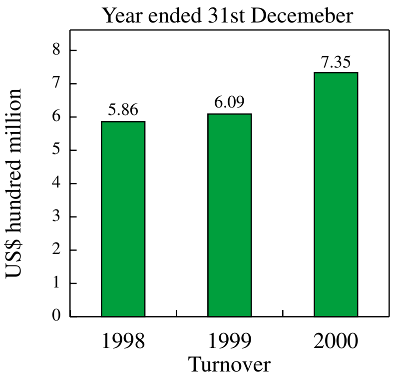
Tingyi (Cayman Islands) Holding Corp.

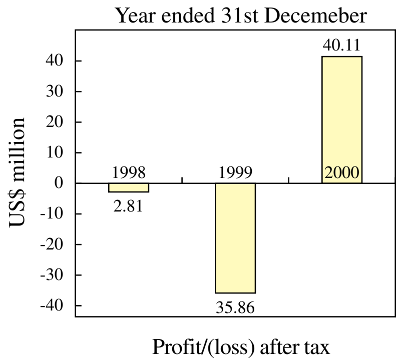
(Incorporated in the Cayman Islands with limited liability)

ANNUAL RESULTS FOR YEAR ENDED 31ST DECEMBER, 2000

In 2000, China's economy recovered from a period of depression, with an increase of Gross Domestic Product by 8% from a year ago and a clear recovery in retail business of consumer products. Through a timely revision of our operational strategy in the second half of 1999, reduction in operating costs, improvement in efficiency and effective marketing strategy, Tingyi (Cayman Islands) Holding Corp achieved a satisfactory result in 2000.

SUMMARY





SUCCESSFUL IN CORPORATE REENGINEERING AND SIGNIFICANT INCREASE IN OVERALL PROFITABILITY

- Profit attributable to shareholders reached US$40.109 million, whereas it was a loss of US$35.858 million in last year;
- Gross margin of the Group increased to 31.20%, as compared to 27.86% in the corresponding period last year;
- Earnings per share was US0.72 cents;
- Turnover amounted to US$735 million, representing an increase by 20.82% as compared to last year;
- Turnover for instant noodle, bakery and beverage products were US$534 million, US$72.888 million and US$111.105 million respectively. Their growth rates were 17.28%, 1.97% and 75.47% respectively from the previous year.

RESULTS

The Board of Directors of Tingyi (Cayman Islands) Holding Corp. (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group"), prepared in accordance with the accounting principles generally in Hong Kong, for the year ended 31st December 2000 as follows:

	Note	2000	1999
		US$'000	*US$'000*
Turnover	1	735,244	608,551
Costs of sales		(505,811)	(439,019)
Gross profit		229,433	169,532
Other revenue		5,297	2,933
Other net income		16,162	13,111
Distribution costs		(119,865)	(113,092)
Administrative expenses		(38,966)	(43,877)
Other operating expenses		(22,348)	(25,769)
Profit from operations	2	69,713	2,838
Finance costs		(23,153)	(32,592)
Share of profit/(losses) of associates		343	(137)
Profit/(Loss) before taxation		46,903	(29,891)
Taxation	3	(5,366)	(2,674)
Profit/(Loss) from ordinary activities after taxation		41,537	(32,565)
Minority interests		(1,428)	(3,293)
Net profit/(loss) attributable to shareholders	1	40,109	(35,858)
Earnings/(loss) per share	5		
Basic		US0.72 cents	(US0.82 cents)
Diluted		N/A	N/A

Notes:

1. **Turnover and contribution by product:**

   The Group operates mainly in the People's Republic of China (the "PRC"). The turnover and contribution to the Group's profit are also arising in the PRC.

	Turnover		Profit/(loss) attributable to shareholders	
	2000	1999	2000	1999
	US$'000	*US$'000*	*US$'000*	*US$'000*
Instant noodles	534,682	455,898	48,461	(4,338)
Bakery	72,888	71,482	(466)	(909)
Beverages	111,105	63,320	(6,882)	(29,009)
Others	16,569	17,851	(1,004)	(1,602)
Total	735,244	608,551	40,109	(35,858)

2. Profit from operations is stated after deducting the following item:

	2000	1999
	US$'000	*US$'000*
Depreciation	58,634	60,356

3. **Taxation**

   The Cayman Islands levies no tax on the income of the Group.

   No provision for Hong Kong profits tax has been made as the Group's profit is not subject to Hong Kong profits tax.

   Subsidiaries in the PRC are subject to tax laws applicable to foreign investment enterprises in the PRC and are fully exempt from PRC enterprise income tax of 15% for two years starting from the first profit making year followed by a 50% reduction for the next three years.

