the COVID-19 pandemic and in compliance with the Government's directive on social distancing, personal and environmental hygiene, and the guidelines on the prevention of the spreading of the COVID-19 coronavirus, the Company will implement additional precautionary measures at the EGM including, without limitation:

- (i) compulsory body temperature screening — anyone exhibiting fever or flu-like symptoms may be denied entry into the EGM and requested to leave;
- (ii) mandatory use of surgical face masks — no masks will be provided at the EGM and attendees should bring their own masks;
- (iii) appropriate distancing and spacing in line with Government's directive will be maintained and as such, the Company may limit the number of attendees at the EGM as may be necessary to avoid overcrowding; and
- (iv) no refreshments or drinks will be provided to attendees at the EGM.

In light of the continuing risks posed by the COVID-19 pandemic, the Company strongly advises the Shareholders NOT to attend the EGM in person, and recommends the Shareholders to appoint the Chairman of the EGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the EGM in person.

Subject to the development of COVID-19 pandemic, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

DEFINITIONS

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

“2019 Marine Vision Agreement”	the agreement dated 18 October 2019 between the Company and Marine Vision;
“2019 Tingzheng Agreement”	the agreement dated 21 November 2019 between the Company and Tingzheng;
“2020 Ting Tong Agreement”	the agreement dated 22 June 2020 (as supplemented on 30 September 2021) between the Company and Ting Tong;
“Board”	the board of directors of the Company;
“Company”	Tingyi (Cayman Islands) Holding Corp., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the Tingzheng Supply Agreement, the Marine Vision Supply Agreement and the Ting Tong Logistics Agreement;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting to be convened to approve the Tingzheng Supply Agreement, the Marine Vision Supply Agreement and the Ting Tong Logistics Agreement, and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors appointed by the Board to advise the Independent Shareholders on the terms of the Tingzheng Supply Agreement, the Marine Vision Supply Agreement and the Ting Tong Logistics 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 Tingzheng Supply Agreement, the Marine Vision Supply Agreement and the Ting Tong Logistics Agreement;
“Independent Shareholders”	Shareholders other than Tingzheng, Marine Vision, Ting Tong and their respective associates;
“Latest Practicable Date”	22 April 2022 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;
“Marine Vision”	Marine Vision Investment Inc., a company incorporated in the British Virgin Islands with limited liability;
“Marine Vision Supply Agreement”	the agreement to be entered into between the Company and Marine Vision;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shares”	ordinary shares of US\$0.005 each in the capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Ting Tong”	Ting Tong (Cayman Islands) Holding Corp., a company incorporated in the Cayman Islands with limited liability;
“Ting Tong Logistics Agreement”	the agreement to be entered into between the Company and Ting Tong;
“Tingzheng”	Tingzheng (Cayman Islands) Holding Corp., a company incorporated in the Cayman Islands with limited liability;

DEFINITIONS

“Tingzheng Supply Agreement” the agreement to be entered into between the Company and Tingzheng; and

“%” per cent.

康師傅控股

TINGYI (CAYMAN ISLANDS) HOLDING CORP.

康師傅控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0322)

Executive Directors:

Mr. Wei Hong-Ming (*Chairman*)
Mr. Junichiro Ida (*Vice-Chairman*)
Mr. Wei Hong-Chen
Mr. Koji Shinohara
Mr. Yuko Takahashi
Ms. Tseng Chien

Independent Non-executive Directors:

Mr. Lee Tiong-Hock
Mr. Hsu Shin-Chun
Mr. Hiromu Fukada

Registered Office:

P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

Principal Place of Business:

No.1688, Wuzhong Road
Minhang District
Shanghai City 201103
PRC

Hong Kong Office:

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

28 April 2022

To: the Shareholders

Dear Sir or Madam,

PROPOSED CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the announcement of the Company dated 10 March 2022 in respect of the Continuing Connected Transactions.

The purpose of this circular is to:

- (a) provide the Shareholders with details of the Continuing Connected Transactions and the relevant annual caps thereunder;

* For identification purposes only

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- (b) set out the opinion of the Independent Financial Adviser in respect of the terms of the Continuing Connected Transactions;
- (c) set out the recommendation of the Independent Board Committee in respect of the terms of the Continuing Connected Transactions and the relevant annual caps thereunder; and
- (d) give you notice of the EGM.

The salient terms of the Continuing Connected Transactions are summarized below:

THE TINGZHENG SUPPLY AGREEMENT

Subject: The Group will purchase flexible plastic packaging materials and plastic products from Tingzheng and its subsidiaries.

Term: Three financial years commencing on 1 January 2023 and ending on 31 December 2025.

Price: The price of the products to be supplied by Tingzheng and its subsidiaries to the Group will be based on the quoted price for the products to be supplied. Such quoted price will be determined on a quarterly basis based on arm's length negotiations between the parties and on normal commercial terms with reference to:

- i. the prevailing market price for the same or substantially similar products, taking into account the price of the same or substantially similar products with comparable order quantities and quality offered by independent third party suppliers;
- ii. if there are insufficient comparable transactions to (i) above, on normal commercial terms comparable to those received from independent third parties in respect of the same or substantially similar products with comparable quantities and quality; and
- iii. if both (i) and (ii) above are not applicable, by reference to the average price of similar products previously purchased by the Group, and on normal commercial terms which are no less favourable to the Group than that are available from independent third parties.

Payment for the products under the Tingzheng Supply Agreement will be calculated on a monthly basis upon delivery of the products, with additional credit terms of 60 days. The payment will be made on the monthly payment day specified by the Group after the end of the credit terms.

LETTER FROM THE BOARD

The same payment procedures as described above that have been implemented under the 2019 Tingzheng Agreement will continue to be applicable under the Tingzheng Supply Agreement, and such payment procedures are the same as those applicable to independent third party suppliers with comparable size. As such, the payment terms under the Tingzheng Supply Agreement are no less favourable to the Group than those applicable to independent third party suppliers, and that it will not result in adverse impact on the Group.

Cap amount:

Pursuant to the Tingzheng Supply Agreement, the Group has agreed to purchase products from Tingzheng and its subsidiaries based on the pricing policy stated above during the term of the Tingzheng Supply Agreement subject to the following annual caps:

	Financial year ending 31 December		
	2023	2024	2025
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Transaction amount	2,700	3,000	3,300

The annual caps for the Tingzheng Supply Agreement were determined based on the historical transaction amount with Tingzheng and its subsidiaries, and are projected mainly with reference to:

- a) the Group's demand for flexible plastic packaging materials and plastic products supplied by Tingzheng and its subsidiaries is expected to grow by approximately 6% to 7% per annum in each of the coming three years, with reference to:
 - i. the historical growth in the overall sales of the Group's products;
 - ii. the increase in the Group's sourcing of flexible packaging materials and plastic products from independent third party suppliers, with a view to increase the level of diversification of the Group's purchases of flexible packaging materials and plastic products, and to obtain more favourable commercial terms from all the suppliers;
- b) the unit cost of raw materials for flexible plastic packaging and plastic products, which is primarily driven by the price of crude oil, is expected to grow from approximately 6% to approximately 4% per annum in the coming three years.

LETTER FROM THE BOARD

The historical transaction amount of the products supplied by Tingzheng and its subsidiaries for the two financial years ended 31 December 2021 and the two months ended 28 February 2022 are set out below:

	For the year ended 31 December		For the two months ended 28 February
	2020	2021	2022
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Annual cap	2,200	2,300	2,400 ^(Note)
Historical transaction amount	2,154	2,236	272

Note: The annual cap for 2022 is for the whole financial year.

Condition

The Tingzheng Supply Agreement is subject to the Company's compliance with the requirements of the Listing Rules with respect to continuing connected transactions, including approval from the Independent Shareholders.

Reasons for entering the Tingzheng Supply Agreement

Tingzheng and its subsidiaries have been supplying flexible plastic packaging materials and plastic products to the Group for more than fifteen years. Such products are being used for the packaging of the Group's products in the ordinary and usual course of business of the Group.

Tingzheng and its subsidiaries are among the leading producers of flexible plastic packaging materials and plastic products in the PRC. They have multiple standardised factories covering the production centers of the Group, which can ensure the timely and stable supply of high quality standardised products to the Group. The Group has always been committed to food safety and quality guarantee, and has high requirements for its suppliers, such as the ability to provide stable and sufficient quantities of high quality standardised products in a timely manner. The Group has been satisfied with the quality of the products supplied by Tingzheng and its subsidiaries, and has not encountered any issue with the quality of the products supplied by Tingzheng and its subsidiaries. As the 2019 Tingzheng Agreement is due to expire on 31 December 2022, the Tingzheng Supply Agreement is being entered into to enable the Group to continue to purchase products from Tingzheng and its subsidiaries for the Group's operation requirements in the upcoming three years.

As the Tingzheng Supply Agreement is being entered into in the ordinary and usual course of business of the Company and the terms have been negotiated on an arm's length basis and on normal commercial terms, with the purchase price of the products being based on prevailing market price of the same or substantially similar products offered by other independent third party suppliers, the Directors (including the independent non-executive Directors but excluded Mr. Wei Hong-Ming, the Chairman of the Board and an executive Director of the Company, and Mr. Wei Hong-Chen, an

LETTER FROM THE BOARD

executive Director of the Company) consider that the transactions under the Tingzheng Supply Agreement and the proposed annual caps thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Mr. Wei Hong-Ming, the Chairman of the Board and an executive Director of the Company, and Mr. Wei Hong-Chen, an executive Director of the Company, are considered to be interested in the transactions contemplated under the Tingzheng Supply Agreement and have avoided discussion and abstained from voting on the board resolution to approve the Tingzheng Supply Agreement.

THE MARINE VISION SUPPLY AGREEMENT

Subject: The Group will purchase carton box products from Marine Vision and its subsidiaries.

Term: Three financial years commencing on 1 January 2023 and ending on 31 December 2025.

