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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)

CONTINUING CONNECTED TRANSACTIONS PRODUCTS SUPPLY AGREEMENT

On 25 October 2024, the Company and Ting Qiao entered into the Products Supply Agreement in relation to the supply of beverage and food products of the Group to Ting Qiao and its subsidiaries for a term of three financial years from 1 January 2025 to 31 December 2027.

Ting Qiao is principally engaged in the Dicos fast food restaurant chain business in the PRC. Ting Qiao is beneficially owned as to 88% by Ting Hsin, which is a substantial shareholder holding approximately 33.42% of the issued share capital of the Company as at the date of this announcement. Accordingly, Ting Qiao is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules and the transactions contemplated under the Products Supply Agreement 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 the Products Supply Agreement are expected to be more than 0.1% but less than 5%, the transactions contemplated under the Products Supply Agreement are subject to the reporting, annual review and announcement requirements and exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 25 October 2024, the Company entered into the Products Supply Agreement with Ting Qiao for the supply of the Group's beverage and food products to Ting Qiao and its subsidiaries.

PRODUCTS SUPPLY AGREEMENT

The principal terms of the Products Supply Agreement are set out below.

- Date:** 25 October 2024
- Parties:** (1) the Company; and
(2) Ting Qiao
- Subject:** The Group will supply beverage and food products produced by the Group to Ting Qiao and its subsidiaries.
- Term:** Three financial years commencing on 1 January 2025 and ending on 31 December 2027.
- Pricing:** The price of the products supplied by the Group to Ting Qiao will be 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 supplied by the Group to independent third parties;
 - ii. if there are insufficient comparable transactions to (i) above, on normal commercial terms comparable to those orders received from independent third parties in respect of the same or substantially similar products with comparable quantities; and
 - iii. if both (i) and (ii) above are not applicable, by reference to the average price of similar products previously supplied by the Group, or as reasonably agreed by the parties on an arm’s length basis on normal commercial terms and on terms which are no less favourable to the Group than prevailing market practices.

Payment for the products under the Products Supply Agreement will be calculated on a monthly basis upon delivery of the products, with additional credit terms of 30 days.

Cap amount: Pursuant to the Products Supply Agreement, the Group has agreed to supply products to Ting Qiao and its subsidiaries based on the pricing policy stated above during the term of the agreement subject to the following annual caps:

	Financial year ending 31 December		
	2025	2026	2027
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	75,000	85,000	95,000

The Group has sold beverage and food products to Ting Qiao since 2012. The annual caps for the Products Supply Agreement were determined based on the historical transaction amount and the expected demand for the Group's products by Ting Qiao during the term of the agreement.

The historical purchases by Ting Qiao for the two financial years ended 31 December 2023 and the six months ended 30 June 2024 are set out below:

	For the year ended		For the six
	31 December		months
	2022	2023	ended
	<i>RMB'000</i>	<i>RMB'000</i>	30 June
			2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Purchases by Ting Qiao	23,339	33,296	21,647

Note: The Group's previous supply of products to Ting Qiao was below 0.1% of each of the applicable percentage ratios and such transactions were exempt continuing connected transactions under Chapter 14A of the Listing Rules.

The increase in annual cap under the terms of the Products Supply Agreement from that of the historical transaction amount is due to the fact that the scope of supply would now include the demand from all franchisees of the Dicos restaurants. These franchisees are independent third parties, and some of the franchisees previously procured their required beverage and food products manufactured by the Group directly from the Group.

Condition

The Products Supply Agreement is subject to the Company's compliance with the requirements of the Listing Rules with respect to continuing connected transactions.

Reasons for the Products Supply Agreement

The Group is principally engaged in the production and distribution of instant noodle and beverage products in the PRC. Ting Qiao is principally engaged in the Dicos fast food restaurant chain business in the PRC.

The supply of beverage and food products to fast food outlets is in the Group's ordinary course of business. The Products Supply Agreement was entered into to enable the Group to supply products to Ting Qiao. The Products Supply Agreement was entered into after arm's length negotiations with the products to be benchmarked with the prevailing market prices of products of the Group. As such, the Directors (including the independent non-executive Directors but excluded the interested Directors) are of the view that the Products Supply Agreement was entered into under normal commercial terms and in the ordinary and usual course of business of the Group, and that the terms and conditions of the Products Supply Agreement, including the annual caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL PROCEDURES

In addition to the strict pricing terms set out in the paragraph "Pricing" above, to ensure that the terms of transactions with Ting Qiao are fair and reasonable and no less favourable to the Group than those available to/from independent third parties, the Group has the following internal control procedures in place under which:

- (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 the products supplied to Ting Qiao, the Group will assess the level of order to be placed and based on the size of the order, obtain reference quotations that the Group offer to independent third parties for setting the prevailing market price in accordance with the pricing policies as set out under the Products Supply Agreement;

- (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 policy; 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.

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.

Ting Qiao

Ting Qiao is a limited liability company incorporated in the Cayman Islands. It is an investment holding company having subsidiaries principally engaged in the operation of the Dicos fast food restaurant chain. Ting Qiao is beneficially owned as to 88% by Ting Hsin, which is a substantial shareholder holding approximately 33.42% of the issued share capital of the Company as at the date of this announcement. Ting Hsin is an investment holding company and as at the date of this announcement, it is beneficially and wholly-owned by Mr. Wei Ing-Chou and his brothers Mr. Wei Ying-Chiao, Mr. Wei Yin-Chun and Mr. Wei Yin-Heng, and their respective spouses Ms. Wei Chang Lu-Yun, Ms. Lin Li-Mien, Ms. Wei Hsu Hsiu-Mien and Ms. Wei Tu Miao in equal proportions. Mr. Wei Ing-Chou is the father of Mr. Wei Hong-Ming, the Chairman of the Board and an executive Director of the Company, and Mr. Wei Hong-Chen, an executive Director of the Company.

IMPLICATIONS UNDER THE LISTING RULES

Ting Qiao is beneficially owned as to 88% by Ting Hsin, which is a substantial shareholder holding approximately 33.42% of the issued share capital of the Company as at the date of this announcement. Accordingly, Ting Qiao is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules and the transactions contemplated under the Products Supply Agreement 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 the Products Supply Agreement are expected to be more than 0.1% but less than 5%, the transactions contemplated under the Products Supply Agreement are subject to the reporting, annual review and announcement requirements and exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

As Ting Hsin is beneficially and wholly-owned by the family members and relatives of Mr. Wei Hong-Ming and Mr. Wei Hong-Chen, Another executive director Ms. Tseng Chien is a former officer in an intermediate holding company of Ting Hsin, each of Mr. Wei Hong-Ming, Mr. Wei Hong-Chen and Ms. Tseng Chien has avoided discussion and abstained from voting for the resolution proposed to approve the Products Supply Agreement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

“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
“Dicos”	德克士(Dicos), a fast food restaurant chain
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Products Supply Agreement”	the agreement dated 25 October 2024 entered into between the Company and Ting Qiao in relation to the supply of beverage and food products of the Group to Ting Qiao and its subsidiaries
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Ting Hsin”	Ting Hsin (Cayman Islands) Holding Corp., a company incorporated in Cayman Islands and a substantial shareholder holding approximately 33.42% of the issued share capital of the Company as at the date of this announcement
“Ting Qiao”	Ting Qiao (Cayman Islands) Holding Corp., a company incorporated in the Cayman Islands with limited liability
“%”	per cent

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

Hong Kong, 25 October 2024

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

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<http://www.irasia.com/listco/hk/tingyi>*

** For identification purposes only*