   Deferred taxation in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts has not been accounted for as the amount involved is not material.

4. **Dividend**

   At the Annual General Meeting to be held on 21st May 2001, the directors will recommend a final dividend of US0.54 cents per ordinary share be paid to the shareholders whose names appear on the Registers of Members as at 21st May 2001. Dividend warrants will be mailed to shareholders on or before 28th July 2001. The dividend for shareholders in Hong Kong will be paid in Hong Kong dollars based on the exchange rate at the end of the week preceding the date on which the dividend was declared (1999: US0.537 cents).

5. **Earnings/(Loss) per Share**

   The calculation of basic earnings per share is based on the earnings attributable to shareholders for the year under review of US$40.109 million (1999: loss of US$35.858 million) and 5,591,970,200 shares (1999: 4,379,432,012 shares) in issue.

   No figure for diluted earnings/(loss) per share is shown as the exercise of the conversion rights attached to the convertible bonds would result in increasing the earnings per share for the year ended 31st December 2000 and decreasing the loss per share for the year ended 31st December 1999 above the basic figures respectively.

FINANCING

As of 31st December 2000, the Group's total liabilities amounted to US$554 million, falling by US$22 million from the previous year's US$576 million. Total shareholders' funds including minority interests amounted to US$503 million. The debt-to-equity ratio was 52.35%. The decline in liabilities is attributable to the Group's repayment to banks for loans of approximately US$32 million, and the redemption of US$19.433 million worth of convertible bonds. The Group's reduction in liabilities will faciliate the Group's implementation of business strategy and improve financial and operating performance.

Ageing Analyses of trade receivables:

	31st December 2000
	US$000
Within 90 days	32,444
Over 90 days	5,035
Total	37,479

FINANCIAL RATIO

	For the year ended 31st December 2000	1999
Net profit / (loss) margin	5.46%	(5.89%)
Finished goods turnover	16.47 Days	21.01 Days
Accounts receivable turnover	17.5 Days	15.65 Days
Current ratio	0.64 Times	0.62 Times
Gearing ratio (Total liabilities to total assets)	52.35%	53.63%

BUSINESS REVIEW

Due to a combination of corporate restructuring in 1999 and economic recovery in the PRC, the Group's three core businesses performed satisfactorily, particularly instant noodles and beverages.

Instant Food Business

Statistics from Japan's Instant Noodle Association show that in 1999 annual instant noodle consumption in the PRC was about 12 packs per person on average, much lower than the average 40 packs per person in Japan, Taiwan and Hong Kong, which indicates the future market potential in the PRC.

With the recovery of instant noodle consumption, the Group took a series of marketing measures to adapt to the changing market, and grasp the opportunity to expand again. This resulted in an increase of the Group's turnover in instant noodles by 17.28%. During the year, the Group launched several new products, including fried noodles and cup noodles. Fried noodles offer a separate soup component, while cup noodles are suitable for people with small appetite or as a snack. The Group also launched a brand of luxury braised beef noodles with improved packages and additional ingredients. This further strengthened our position in bowl noodles. The bowl noodles accounted for over 60% of market share during the year. In respect of packet noodles, the Group launched the "Good Taste Series" with added ingredients, based on the successful original "Good Taste Series," and re-launched "Super Fu Moon Du", which helped raise the turnover of the packet noodles in the year.

During the fiscal year 2000, the Group's gross margin of instant noodles rose by 2.85pp to 30.3% from 27.45% in 1999, owing to efficient sales management and sound cost control. Profit after tax rose by 1,217.21% from a year ago.

Beverage Business

The National Food-stuff Industry Working Conference forecasts that by 2005, the PRC's annual average per-capita beverage consumption will be doubled to 20 kg from the current 10 kg. Tea and juices have successfully entered the non-carbonated drinks market, help increase the market share of non-carbonated beverages within the beverage category.

The Group's beverage turnover increased by 75.47% from a year ago. The Group is currently the PRC's largest supplier of non-carbonated PET drinks offering a choice of nine different flavours.

Beside the competitive advantage of the largest production volume, the Group offers the most comprehensive range of flavours and enjoys high gross profit margins as a result of its unique vertical integration of operations ranging from bottling to lids and labeling.

The year 2000 can be regarded as a year of the fastest development and turning point for beverage business. During the year, green tea, Oolong tea and ice tea all achieved outstanding performance. The Group's "Green Travel Year" theme campaign led to a supply shortage during the peak season and boosted the "Mr. Kon" tea series to number one selling packaged tea in the PRC market. Our enlarged 350 ml PET beverages won acceptance as soon as they were introduced to the market.