Price: The price of the products to be supplied by Marine Vision and its subsidiaries to the Group will be based on the quoted price for the products to be supplied. Such quoted price will be determined on a quarterly basis based on arm's length negotiations between the parties and on normal commercial terms with reference to:

- i. the prevailing market price for the same or substantially similar products, taking into account the price of the same or substantially similar products with comparable order quantities and quality offered by independent third party suppliers;
- ii. if there are insufficient comparable transactions to (i) above, on normal commercial terms comparable to those received from independent third parties in respect of the same or substantially similar products with comparable quantities and quality; and
- iii. if both (i) and (ii) above are not applicable, by reference to the average price of similar products previously purchased by the Group, and on normal commercial terms which are no less favourable to the Group than that are available from independent third parties.

Payment for the products under the Marine Vision Supply Agreement will be calculated on a monthly basis upon delivery of the products, with additional credit terms of 60 days. The payment will be made on the monthly payment day specified by the Group after the end of the credit terms.

LETTER FROM THE BOARD

The same payment procedures as described above that have been implemented under the 2019 Marine Vision Agreement will continue to be applicable under the Marine Vision Supply Agreement, and such payment procedures are the same as those applicable to independent third party suppliers with comparable size. As such, the payment terms under the Marine Vision Supply Agreement are no less favourable to the Group than those applicable to independent third party suppliers, and that it will not result in adverse impact on the Group.

Cap amount:

Pursuant to the Marine Vision Supply Agreement, the Group has agreed to purchase products from Marine Vision and its subsidiaries based on the pricing policy stated above during the term of the Marine Vision Supply Agreement subject to the following annual caps:

	Financial year ending 31 December		
	2023	2024	2025
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Transaction amount	3,100	3,600	4,100

The annual caps for the Marine Vision Supply Agreement were determined based on the historical transaction amount with Marine Vision and its subsidiaries, and are projected mainly with reference to:

- a) the Group's demand for carton box products supplied by Marine Vision and its subsidiaries is expected to grow by approximately 6% to 7% per annum in each of the coming three years, with reference to:
 - i. the historical growth in the overall sales of the Group's products;
 - ii. the increase in the Group's sourcing of carton box products from independent third party suppliers, with a view to increase the level of diversification of the Group's purchases of carton box products, and to obtain more favourable commercial terms from all the suppliers;
- b) the unit cost of raw materials for carton box products, which is primarily driven by the price of paper pulp, is expected to grow from approximately 12% to approximately 8% per annum in the coming three years.

LETTER FROM THE BOARD

The historical transaction amount of the products supplied by Marine Vision and its subsidiaries for the two financial years ended 31 December 2021 and the two months ended 28 February 2022 are set out below:

	For the year ended 31 December		For the two months ended 28 February
	2020	2021	2022
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Annual cap	2,320	2,510	2,590 ^(Note)
Historical transaction amount	2,234	2,491	395

Note: The annual cap for 2022 is for the whole financial year.

Condition

The Marine Vision Supply Agreement is subject to the Company's compliance with the requirements of the Listing Rules with respect to continuing connected transactions, including approval from the Independent Shareholders.

Reasons for entering the Marine Vision Supply Agreement

Marine Vision and its subsidiaries have been supplying carton box products to the Group for more than fifteen years. Such products are being used for the packaging of the Group's products in the ordinary and usual course of business of the Group.

Marine Vision and its subsidiaries are among the leading producers of carton box products in the PRC. They have multiple standardised factories covering the production centers of the Group, which can ensure the timely and stable supply of high quality standardised products to the Group. The Group has always been committed to food safety and quality guarantee, and has high requirements for its suppliers, such as the ability to provide stable and sufficient quantities of high quality standardised products in a timely manner. The Group has been satisfied with the quality of the products supplied by Marine Vision and its subsidiaries, and has not encountered any issue with the quality of the products supplied by Marine Vision and its subsidiaries. As the 2019 Marine Vision Agreement is due to expire on 31 December 2022, the Marine Vision Supply Agreement is being entered into to enable the Group to continue to purchase products from Marine Vision and its subsidiaries for the Group's operation requirements in the upcoming three years.

As the Marine Vision Supply Agreement is being entered into in the ordinary and usual course of business of the Company and the terms have been negotiated on an arm's length basis and on normal commercial terms, with the purchase price of the products being based on prevailing market price of the same or substantially similar products offered by other independent third party suppliers, the Directors (including the independent non-executive Directors but excluded Mr. Wei Hong-Ming, the Chairman of the Board and an executive Director of the Company, and Mr. Wei Hong-Chen, an

LETTER FROM THE BOARD

executive Director of the Company) consider that the transactions under the Marine Vision Supply Agreement and the proposed annual caps thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Mr. Wei Hong-Ming, the Chairman of the Board and an executive Director of the Company, and Mr. Wei Hong-Chen, an executive Director of the Company, are considered to be interested in the transactions contemplated under the Marine Vision Supply Agreement and have avoided discussion and abstained from voting on the board resolution to approve the Marine Vision Supply Agreement.

THE TING TONG LOGISTICS AGREEMENT

Subject: The Group will procure logistics services from Ting Tong and its subsidiaries.

Term: Three financial years commencing on 1 January 2023 and ending on 31 December 2025.

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

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

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

LETTER FROM THE BOARD

The same payment procedures as described above that have been implemented under the 2020 Ting Tong Agreement will continue to be applicable under the Ting Tong Logistics Agreement, and such payment procedures are the same as those applicable to independent third party logistics services providers with comparable size. As such, the payment terms under the Ting Tong Logistics Agreement are no less favourable to the Group than those applicable to independent third party logistics services providers, and that it will not result in adverse impact on the Group.

Cap amount:

Pursuant to the Ting Tong Logistics Agreement, the Group has agreed to procure logistics services from Ting Tong and its subsidiaries based on the pricing policy stated above during the term of the Ting Tong Logistics Agreement subject to the following annual caps:

	Financial year ending 31 December		
	2023	2024	2025
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Transaction amount	3,200	3,700	4,200

The annual caps for the Ting Tong Logistics Agreement were determined based on the historical transaction amount with Ting Tong and its subsidiaries, and are projected mainly with reference to:

- a) the Group's demand for the captive logistics services to be provided by Ting Tong and its subsidiaries is expected to grow from approximately 11% to approximately 8% per annum in the coming three years, with reference to:
 - i. the historical growth in the overall sales and logistics costs of the Group's products;
 - ii. the additional captive logistics services to establish and expand a nationwide integrated distribution network in order to further strength the management of the distributors, expedite the delivery of the Group's products to the market, enhance the level of customer satisfaction, and increase the product penetration of the Group;
 - iii. the increase in the Group's sourcing of logistics services from independent third party logistics services providers, with a view to increase the level of diversification of the Group's procurements of logistics services, and to obtain more favourable commercial terms from all the logistics services providers;
- b) the service fee of logistics services, which is primarily driven by the price of gasoline and diesel oil, is expected to grow from approximately 7% to approximately 5% per annum in the coming three years.

LETTER FROM THE BOARD

The historical transaction amount of the services provided by Ting Tong and its subsidiaries for the two financial years ended 31 December 2021 and the two months ended 28 February 2022 are set out below:

	For the year ended 31 December		For the two months ended 28 February
	2020	2021	2022
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Annual cap (as revised)	1,100 ^(Note1)	1,900	2,700 ^(Note2)
Historical transaction amount	670 ^(Note1)	1,820	268

Note1: Ting Tong became a connected person of the Company on 22 June 2020. The annual cap and historical transaction amount for 2020 represents the amounts for the period from 22 June 2020 to 31 December 2020.

Note2: The annual cap for 2022 is for the whole financial year.

Condition

The Ting Tong Logistics Agreement is subject to the Company's compliance with the requirements of the Listing Rules with respect to continuing connected transactions, including approval of the Independent Shareholders.

Reasons for entering the Ting Tong Logistics Agreement

Ting Tong and its subsidiaries have been providing the captive logistics services to the Group for more than fifteen years, including implementing strict control over the Group's products in the transportation process to ensure the timely and safe delivery, and promoting the Group's distribution system. The Group requires the captive logistics services provided from Ting Tong and its subsidiaries in the ordinary and usual course of business of the Group.

Ting Tong and its subsidiaries are among the leading logistics services providers in the PRC. They have a nationwide logistics network covering the production centers of the Group, which can ensure the timely and stable supply of high quality standardised captive logistics services to the Group. The Group has always been committed to food safety and quality guarantee, and has high requirements for its service providers, such as the ability to provide stable and sufficient quantities of high quality standardised services in a timely manner. The Group has been satisfied with the quality of the captive logistics services provided by Ting Tong and its subsidiaries, and has not encountered any issue with the quality of the services provided by Ting Tong and its subsidiaries. As the 2020 Ting Tong Agreement is due to expire on 31 December 2022, the Ting Tong Logistics Agreement is being entered into to enable the Group to continue to procure the captive logistics services from Ting Tong and its subsidiaries for the Group's operation requirements in the upcoming three years.

LETTER FROM THE BOARD

As the Ting Tong Logistics Agreement is being entered into in the ordinary and usual course of business of the Company and the terms have been negotiated on an arm's length basis and on normal commercial terms, with the service fee based on prevailing market price of the same or substantially similar services offered by other independent third party logistics services providers, the Directors (including the independent non-executive Directors but excluded Mr. Wei Hong-Ming, the Chairman of the Board and an executive Director of the Company, and Mr. Wei Hong-Chen, an executive Director of the Company) consider that the transactions under the Ting Tong Logistics Agreement and the proposed annual caps thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Mr. Wei Hong-Ming, the Chairman of the Board and an executive Director of the Company, and Mr. Wei Hong-Chen, an executive Director of the Company, are considered to be interested in the transactions contemplated under the Ting Tong Logistics Agreement and have avoided discussion and abstained from voting on the board resolution to approve the Ting Tong Logistics Agreement.

INTERNAL CONTROL PROCEDURES

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

Internal control and pricing policies

- (i) the Group maintains a list of carefully selected suppliers and service providers. The list is regularly reviewed and updated. For a supplier or service provider to become listed, the Group will initially conduct and must be satisfied with the on-site visits to the supplier or service provider. The supplier or service provider of the Group must also have a good track record with the Group in terms of the quality of the products supplied or the services provided, which is reviewed by the quality assurance team of the Group (the "**Quality Assurance Department**"). The supplier or service provider of the Group must have also had a track record of at least one year. Further, if the supplier or service provider has not supplied any products or provided any services to the Group for more than a year, the supplier or service provider will be delisted from the Group's supplier/service provider list and the Group will initiate the full selection procedure (including on-site visits and quality checks) for the supplier or service provider to be relisted onto the supplier/service provider list;
- (ii) with respect to any potential orders, the research and development department of the Group (the "**R&D Department**") or the purchasing department (the "**Purchasing Department**") will first discuss and formulate the details of the specifications of the order (including materials, safety, functions and specification for the relevant products, and the scope and level of the relevant services);
- (iii) after such formulation by the R&D Department or the Purchasing Department, based on their experience and taking into account similar purchases made or services procured by the Group, the Purchasing Department will obtain quotations from the supplier or service provider on a quarterly basis and also select not less than two and on average about three

LETTER FROM THE BOARD

other suppliers or service providers from the Group's supplier/service provider list which are independent third parties for quotations in order to ascertain the prevailing market price in accordance with the pricing policies as set out under the supply agreement or service agreement;

- (iv) the selection criteria of the suppliers or service providers will be based on their quotation, delivery time, payment terms, specifications, quality, safety and recent performance;
- (v) upon delivery of the products or upon completion of the services (whether by connected person or independent third party), the Quality Assurance Department will conduct checks to review and assess (including but not limited to quality and safety) whether the products have been supplied or the services have been provided in accordance with the terms of each agreement; and
- (vi) the price of the products supplied by the suppliers and the services provided by the service providers will be determined based on the pricing policies set out in the section headed "Price" of the relevant agreement.

Internal review policies

- (i) the pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the accounting department of the Group and the management of the Group dedicated with the responsibility of supervising the continuing connected transactions of the Group to ensure that the relevant continuing connected transactions are being conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders as a whole;
- (ii) in respect of any order for products or services, the Group will assess the scope and scale of the products or services and obtain reference quotations from independent third party suppliers or service providers for setting the prevailing market price;
- (iii) the relevant personnel from the accounting department and the management of the Group will conduct regular checks to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with the terms of its respective agreement and will also regularly update the market price for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policies; and
- (iv) the independent non-executive Directors will review the transactions under the relevant continuing connected transaction and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps thereof.

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

LETTER FROM THE BOARD

INFORMATION ON THE PARTIES

The Group

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

Tingzheng

Tingzheng is a limited liability company incorporated in the Cayman Islands and is an investment holding company, its subsidiaries are principally engaged in the manufacture and sale of flexible plastic packaging materials and plastic products in the PRC.

Marine Vision

Marine Vision is a limited liability company incorporated in the British Virgin Islands and is an investment holding company, its subsidiaries are principally engaged in the manufacture and sale of carton box products in the PRC.

Ting Tong

Ting Tong is a limited liability company incorporated in the Cayman Islands and is an investment holding company, its subsidiaries are principally engaged in the provision of logistics services in the PRC.

Tingzheng, Marine Vision and Ting Tong are beneficially owned by four discretionary trusts, of which: Ms. Wei Chang Lu-Yun is the settlor of one of the discretionary trusts with Mr. Wei Ing-Chou and Ms. Wei Chang Lu-Yun as discretionary objects, Ms. Lin Li-Mien is the settlor of one of the discretionary trusts with Mr. Wei Ying-Chiao and Ms. Lin Li-Mien as discretionary objects, Ms. Wei Hsu Hsu-Mien is the settlor of one of the discretionary trusts with Mr. Wei Yin-Chun and Ms. Wei Hsu Hsu-Mien as discretionary objects, and Ms. Wei Tu Miao is the settlor of one of the discretionary trusts with Mr. Wei Yin-Heng and Ms. Wei Tu Miao as discretionary objects. Mr. Wei Ing-Chou and Ms. Wei Chang Lu-Yun are the parents of Mr. Wei Hong-Ming, the Chairman of the Board and an executive Director of the Company, and Mr. Wei Hong-Chen, an executive Director of the Company. Mr. Wei Ying-Chiao, Ms. Lin Li-Mien, Mr. Wei Yin-Chun, Ms. Wei Hsu Hsu-Mien, Mr. Wei Yin-Heng and Ms. Wei Tu Miao are relatives of Mr. Wei Hong-Ming, the Chairman of the Board and an executive Director of the Company, and Mr. Wei Hong-Chen, an executive Director of the Company.

IMPLICATION UNDER THE LISTING RULES

As each of Tingzheng, Marine Vision and Ting Tong is beneficially owned by family members and relatives of Mr. Wei Hong-Ming, the Chairman of the Board and an executive Director of the Company, and Mr. Wei Hong-Chen, an executive Director of the Company, each of Tingzheng, Marine Vision and Ting Tong is hence a connected person of the Company for the purpose of Chapter 14A of the Listing Rules, and the transactions contemplated under each of the Tingzheng Supply Agreement, the Marine Vision Supply Agreement and the Ting Tong Logistics Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Save for Mr. Wei Hong-Ming and Mr. Wei Hong-Chen, no other Director is interested in the transactions contemplated under each of the Tingzheng Supply Agreement, the Marine Vision Supply Agreement and the Ting Tong Logistics Agreement.

As the applicable percentage ratios in respect of the annual transaction amount under each of the Tingzheng Supply Agreement, the Marine Vision Supply Agreement and the Ting Tong Logistics Agreement are expected to exceed 5%, the transactions contemplated under each of the Tingzheng Supply Agreement, the Marine Vision Supply Agreement and the Ting Tong Logistics Agreement will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Continuing Connected Transactions and Somerley Capital Limited has been appointed as the independent financial adviser to the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company will seek approval from the Independent Shareholders of the Continuing Connected Transactions and the proposed cap amounts thereunder in accordance with the requirements of the Listing Rules. The voting at the EGM will be by poll.

Mr. Wei Hong-Ming and Mr. Wei Hong-Chen are considered to be interested in the transactions contemplated under the Continuing Connected Transactions and have avoided discussion and abstained from voting on the board resolutions to approve the Continuing Connected Transactions.

As at the Latest Practicable Date, Mr. Wei Hong-Ming, Mr. Wei Hong-Chen and their associates were deemed to be interested in 1,906,869,866 Shares, representing approximately 33.86% of the issued share capital of the Company. Mr. Wei Hong-Ming, Mr. Wei Hong-Chen and their associates will abstain from voting on the proposed resolutions at the EGM to be convened to approve the Continuing Connected Transactions. Save for Mr. Wei Hong-Ming, Mr. Wei Hong-Chen and their associates, no other Shareholder is interested in the transactions contemplated under the Continuing Connected Transactions and would be required to abstain from voting on the proposed resolutions at the EGM to be convened to approve the Continuing Connected Transactions.

EGM

A notice convening the EGM to be held at 10:00 a.m. on Monday, 13 June 2022 at the Conference Room, No.1688, Wuzhong Road, Minhang District, Shanghai City, PRC is set out on pages 46 to 49 of this circular.

LETTER FROM THE BOARD

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 advised 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.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on page 19 of this circular which contains its recommendation to the Independent Shareholders on the Continuing Connected Transactions and the relevant cap amounts thereunder. 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 Continuing Connected Transactions and the relevant cap amounts thereunder.

The independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee contained in this circular, consider that the Continuing Connected Transactions and the transactions contemplated thereunder are fair and reasonable, and executed in normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (including the independent non-executive Directors but excluded Mr. Wei Hong-Ming, the Chairman of the Board and an executive Director of the Company, and Mr. Wei Hong-Chen, an executive Director of the Company) 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 of
Tingyi (Cayman Islands) Holding Corp.
Mr. Junichiro Ida
Vice-Chairman and Executive Director

康師傅控股

TINGYI (CAYMAN ISLANDS) HOLDING CORP.

康師傅控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0322)

28 April 2022

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company to the Shareholders dated 28 April 2022 (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 Tingzheng Supply Agreement, the Marine Vision Supply Agreement and the Ting Tong Logistics Agreement (the “**Continuing Connected Transactions**”) and the relevant cap amounts thereunder are fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the letter of advice from Somerley Capital Limited (“**Somerley**”), the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Continuing Connected Transactions and the relevant cap amounts thereunder as set out on pages 20 to 40 of the Circular and the letter from the Board set out on pages 4 to 18 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 Continuing Connected Transactions were entered into in the ordinary and usual course of business of the Company, are on normal commercial terms and that the terms of the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Continuing Connected Transactions and the relevant annual caps thereunder.

Yours faithfully,

For and on behalf of

**The Independent Board Committee of
Tingyi (Cayman Islands) Holding Corp.**

Mr. Lee Tiong-Hock Mr. Hsu Shin-Chun Mr. Hiromu Fukada

Independent Non-executive Directors

* For identification purposes only

LETTER FROM SOMERLEY

The following is the text of the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



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

28 April 2022

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

PROPOSED CONTINUING CONNECTED TRANSACTIONS

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to (i) the purchase of flexible plastic packaging materials and plastic products from Tingzheng and its subsidiaries under the Tingzheng Supply Agreement, (ii) the purchase of carton box products from Marine Vision and its subsidiaries under the Marine Vision Supply Agreement, and (iii) the logistics services being procured from Ting Tong and its subsidiaries under the Ting Tong Logistics Agreement (namely the Continuing Connected Transactions) and the relevant annual caps thereunder (the “**Annual Caps**”), details of which are contained in the circular to the Shareholders published by the Company dated 28 April 2022 (the “**Circular**”), of which this letter forms a part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

As each of Tingzheng, Marine Vision and Ting Tong is beneficially owned by family members and relatives of Mr. Wei Hong-Ming, the Chairman of the Board and an executive Director of the Company, and Mr. Wei Hong-Chen, an executive Director of the Company, each of Tingzheng, Marine Vision and Ting Tong is hence a connected person of the Company for the purpose of Chapter 14A of the Listing Rules, and the transactions contemplated under each of the Tingzheng Supply Agreement, the Marine Vision Supply Agreement and the Ting Tong Logistics Agreement (together, the “**CCT Agreements**”) will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the annual transaction amount under each of the CCT Agreements are expected to exceed 5%, the transactions contemplated under each of the CCT Agreements are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM SOMERLEY

The Company will seek approval from the Independent Shareholders of the Continuing Connected Transactions and the Annual Caps in accordance with the requirements of the Listing Rules. The voting at the EGM will be by poll. As at the Latest Practicable Date, Mr. Wei Hong-Ming, Mr. Wei Hong-Chen and their associates were deemed to be interested in 1,906,869,866 Shares, representing approximately 33.86% of the issued Shares. Mr. Wei Hong-Ming, Mr. Wei Hong-Chen and their associates will abstain from voting on the proposed resolutions at the EGM to be convened to approve the Continuing Connected Transactions and the Annual Caps.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lee Tiong-Hock, Mr. Hsu Shin-Chun and Mr. Hiromu Fukada, has been established to consider the terms of the Continuing Connected Transactions and the Annual Caps, and to advise and recommend the Independent Shareholders as to voting. We, Somerley, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the past two years, there was no engagement between the Company and Somerley. As at the Latest Practicable Date, there were no relationships or interests between (a) Somerley; and (b) the Company, Tingzheng, Marine Vision, Ting Tong and their respective subsidiaries and associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group and have assumed that such information, facts and opinions were true, accurate and complete in all material aspects 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 have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been omitted or withheld from us, or to doubt the truth, accuracy or completeness of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have, however, not conducted any independent investigation into the business and affairs of the Company, Tingzheng, Marine Vision, Ting Tong or their respective subsidiaries or associates, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms for each of the CCT Agreements and the Annual Caps, we have taken into account the following principal factors and reasons:

INFORMATION ON THE PARTIES

The Group

The Group is principally engaged in the production and distribution of instant noodle and beverage products in the PRC, with about 90 production centers across the PRC, and a nationwide distribution network of about 340 sales office and 341 warehouses, serving approximately 81,000 wholesalers and 257,000 direct retailers as at 31 December 2021. The Group's main business segments

LETTER FROM SOMERLEY

have established leading market shares in the PRC's food and beverage industry. According to Nielsen, a global marketing research firm, in terms of sales volumes, the market shares of the Group's instant noodle and ready-to-drink tea (including milk tea) in the PRC were approximately 45.7% and 43.4% in 2021 respectively and continued to rank first in the market. Shares of the Company are listed on the Stock Exchange since 1996, with a market capitalisation of approximately HK\$82.9 billion as at the Latest Practicable Date.

In 2020, revenue of the Group increased by approximately 9.0% to approximately RMB67.6 billion, and its net profits increased by approximately 23.0% to approximately RMB4.6 billion. In 2021, the Group's revenue continued to increase by approximately 9.6% to approximately RMB74.1 billion, but its net profits declined by approximately 4.2% to approximately RMB4.4 billion, principally due to the rising raw material prices.

In recent years, the Group has been focusing on sales channel optimisation by changing its three-tier distribution model to direct management of two-tier distributors, such that the Group directly distributes its products to regional distributors and retail outlets instead of through national distributors, in order to simplify its distributional channel and increase its product penetration. As a result, the number of wholesalers and direct retailers served by the Group increased by roughly 180% and 80% respectively between 31 December 2018 and 31 December 2021, which in turn drove the revenue growth of the Group.

Tingzheng

Tingzheng is a limited liability company incorporated in the Cayman Islands. Tingzheng and its subsidiaries are principally engaged in the manufacture and sale of flexible plastic packaging materials and plastic products (the "**Plastic Packaging Products**") in the PRC. As set out in the letter from the Board, Tingzheng and its subsidiaries are among the leading producers of flexible plastic packaging materials and plastic products in the PRC.

Marine Vision

Marine Vision is a limited liability company incorporated in the British Virgin Islands. Marine Vision and its subsidiaries are principally engaged in the manufacture and sale of carton box products (the "**Carton Box Products**") in the PRC. As set out in the letter from the Board, Marine Vision and its subsidiaries are among the leading producers of carton box products in the PRC.

Ting Tong

Ting Tong is a limited liability company incorporated in the Cayman Islands. Ting Tong and its subsidiaries are primarily engaged in the provision of logistics services in the PRC. As set out in the letter from the Board, Ting Tong and its subsidiaries are among the leading logistics services providers in the PRC.

For further information on the counter-parties to the CCT Agreements, please refer to the sections below headed "Background to and reasons for entering into the Tingzheng Supply Agreement", "Background to and reasons for entering into the Marine Vision Supply Agreement" and "Background to and reasons for entering into the Ting Tong Logistics Agreement".

LETTER FROM SOMERLEY

(A) Tingzheng Supply Agreement

1. Background to and reasons for entering into the Tingzheng Supply Agreement

For more than fifteen years, Tingzheng and its subsidiaries have been supplying the Plastic Packaging Products to the Group, such as plastic wrapping films and containers, which are being used for wrapping or holding the Group's food and beverage products during its ordinary and usual course of business. Based on our discussions with the management of the Group, the Group has always been committed to food safety and quality guarantee, and has high requirements for its suppliers. The main requirements for a supplier of flexible plastic packaging materials and plastic products are as follows: (i) the ability to provide stable and sufficient quantities of high quality food grade products in a timely manner, and (ii) the ability to supply standardised products. Tingzheng and its subsidiaries have been able to meet the above requirements, and the Group visits production facilities of Tingzheng and its subsidiaries, and performs quality checks on their products from time to time. During the terms under the 2019 Tingzheng Agreement and up to the Latest Practicable Date, the Group has been satisfied with the quality of the products supplied by Tingzheng and its subsidiaries.

Currently, Tingzheng and its subsidiaries are one of the largest suppliers of flexible plastic packaging materials and plastic products to the Group. According to its website, Tingzheng and its subsidiaries manufacture the Plastic Packaging Products in seven factories located in Tianjin, Hangzhou, Nanjing and Chongqing, the PRC, which are able to cover the Group's existing production centers. Given the long history of cooperation between two groups, Tingzheng and its subsidiaries are more familiar with the Group's packaging needs, such as custom packaging or specifications for different types of instant noodle and beverage products, than other suppliers in the PRC, and are therefore able to offer more efficient and tailor-made packaging solutions to the Group.

The current transactions between the parties are governed by the 2019 Tingzheng Agreement, which was approved by the then independent shareholders of the Company at a shareholder's meeting held on 16 January 2020. The 2019 Tingzheng Agreement is due to expire on 31 December 2022. In view of the above, the Tingzheng Supply Agreement will be entered into upon approval of the agreement by the Independent Shareholders, enabling the Group to continue to purchase the Plastic Packaging Products from Tingzheng and its subsidiaries for its operation requirements in the upcoming three years.

Shareholders should note that the Tingzheng Supply Agreement is on a non-exclusive basis, the Group is free to source flexible plastic packaging materials and plastic products from other independent third party suppliers to cater for the Group's needs. The entering into the Tingzheng Supply Agreement affords the Group with the flexibility and the option to continue purchasing the Plastic Packaging Products from Tingzheng and its subsidiaries.

2. Principal terms of the Tingzheng Supply Agreement

Summarised below are the principal terms of the Tingzheng Supply Agreement. Further details are disclosed in the letter from the Board.

LETTER FROM SOMERLEY

General

Parties to the Tingzheng Supply Agreement are the Company and Tingzheng. Pursuant to the terms of the Tingzheng Supply Agreement, the Group will purchase the Plastic Packaging Products from Tingzheng and its subsidiaries. The Tingzheng Supply Agreement has a term of three financial years, commencing on 1 January 2023 and ending on 31 December 2025, subject to the Company's compliance with the requirements of the Listing Rules, including approval from the Independent Shareholders.

Pricing terms

Pursuant to the Tingzheng Supply Agreement, the price will be based on the quoted price for the Plastic Packaging Products to be supplied. Such quoted price will be determined on a quarterly basis based on arm's length negotiations between the parties on normal commercial terms, with reference to:

- (i) the prevailing market price for the same or substantially similar products, taking into account the price of the same or substantially similar products with comparable order quantities and quality offered by independent third party suppliers;
- (ii) if there are insufficient comparable transactions to (i) above, on normal commercial terms comparable to those received from independent third parties in respect of the same or substantially similar products with comparable quantities and quality; and
- (iii) if both (i) and (ii) above are not applicable, by reference to the average price of similar products previously purchased by the Group, and on normal commercial terms which are no less favourable to the Group than that are available from independent third parties.

As confirmed by the management of the Group, the above pricing terms are the same as those under the 2019 Tingzheng Agreement. For further details of the execution of pricing policy, such as the internal supervision and monitoring by the relevant departments of the Group, please refer to the section below headed "Internal Control Procedures".

Payment terms

Under the Tingzheng Supply Agreement, the payment will be calculated on a monthly basis upon delivery of the products, with additional credit terms of 60 days. The payment will be made on the monthly payment day specified by the Group after the end of the credit terms.

The same payment procedures have been implemented under the 2019 Tingzheng Agreement, and are the same as those applicable to independent third party suppliers with comparable size. As such, the payment terms under the Tingzheng Supply Agreement are no less favourable to the Group than those applicable to independent third party suppliers.

LETTER FROM SOMERLEY

Comparison of terms with other independent third parties

We have discussed with the management of the Group the key terms of the 2019 Tingzheng Agreement and the Tingzheng Supply Agreement, and were advised that in general, the Plastic Packaging Products used for a particular instant noodle or beverage product are intended to be manufactured by a single supplier, potentially Tingzheng and its subsidiaries or an independent third party supplier, such that the Plastic Packaging Products are strictly consistent in safety, quality and design, which the Group considers to be an important production strategy. Although the Plastic Packaging Products from those sourced from Tingzheng and its subsidiaries may not be identical to those sourced from independent third party suppliers, mainly due to differences in, for example, application, size and printing, the Group is of the view that they are generally regarded as similar products. As confirmed by the management of the Group, given that the products from different suppliers are made from similar raw materials, the Group would look into the underlying costs of major raw materials in determining whether the pricing terms are on normal commercial terms.

In this respect, the management of the Group informed us that the purchasing department of the Group (the “**Purchasing Department**”) would request different suppliers (including Tingzheng and its subsidiaries) of flexible plastic packaging materials and plastic products to submit the quotations in relation to their underlying raw materials and overhead costs on a quarterly basis, and compare the quoted prices of the underlying major raw materials against (i) the historical transaction prices, (ii) the market price trend analysis of such raw materials, and (iii) the quoted prices as available from other suppliers, to ensure that the pricing of final products are on normal commercial terms and no less favourable to the Group than those offered by other independent third parties. The prices of the Plastic Packaging Products relating to a particular instant noodle and beverage product, which will be negotiated and determined with reference to the abovementioned price quotations and the relevant specifications, will then be approved by the head of business unit and be applied in the upcoming quarter. We have been provided with the quotations from Tingzheng and its subsidiaries and the selected independent third party suppliers for the four quarters in 2021, and note that the quoted prices of major raw materials from Tingzheng and its subsidiaries are generally in line with those from independent third party suppliers. Based on the above, in particular the pricing of Plastic Packaging Products being highly correlated to the quoted prices of the underlying major raw materials, we concur with management of the Group that such pricing comparison in determining the final price of relevant Plastic Packaging Products is fair and reasonable. In addition, we have obtained selected contracts for the purchase of similar flexible plastic packaging materials and plastic products between the Group and independent third party suppliers, and note that the credit terms are broadly comparable.

LETTER FROM SOMERLEY

3. *The annual caps under the Tingzheng Supply Agreement*

Review of historical transactions

Set out below are the historical transaction amounts for the purchase of the Plastic Packaging Products from Tingzheng and its subsidiaries, for the financial years ended 31 December 2020 and 2021, and for the two months ended 28 February 2022:

<i>(RMB million)</i>	For the financial year		For the two
	ended 31 December		months ended
	2020	2021	28 February
			2022
Plastic Packaging Products supplied by Tingzheng and its subsidiaries	2,154	2,236	272
Relevant annual cap	2,200	2,300	2,400
Utilisation rates	97.9%	97.2%	68.0%
			<i>(Note)</i>

Note: Based on the relevant two months transaction amount and pro rata annual cap amount.

As set out in the table above, the total purchase amount of the Plastic Packaging Products increased by approximately 3.8% to approximately RMB2,236 million in 2021 and amounted to approximately RMB272 million for the two months ended 28 February 2022. The relevant annual caps in 2020 and 2021 had been substantially utilised, ranging from approximately 97.2% to 97.9%. Based on our discussions with the management of the Group, the increase in purchases in 2021 was mainly due to (i) the significant increase in sales of the Group's beverage products, as driven by the strengthening sales channels and the shortening of the channel hierarchy, (ii) the increase in unit cost of raw materials for the Plastic Packaging Products, as driven mainly by the increase in the price of crude oil and logistics costs, and partly offset by the decrease in sales of the Group's instant noodle products.

Assessment of the annual caps under the Tingzheng Supply Agreement

The annual caps under the Tingzheng Supply Agreement (the "**Tingzheng Annual Caps**") are proposed to be RMB2.7 billion, RMB3.0 billion and RMB3.3 billion for year 2023, 2024 and 2025 respectively, representing an annual increase of approximately 12.5%, 11.1% and 10.0% respectively as compared to that of the previous year.

In order to assess the reasonableness of the Tingzheng Annual Caps, we have discussed with the management of the Group the bases and assumptions underlying the projections for the purchase of the Plastic Packaging Products from Tingzheng and its subsidiaries. In determining the Tingzheng Annual Caps, the Group has mainly taken into account (a) the historical transaction amount with Tingzheng and its subsidiaries, as explained in the sub-section above, (b) the Group's demand for the Plastic Packaging Products to be supplied by Tingzheng and its subsidiaries, and (c) the expected growth of unit cost of raw materials for the Plastic Packaging Products in the coming three years, which is primarily driven by the price of crude oil.

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As advised by the management of the Group, the Group's demand for the Plastic Packaging Products is expected to grow by approximately 6% to 7% in each of the coming three years, projected mainly with reference to the historical growth in the overall sales of the Group's instant noodle and beverage products. We note from the Company's annual reports that the overall sales amount of the Group's instant noodle and beverage products increased by approximately 9.7% from approximately RMB60.9 billion in 2019 to approximately RMB66.8 billion in 2020 and further by approximately 9.6% to approximately RMB73.2 billion in 2021. The expected growth rates of approximately 6% to 7% of the Group's demand in the coming three years is close to the above historical growth of the Group's instant noodle and beverage business.

The management of the Group informed us that the unit cost of raw materials for the Plastic Packaging Products is expected to grow by approximately 6% to 4% in each of the coming three years. In this context, we have reviewed the unit price of the Plastic Packaging Products quoted from Tingzheng and its subsidiaries in past two years, and noted that the unit price of the Plastic Packaging Products has been increasing since March 2020. We also noted that the price of crude oil generally exhibited a rising trend since the second quarter of 2020. The average crude oil price increased from approximately US\$39.3 per barrel in 2020 to approximately US\$68.1 per barrel in 2021. In addition, we have reviewed a report titled "2021 World Oil Outlook 2045" published by the Organisation of the Petroleum Exporting Countries, members of which are major oil-exporting nations around the world, in September 2021, stating that global oil demand was approximately 90.6 million barrels per day in 2020, and is projected to rise to approximately 104.4 million barrels per day to 2026. Such increasing demand may drive an increase in price of crude oil. The Group is of the view that the unit cost of raw materials for the Plastic Packaging Products is expected to exhibit a similar increasing trend in the coming years.

Having considered (i) the historical transaction amount between the Group and Tingzheng and its subsidiaries, (ii) the Group's revenue from its instant noodle and beverage products in recent years, (iii) the expected growth in demand of the Group's instant noodle and beverage products in the coming three years, and (iv) the expected increase in unit cost of raw materials for the Plastic Packaging Products, as discussed above, we concur with the management of the Group's view and consider the Tingzheng Annual Caps to be fair and reasonable.

(B) Marine Vision Supply Agreement

1. Background to and reasons for entering into the Marine Vision Supply Agreement

Marine Vision and its subsidiaries have been supplying the Carton Box Products to the Group for more than fifteen years, and currently they are one of the Group's largest suppliers in this aspect. The Carton Box Products, such as corrugated carton boxes, are being used for the packaging of the Group's products for storage and transportation during its ordinary and usual course of business. Based on our discussions with the management of the Group, the Group has always been committed to food safety and quality guarantee, and has high requirements for its suppliers, and Marine Vision and its subsidiaries have always been offering competitive prices and demonstrating its ability to provide stable and sufficient quantities of the Carton Box Products that meet the specifications as required by the Group in a timely manner. Similar to Tingzheng's case as discussed in the earlier

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section, the Group visits production facilities of Marine Vision and its subsidiaries, and performs quality checks on their products from time to time. During the terms under the 2019 Marine Vision Agreement and up to the Latest Practicable Date, the Group has been satisfied with the quality of the products supplied by Marine Vision and its subsidiaries.

According to its website, Marine Vision and its subsidiaries specialise in the production of environmental corrugated carton and offers one-stop packaging service solutions to its customers. Marine Vision and its subsidiaries have 15 factories located in Tianjin, Hangzhou, Nanjing, Chongqing and other 10 cities in the PRC, which are able to cover the Group's existing production centers. Given the long history of cooperation between two groups, Marine Vision and its subsidiaries are more familiar with the Group's packaging needs, such as custom packaging or specifications for different types of instant noodle and beverage products, than other suppliers in the PRC, and are therefore able to offer more efficient and tailor-made packaging solutions to the Group.

The current transactions between the parties are governed by the 2019 Marine Vision Agreement, which is due to expire on 31 December 2022. Since the relevant applicable percentage ratios were less than 5%, the transactions contemplated under the 2019 Marine Vision Agreement were subject to the reporting, annual review and announcement requirements only, but exempt from the requirement of Independent Shareholders' approval under Chapter 14A of the Listing Rules. The Marine Vision Supply Agreement will be entered into upon approval of the agreement by the Independent Shareholders, enabling the Group to continue to purchase the Carton Box Products from Marine Vision and its subsidiaries for the Group's operation requirements in the upcoming three years.

Shareholders should note that the Marine Vision Supply Agreement is on a non-exclusive basis, the Group is free to source carton box products from other independent third party suppliers to cater for the Group's needs. The entering into the Marine Vision Supply Agreement affords the Group with the flexibility and the option to continue purchasing the Carton Box Products from Marine Vision and its subsidiaries.

2. Principal terms of the Marine Vision Supply Agreement

Summarised below are the principal terms of the Marine Vision Supply Agreement. Further details are disclosed in the letter from the Board.

General

Parties to the Marine Vision Supply Agreement are the Company and Marine Vision. Pursuant to the terms of the Marine Vision Supply Agreement, the Group will purchase the Carton Box Products from Marine Vision and its subsidiaries. The Marine Vision Supply Agreement has a term of three financial years, commencing on 1 January 2023 and ending on 31 December 2025, subject to the Company's compliance with the requirements of the Listing Rules, including approval from the Independent Shareholders.

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Pricing terms

Pursuant to the Marine Vision Supply Agreement, the price will be based on the quoted price for the products to be supplied. Such quoted price will be determined on a quarterly basis based on arm's length negotiations between the parties on normal commercial terms, with reference to:

- (i) the prevailing market price for the same or substantially similar products, taking into account the price of the same or substantially similar products with comparable order quantities and quality offered by independent third party suppliers;
- (ii) if there are insufficient comparable transactions to (i) above, on normal commercial terms comparable to those received from independent third parties in respect of the same or substantially similar products with comparable quantities and quality; and
- (iii) if both (i) and (ii) above are not applicable, by reference to the average price of similar products previously purchased by the Group, and on normal commercial terms which are no less favourable to the Group than that are available from independent third parties.

As confirmed by the management of the Group, the above pricing terms are the same as those under the 2019 Marine Vision Agreement. For further details of the execution of pricing policy, such as the internal supervision and monitoring by the relevant departments of the Group, please refer to the section below headed "Internal Control Procedures".

Payment terms

Under the Marine Vision Supply Agreement, the payment will be calculated on a monthly basis upon delivery of the products, with additional credit terms of 60 days. The payment will be made on the monthly payment day specified by the Group after the end of the credit terms.

The same payment procedures have been implemented under the 2019 Marine Vision Agreement, and are the same as those applicable to independent third party suppliers with comparable size. As such, the payment terms under the Marine Vision Supply Agreement are no less favourable to the Group than those applicable to independent third party suppliers.

Comparison of terms with other independent third parties

We have discussed the key terms of the 2019 Marine Vision Agreement and the Marine Vision Supply Agreement with the management of the Group, who informed us that the Purchasing Department would request different suppliers (including Marine Vision and its subsidiaries) of carton box products to submit the quotations in relation to their underlying raw materials and overhead costs on a quarterly basis, and compare the quoted prices of the underlying major raw materials against (i) the historical transaction prices, (ii) the market price trend analysis of such raw materials, and (iii) the quoted prices as available from other suppliers, to ensure that the pricing of final products are on normal commercial terms and no less favourable to the Group than those offered by other independent third parties. The prices of the carton box products, which will be negotiated and determined with reference to the abovementioned price quotations, will then be approved by the head of business unit and be applied in the upcoming quarter. We have been provided with the quotations from Marine

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Vision and its subsidiaries and the selected independent third party suppliers for the four quarters in 2021, and note that the quoted prices of major raw materials from Marine Vision and its subsidiaries are generally in line with those from independent third party supplier.

Based on the above, in particular the pricing of carton box products being highly correlated to the quoted prices of the underlying major raw materials, we concur with management of the Group that such pricing comparison in determining the final price of relevant carton box products is fair and reasonable. In addition, we have obtained selected contracts for the purchase of similar carton box products between the Group and independent third party suppliers, and note that the credit terms are broadly comparable.

3. *The annual caps under the Marine Vision Supply Agreement*

Review of historical transactions

Set out below are the historical transaction amounts for the purchase of the Carton Box Products from Marine Vision and its subsidiaries, for the financial years ended 31 December 2020 and 2021, and for the two months ended 28 February 2022:

<i>(RMB million)</i>	For the financial year		For the two
	ended 31 December	2021	months ended
	2020		28 February
			2022
Carton Box Products supplied by Marine Vision and its subsidiaries	2,234	2,491	395
Relevant annual cap	2,320	2,510	2,590
Utilisation rates	96.3%	99.2%	91.5%

(Note)

Note: Based on the relevant two months transaction amount and pro rata annual cap amount.

As set out in the table above, the total purchase amount of the Carton Box Products increased by approximately 11.5% to approximately RMB2,491 million in 2021 and amounted to approximately RMB395 million for the two months ended 28 February 2022. In particular, the annual caps for 2021 had almost been fully utilised, at approximately 99.2%. Based on our discussions with the management of the Group, the increase in purchases in 2021 was mainly due to (i) the significant increase in sales of the Group's beverage products, and (ii) the increase in unit cost of raw materials for the Carton Box Products, as driven mainly by the increase in price of paper pulp as a result of, among others, the tightened environmental protection policies in the PRC, as further described below.

Assessment of the annual caps under the Marine Vision Supply Agreement

The annual caps under the Marine Vision Supply Agreement (the “**Marine Vision Annual Caps**”) are proposed to be RMB3.1 billion, RMB3.6 billion and RMB4.1 billion for year 2023, 2024 and 2025 respectively, representing an annual increase of approximately 19.7%, 16.1% and 13.9% respectively as compared to that of the previous year.

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In order to assess the reasonableness of the Marine Vision Annual Caps, we have discussed with the management of the Group the bases and assumptions underlying the projections for the purchase of the Carton Box Products from Marine Vision and its subsidiaries. In determining the Marine Vision Annual Caps, the Group has mainly taken into account (a) the historical transaction amount with Marine Vision and its subsidiaries, as explained in the sub-section above, (b) the Group's demand for the Carton Box Products to be supplied by Marine Vision and its subsidiaries, and (c) the expected growth of unit cost of raw materials for the Carton Box Products in the coming three years, which is primarily driven by the price of paper pulp.

As advised by the management of the Group, the Group's demand for the Carton Box Products is expected to grow by approximately 6% to 7% in each of the coming three years, projected mainly with reference to the historical growth in the overall sales of the Group's instant noodle and beverage products. As discussed in section above, the overall sales amount of the Group's instant noodle and beverage products increased by approximately 9.7% and approximately 9.6% year-on-year in 2020 and 2021 respectively. The expected growth rates of approximately 6% to 7% of the Group's demand in the coming three years is close to the abovementioned historical sales growth.

We are advised by the management of the Group that the unit cost of raw materials for the Carton Box Products is expected to grow by approximately 12% to 8% in each of the coming three years. We have reviewed the unit price of the Carton Box Products quoted from Marine Vision and its subsidiaries in recent years, and noted that the unit price of the Carton Box Products increased significantly in late 2020 and generally remained at a similar level in recent quarters. In this respect, we note that certain PRC governmental authorities jointly published "Announcement on Matters Relating to the Total Ban on Import of Solid Wastes" 《關於全面禁止進口固體廢物有關事項的公告》 on 24 November 2020 to ban all the import of solid wastes (including waste paper, which is a principal raw material for the Carton Box Products) in the PRC, effective from 2021. The supply of waste paper in the PRC has been limited since then, leading to an increase in the price of raw materials for the Carton Box Products. Based on our independent review, the price index of paper pulp published by the China Paper Association, an organisation registered at the Ministry of Civil Affairs of the PRC and regulated by the relevant departments of the State Council of the PRC and comprising more than 600 members in the PRC paper industry, increased from approximately 89.6 points in January 2020 to approximately 106.1 points in February 2022, representing an increase of approximately 18.4%. The Group is of the view that the price of the Carton Box Products may continue to increase with the increase in cost of paper pulp.

Having considered (i) the historical transaction amount between the Group and Marine Vision and its subsidiaries, (ii) the Group's revenue from its instant noodle and beverage products in recent years, (iii) the expected growth in demand of the Group's instant noodle and beverage products in the coming three years, and (iv) the expected increase in unit cost of raw materials for the Carton Box Products, we concur with the management of the Group's view and consider the Marine Vision Annual Caps to be fair and reasonable.

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(C) Ting Tong Logistics Agreement

1. Background to and reasons for entering into the Ting Tong Logistics Agreement

Ting Tong and its subsidiaries have been providing the captive logistics services to the Group for more than fifteen years. Based on our discussions with the management of the Group, Ting Tong and its subsidiaries have a nationwide logistics network covering the production centers of the Group, to ensure the timely and stable supply of high quality standardised captive logistics services to the Group. The Group has always been committed to food safety and quality guarantee, and has high requirements for its service providers, such as the ability to provide stable and sufficient quantities of high quality standardised services in a timely manner. The Group has been satisfied with the quality of the logistics services provided by Ting Tong and its subsidiaries.

According to the announcement of the Company dated 22 June 2020, Ting Tong was previously a non-wholly owned subsidiary of the Company, with the remaining equity interests owned by Itochu Corporation. In April 2019, Ting Tong underwent a restructuring exercise, after which the Company subsequently obtained the entire equity interests in Ting Tong. In June 2020, the Company entered into an agreement to dispose the entire equity interests in Ting Tong to a connected person of the Company, in order to streamline the Group's operation and enable the Group to focus on its core operations that offer a better return on investment.

Since then, the logistics services being provided by Ting Tong and its subsidiaries to the Group during the ordinary and usual course of business became continuing connected transactions for the Company, and the current transactions between the parties are governed by the 2020 Ting Tong Agreement, which is due to expire on 31 December 2022. Since the relevant applicable percentage ratios were less than 5%, the transactions contemplated under the 2020 Ting Tong Agreement were subject to the reporting, annual review and announcement requirements only, but exempt from the requirement of Independent Shareholders' approval under Chapter 14A of the Listing Rules.

In view of the upcoming expiry of the 2020 Ting Tong Agreement, the Ting Tong Logistics Agreement will be entered into upon approval of the agreement by the Independent Shareholders, enabling the Group to continue to procure the captive logistics services from Ting Tong and its subsidiaries for the Group's operation requirements in the upcoming three years.

Shareholders should note that the Ting Tong Logistics Agreement is on a non-exclusive basis, the Group is free to source logistics services from other independent third party logistics services providers to cater for the Group's needs. The entering into the Ting Tong Logistics Agreement affords the Group with the flexibility and the option to continue procuring logistics services from Ting Tong and its subsidiaries.

2. Principal terms of the Ting Tong Logistics Agreement

Summarised below are the principal terms of the Ting Tong Logistics Agreement. Further details are disclosed in the letter from the Board.

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Parties to the Ting Tong Logistics Agreement are the Company and Ting Tong. Pursuant to the terms of the Ting Tong Logistics Agreement, the Group will procure the logistics services from Ting Tong and its subsidiaries. The Ting Tong Logistics Agreement has a term of three financial years, commencing on 1 January 2023 and ending on 31 December 2025, subject to the Company's compliance with the requirements of the Listing Rules, including approval from the Independent Shareholders.

Pricing terms

Pursuant to the Ting Tong Logistics Agreement, the service fee will be based on the quoted price for the logistics services to be provided. Such quoted price will be determined on a quarterly basis based on arm's length negotiations between the parties on normal commercial terms, with reference to:

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

As confirmed by the management of the Group, the above pricing terms are the same as those under the 2020 Ting Tong Agreement. For further details of the execution of pricing policy, such as the internal supervision and monitoring by the relevant departments of the Group, please refer to the section below headed "Internal Control Procedures".

Payment terms

Under the Ting Tong Logistics Agreement, the payment will be calculated on a monthly basis upon completion of the services, with additional credit terms of 30 days. The payment will be made on the monthly payment day specified by the Group after the end of the credit terms.

The same payment procedures have been implemented under the 2020 Ting Tong Agreement, and are the same as those applicable to independent third party logistics services providers with comparable size. As such, the payment terms under the Ting Tong Logistics Agreement are no less favourable to the Group than those applicable to independent third party logistics services providers.

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Comparison of terms with other independent third parties

We have discussed the key terms of the 2020 Ting Tong Agreement and the Ting Tong Logistics Agreement with the management of the Group, who informed us that the Purchasing Department would request different providers (including Ting Tong and its subsidiaries) of logistics services to submit the quotations on a quarterly basis, and compare the quoted service fee from other logistics services providers, to ensure that the pricing of logistics services are on normal commercial terms and no less favourable to the Group than those offered by other independent third party logistics services providers. We understand from the management of the Group that the quoted service fee may vary depending on the weight and size of the products and the distance of delivery. The service fee of the logistics services, which will be negotiated and determined with reference to the abovementioned service fee quotations, will then be approved by the head of business unit and be applied in the upcoming quarter. We have been provided with the quotations from the Ting Tong and its subsidiaries, and the selected independent third party logistics services providers for the four quarters in 2021, and note that the quoted service fee of logistics services from Ting Tong and its subsidiaries are generally in line with those from independent third party logistics services providers. Based on the above, we concur with management of the Group that the above pricing comparison in determining the final service fee of relevant logistics services is fair and reasonable. In addition, we have obtained selected contracts for the logistics services between the Group and independent third party logistics services providers, and note that the credit terms are broadly comparable.

3. The annual caps under the Ting Tong Logistics Agreement

Review of historical transactions

Set out below are the historical transaction amounts for the procuring of the logistics services from Ting Tong and its subsidiaries, for the financial years ended 31 December 2020 and 2021, and for the two months ended 28 February 2022:

<i>(RMB million)</i>	For the financial year		For the two
	ended 31 December		months ended
	2020	2021	28 February
			2022
Logistics services provided by Ting Tong and its subsidiaries	670 <i>(Note 1)</i>	1,820	268
Relevant annual cap	1,100 <i>(Note 1)</i>	1,900	2,700
Utilisation rates	60.9%	95.8%	59.6% <i>(Note 2)</i>

Note 1: Ting Tong became a connected person of the Company on 22 June 2020. The annual cap and historical transaction amount for 2020 represents the amounts for the period from 22 June 2020 to 31 December 2020.

Note 2: Based on the relevant two months transaction amount and pro rata annual cap amount.

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As set out in the table above, the transaction amount of the logistics services increased substantially by approximately 171.6% to approximately RMB1,820 million in 2021. Based on our discussions with the management of the Group, the substantial increase in transaction amount with Ting Tong and its subsidiaries in 2021 was mainly attributable to (i) the fact that the historical amount of the logistics services in 2020 includes only transaction amount roughly for six months, and (ii) the Group's strategy to establish a nationwide integrated distribution network, the higher sales of the Group's products, and the increase in gasoline and diesel prices. For the two months ended 28 February 2022, the transaction amount was approximately RMB268 million.

Assessment of the annual caps under the Ting Tong Logistics Agreement

The annual caps under the Ting Tong Logistics Agreement (the “**Ting Tong Annual Caps**”) are proposed to be RMB3.2 billion, RMB3.7 billion and RMB4.2 billion for year 2023, 2024 and 2025 respectively, representing an annual increase of approximately 18.5%, 15.6% and 13.5% respectively as compared to that of the previous year.

In order to assess the reasonableness of the Ting Tong Annual Caps, we have discussed with the management of the Group the bases and assumptions underlying the projections for the procuring of the logistics services from Ting Tong and its subsidiaries. In determining the Ting Tong Annual Caps, the Group has mainly taken into account (a) the historical transaction amount with Ting Tong and its subsidiaries, as explained in the sub-section above, (b) the Group's demand for the additional captive logistics services provided by Ting Tong and its subsidiaries to establish and expand a nationwide integrated distribution network, and (c) the expected growth of service fees for the logistic services in the coming three years, which is primarily driven by the price of gasoline and diesel oil.

As explained above, the Group has been adjusting its distribution strategy, for example, streamlining its distribution process from three-tier distribution to direct management of two-tier distributors, in most core cities in the PRC, and strengthened its collaboration with new retail format and e-commerce operators. As a result, the wholesalers and direct retailers coverage increased from approximately 28,000 and 141,000 as at the end of 2018 to approximately 81,000 and 257,000 as at the end of 2021, respectively. We understand from the management that by replacing the three-tier distribution with two-tier distribution, the Group is able to reduce its distribution layer and increase its product penetration.

The Group continued to increase the number of its own warehouses in the PRC in order to reach the increasing number of wholesalers and direct retailers it served. The number of the Group's warehouses increased from 108 as at the end of 2018 to 341 as at the end of 2021. Consequently, the continuous expansion of the Group's sales network increases the sales of the Group, which in turn leads to an increased demand for the captive logistics services from Ting Tong and its subsidiaries. According to the Company's annual reports, the revenue of the Group increased by approximately 9.0% from approximately RMB62.0 billion in 2019 to approximately RMB67.6 billion in 2020 and further by approximately 9.6% to approximately RMB74.1 billion in 2021.

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Further, the Group will continue to focus on the expansion of the distribution channel and the construction of new retail-to-home channels by shortening the channel hierarchy and strengthening terminal shop coverage and service efforts. The Group expects the number of wholesalers and retailers it serves to be further increased in the coming three years. Accordingly, the demand the captive logistic services provided by Ting Tong and its subsidiaries will continue to increase.

The management of the Group informed us that the price of service fee of the logistics services is expected to grow by approximately 7% to 5% in each of the coming three years, which is generally affected by the expected cost of transportation, a significant part of which includes fuel cost. We have reviewed the price of diesel in the PRC published by the National Development and Reform Commission of the PRC, which in turn affects the service fee of logistics services, and noted that it remained stable in 2019 and generally exhibited a rising trend since November 2020. The average diesel price increased from approximately RMB5,529 per tonne in 2020 to approximately RMB6,642 per tonne in 2021. The above justifies an increase in price of the service fee of logistics services, a significant part of which depends on transportation cost including fuel cost.

Having considered (i) the historical transaction amount between the Group and Ting Tong and its subsidiaries, (ii) the Group's distribution network expansion plan, and (iii) the expected increase in price of service fee of the logistics services, as discussed above, we concur with the management of the Group's view and consider the Ting Tong Annual Caps to be fair and reasonable.

Our general view

As discussed in the section above headed "Information on the Parties", the market shares of the Group have been over 40% in instant noodle and ready-to-drink tea (including milk tea) in the PRC and the Group continues to rank first in the market. Each of Tingzheng, Marine Vision and Ting Tong and their respective subsidiaries have been a major supplier or logistics services provider in the respective area to the Group for its business operations, which are crucial for the Group's production and distribution of instant noodle and beverage products.

In our opinion, it is in the interests of the Company and the Shareholders to determine the Annual Caps in a way that can take into account the market conditions, and accommodate the potential growth of the Group's business and the Group's expansion strategies. We note that (i) the relevant annual caps under 2019 Tingzheng Agreement, 2019 Marine Vision Agreement, and 2020 Ting Tong Agreement in 2021 were almost fully utilised (in particular, the 99.2% utilisation rate in 2021 under the 2019 Marine Vision Agreement), and (ii) the prices of commodity, such as crude oil, gasoline and diesel, and paper pulp, have fluctuated significantly in recent years, and generally exhibited an increasing trend for the latest quarters since 2021. Coupled with the Group's continuous business growth and sales network expansion, it is difficult for the management of the Group to estimate the future transaction value with a high level of certainty. Provided that the Continuing Connected Transactions are subject to annual review by the independent non-executive Directors and auditors of the Company, as required under the Listing Rules and other internal control procedures to safeguard the Group's interest (as summarised in the section below headed "Internal Control Procedures"), the Group would have desirable flexibility in conducting its business if the Annual Caps are tailored to future business activities. In assessing the reasonableness of the Annual Caps, we have discussed with the

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management of the Group the factors taken into account as stated earlier sections. We consider it reasonable for the Group to use the above factors in determining the Annual Caps, and it is in the interests of the Company and the Shareholders to determine the Annual Caps in a way that can accommodate the potential growth of the Group's revenue.

INTERNAL CONTROL PROCEDURES

As set out in the letter from the Board, in order for the Group to ensure that the terms of the Continuing Connected Transactions of the Group are fair and reasonable and no less favourable to the Group than those available to/from independent third parties, the Group has a set of internal control procedures in place under which:

Internal control and pricing policies

- (i) the Group maintains a list of carefully selected suppliers and service providers. The list is regularly reviewed and updated. For a supplier or service provider to become listed, the Group will initially conduct and must be satisfied with the on-site visits to the supplier or service provider. The supplier or service provider of the Group must also have a good track record with the Group in terms of the quality of the products supplied or the services provided which is reviewed by the quality assurance team of the Group (the "**Quality Assurance Department**"). The supplier or service provider of the Group must have also had a track record of at least one year. Further, if the supplier or service provider has not supplied any products or provided any services to the Group for more than a year, the supplier or service provider will be delisted from the Group's supplier/service provider list and the Group will initiate the full selection procedure (including on-site visits and quality checks) for the supplier or service provider to be relisted onto the supplier/service provider list;
- (ii) with respect to any potential orders, the research and development department of the Group (the "**R&D Department**") or the Purchasing Department will first discuss and formulate the details of the specifications of the order (including materials, safety, functions and specification for the relevant products, and the scope and level of the relevant services);
- (iii) after such formulation by the R&D Department or the Purchasing Department, based on their experience and taking into account similar purchases made or similar services procured by the Group, the Purchasing Department will obtain quotations from the supplier or service provider on a quarterly basis and select not less than two and on average about three other suppliers or service providers from the Group's supplier/service provider list which are independent third parties for quotations in order to ascertain the prevailing market price in accordance with the pricing policies as set out under the supply agreement or service agreement;
- (iv) the selection criteria of the suppliers or service providers will be based on their quotation, delivery time, payment terms, specifications, quality, safety and recent performance;

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- (v) upon delivery of the products or upon completion of the services (whether by connected person or independent third party), the Quality Assurance Department will conduct checks to review and assess (including but not limited to quality and safety) whether the products have been supplied or the services have been provided in accordance with the terms of each agreement; and
- (vi) the price of the products supplied by the suppliers and the services provided by the service providers will be determined based on the pricing policies set out in the sections discussed earlier in this letter.

As confirmed by the management of the Group, there is a proper and complete separation of duties, and no common staff, senior management or director of the Group and the suppliers or service providers will be involved in the internal control procedures and corporate governance measures.

Internal review policies

- (i) the pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the accounting department of the Group and the management of the Group dedicated with the responsibility of supervising the continuing connected transactions of the Group to ensure that the relevant continuing connected transactions are being conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders as a whole;
- (ii) in respect of any order for products or services, the Group will assess the scope and scale of the products or services and obtain reference quotations from independent third party suppliers or service providers for setting the prevailing market price;
- (iii) the relevant personnel from the accounting department and the management of the Group will conduct regular checks to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with the terms of its respective agreement and will also regularly update the market price for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policies; and
- (iv) the independent non-executive Directors will review the transactions under the relevant continuing connected transaction and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps thereof (details of the requirements are set out in the below section headed “Reporting requirements and conditions of the Continuing Connected Transactions”).

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

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REPORTING REQUIREMENTS AND CONDITIONS OF THE CONTINUING CONNECTED TRANSACTIONS

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Continuing Connected Transactions are subject to the following annual review requirements:

- (a) the independent non-executive Directors must review the Continuing Connected Transactions every year and confirm in the Company's annual report that the transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) on normal commercial terms or better which are no less favourable to the Group than those available to/from independent third parties; and
 - (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (b) the Company must engage its auditors to report on the Continuing Connected Transactions every year. The Company's auditors must provide a letter to the Board (with a copy to be provided to the Stock Exchange at least ten business days before the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the Continuing Connected Transactions:
 - (i) have not been approved by the Board;
 - (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the Continuing Connected Transactions involve the provision of goods or services by the Group;
 - (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the Continuing Connected Transactions; and
 - (iv) have exceeded the Annual Caps;
- (c) the Company must allow, and ensure that the counterparties of the Continuing Connected Transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Continuing Connected Transactions as set out in paragraph (b);
- (d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

In light of the reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of the value of the Continuing Connected Transactions by way of the

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Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms for each of the CCT Agreements and the Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to monitor the conduct of the Continuing Connected Transactions and assist to safeguard the interests of the Independent Shareholders.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Continuing Connected Transactions are on normal commercial terms and entered into in the ordinary and usual course of business of the Company. We also consider that the terms of the Continuing Connected Transactions and the Annual Caps are fair and reasonable as far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the EGM to approve the Continuing Connected Transactions and the Annual Caps.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
John Wong
Director

Mr. John Wong is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley, which is licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

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 and Chief Executive

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 position in Shares

Name	Number of ordinary shares		Percentage of the issued share capital
	Personal interests	Corporate interests	
<i>Directors</i>			
Wei Hong-Ming	5,000,000	—	0.09%
Wei Hong-Chen	5,000,000	—	0.09%

(ii) Long position in the underlying Shares

Name	Nature of interest	Number of share options	Percentage of the issued share capital
<i>Directors</i>			
Wei Hong-Ming	Beneficial owner	1,483,000	0.03%
Wei Hong-Chen	Beneficial owner	1,483,000	0.03%
Tseng Chien	Beneficial owner	648,000	0.01%
<i>Chief Executive Officer</i>			
Chen Yinjang	Beneficial owner	1,786,000	0.03%

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:

- (a) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2021, 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
- (b) 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	Number of shares held	% of the issued share capital
Ting Hsin (Cayman Islands) Holding Corp.	Beneficial owner	1,882,927,866(L)	33.43
Ho Te Investments Limited	Interest of controlled company	1,882,927,866(L)	33.43
Rich Cheer Holdings Limited	Interest of controlled company	1,882,927,866(L)	33.43
Profit Surplus Holdings Limited	Trustee of a unit trust	1,882,927,866(L)	33.43
Profit Surplus 3 Holdings Limited	Trustee of a unit trust	1,882,927,866(L)	33.43
Tingho Capital Holding Co., Limited	Interest of controlled company	1,882,927,866(L)	33.43
Rich Gold Capital Inc.	Interest of controlled company	1,882,927,866(L)	33.43
Lion Trust (Singapore) Limited	Trustee of discretionary trusts	1,882,927,866(L)	33.43
Sanyo Foods Co., Ltd.	Beneficial owner	1,882,927,866(L)	33.43

Note: (L) : Long Position

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 Ms. Tseng Chien, who is an officer of Ho Te Investments Limited, 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 was involved in any litigation or claim of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against the Company and 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 2021, 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.

As at the Latest Practicable Date, Somerley did not have any direct or indirect interest in any asset which had been, since 31 December 2021, 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, Somerley 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 P.O. Box 309, Ugland House, Grand Cayman KY1-1104, 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 Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

8. DOCUMENTS ON DISPLAY

The following documents will be on display and are published on the websites of the Stock Exchange (www.hkexnews.com) and the Company (www.masterkong.com.cn and www.irasia.com/listco/hk/tingyi) for a period of 14 days from the date of this circular:

- (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 written consent referred to in the paragraph headed “Expert’s qualification and consent” in this Appendix;
- (d) the Tingzheng Supply Agreement;
- (e) the Marine Vision Supply Agreement;
- (f) the Ting Tong Logistics Agreement; and
- (g) this circular.

康師傅控股

TINGYI (CAYMAN ISLANDS) HOLDING CORP.

康師傅控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0322)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Tingyi (Cayman Islands) Holding Corp. (the “**Company**”) will be held at 10:00 a.m. on Monday, 13 June 2022 at the Conference Room, No.1688, Wuzhong Road, Minhang District, Shanghai City, PRC for the purpose of considering and, if thought fit, passing the following resolution of the Company:

ORDINARY RESOLUTIONS

(1) “**THAT:**

- (a) the agreement (the “**Tingzheng Supply Agreement**”) to be entered into between the Company and Tingzheng (Cayman Islands) Holding Corp. (“**Tingzheng**”), 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 Company and its subsidiaries (the “**Group**”) will purchase flexible plastic packaging materials and plastic products from Tingzheng and its subsidiaries for a term of three financial years ending 31 December 2025, be and is hereby approved;
- (b) the cap amounts in relation to the purchase of products under the Tingzheng Supply Agreement for the three financial years ending 31 December 2025 as set out in the circular of the Company dated 28 April 2022, be and are hereby approved; and
- (c) any one director of the Company be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Tingzheng Supply Agreement and the transactions contemplated thereunder.”

* For identification purposes only

NOTICE OF EGM

(2) **“THAT:**

- (a) the agreement (the **“Marine Vision Supply Agreement”**) to be entered into between the Company and Marine Vision Investment Inc. (**“Marine Vision”**), a copy of which is tabled at the meeting and marked **“B”** and initialed by the chairman of the meeting for identification purpose, pursuant to which, the Company and its subsidiaries (the **“Group”**) will purchase carton box products from Marine Vision and its subsidiaries for a term of three financial years ending 31 December 2025, be and is hereby approved;
- (b) the cap amounts in relation to the purchase of products under the Marine Vision Supply Agreement for the three financial years ending 31 December 2025 as set out in the circular of the Company dated 28 April 2022, be and are hereby approved; and
- (c) any one director of the Company be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Marine Vision Supply Agreement and the transactions contemplated thereunder.”

(3) **“THAT:**

- (a) the agreement (the **“Ting Tong Logistics Agreement”**) to be entered into between the Company and Ting Tong (Cayman Islands) Holding Corp. (**“Ting Tong”**), a copy of which is tabled at the meeting and marked **“C”** and initialed by the chairman of the meeting for identification purpose, pursuant to which, the Company and its subsidiaries (the **“Group”**) will procure logistics services from Ting Tong and its subsidiaries for a term of three financial years ending 31 December 2025, be and is hereby approved;
- (b) the cap amounts in relation to the logistics services under the Ting Tong Logistics Agreement for the three financial years ending 31 December 2025 as set out in the circular of the Company dated 28 April 2022, be and are hereby approved; and
- (c) any one director of the Company be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Ting Tong Logistics Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 28 April 2022

NOTICE OF EGM

Notes:

- (a) 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.
- (b) 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.
- (c) 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).
- (d) 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.
- (e) 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.
- (f) The register of members of the Company will be closed from Wednesday, 8 June 2022 to Monday, 13 June 2022 (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 Tuesday, 7 June 2022.

NOTICE OF EGM

PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of the attending shareholders and to prevent the spreading of the COVID-19 coronavirus, the following precautionary measures will be implemented at the EGM:

- Compulsory body temperature checks
- Compulsory wearing of surgical face mask
- No eating and drinking at the meeting venue
- Wash your hands with alcohol based hand sanitizer before entering the meeting venue
- No provision of refreshments or corporate gifts
- Appropriate seating arrangement in line with the relevant laws and regulations

Any person who does not comply with the precautionary measures may be denied entry into the EGM, at the absolute discretion of the Company as permitted by the laws. The Company would like to encourage shareholders to exercise their voting rights by appointing the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM as an alternative to attending the meeting in person.

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