During the year, the gross profit margin of the beverage business was 33.33%, representing an increase of 10.29 pp over 1999's 23.04%. This was mainly due to a change in the product mix, including an increase in the proportion of PET drinks, which have high gross profit margins. Result after tax improved by 76.28% from a year ago.

Bakery and Confectionery Business

The PRC's bakery and confectionery consumption is relatively low when compared with that in developed countries. As an example, annual average bakery and confectionery consumption per person is 10 kg in the U.S.A. and U.K., and 2 kg in Japan, while snack food consumption per person is 8 kg in the U.S.A. and 4 kg in the U.K. and Japan. In the PRC, annual average bakery and confectionery as well as snack food consumption per person is only 1 kg. Accordingly, the bakery and confectionery market offers great potential.

After the successful marketing of "Mr. Kon" "3+2" sandwich crackers, the Group continued the strategy with focus on biscuits. In addition to introducing new flavours, launching new advertisement and targeting at new consumers for the "3+2" brand, the Group developed a series of savory and sweet crisp sandwich biscuits to expand the market penetration of "Mr. Kon" sandwich biscuits. "Mr. Kon" bakery ranked second in the PRC in the high-end biscuit market. However, sales of the Group's rice crackers, which were successfully marketed a year ago through a strategy of "increasing the quantity by 50% without raising price", were affected by keen competition by lower prices. As a result, both sales and profits fell as the Group was required to reduce prices. This dragged down the overall sales amount of bakery products, which was only slightly higher than that in 1999.

During the year, the gross margin of the bakery business was 36.49%, representing an increase of 1.63 pp over 1999's 34.86% and result after tax improved by 48.68% from a year ago.

Production Scale

The Group has established 10 production centres in the PRC to meet demand from different market segments and to provide products for export to Europe and the U.S.A. The beverage division has nine production complexes to meet the increasing market for bottled drinks. During the year, the Group invested another US$15 million in additional equipment, enabling us to produce a variety of products nation-wide and helping consolidate the Group's leading position in the beverage market. The bakery division owns three production complexes. During the year, the Group's sales strategy of focusing on biscuits supported increased biscuit production volumes. The Group made full use of its unutilised equipment to increase volumes for sales overseas, which helped boost overseas sales.

As the supply of raw materials has become more readily available, the Group sold its paper box producer Hangzhou Tingxin and sesame oil producer Zhumadian Tingzhi to further centralize and free up capital resources. In addition, the Group has franchised its two printing and packaging companies to one of our original partners Taiwan Lamination Industries, Inc., which now manages these operations, focusing its efforts on logistics integration and developing vegetable dehydration.

SALES NETWORK

With the "Better Access, Broader Reach" strategy, the Group's products can be distributed more quickly to consumers. Our operations cover all major and smaller cities, as well as rural areas, through a network of 231 sales offices, 131 warehouses, 4,500 wholesalers and 20,297 direct retailers. Using this comprehensive sales network, products can directly and quickly reach consumers to satisfy their needs.

In 2000, the Group finished its registration of Beijing Tingtong Logistics Co., Ltd, Guangzhou Tingtong Logistics Co., Ltd, and Shanghai Tingtong Logistics Co., Ltd. The Group also started trial logistics support operations in six cities in three regions. It will soon be evident that logistics integration has improved the Group's ability to supply products efficiently and control the level of stocks.

INTEGRATION OF FOOD RESOURCES OF THE GROUP IN MAINLAND CHINA AND TAIWAN

In order to integrate the use of food resources of the Group in mainland China and Taiwan, the Board of Directors decided during its first quarterly meeting to purchase a 19.98% equity interest in Taiwan's Wei Chuan Foods Corporation ("Wei Chuan"), or a total of 101,129,000 shares. Wei Chuan has great experience in processing dairy, soya sauce, monosodium glutamate, beverages and canned food. It also owns two major supermarket chains, Sung Ching Commercial Co., Ltd and Taiwan Marukyu Co., Ltd. These strengths will help to support the integration of the food resources of the Group in Mainland China and Taiwan.

PROSPECTS

The Group's performance in 2000 was outstanding. However, with the PRC's entry to WTO, the market will become more competitive. Some companies will progress while others will decline. The Directors have decided to continue to enhance the Group's competitiveness to ensure continued growth. The Group's strategy for the operations in the PRC is as follows:

1. Introduce strategic partners to strengthen beverage, bakery and confectionery businesses.

   Although the Group's turnover has increased, the improvement lagged the opportunities for growth provided by the market. The Group does not rule out the possibility of establishing strategic partnerships with international food products companies to develop the market in new ways.

2. Fully develop our logistics and e-commerce system

   Using the latest developments in science and technology, the Group will combine Enterprise Resource Planning (ERP), and Customer Resource Management (CRM) with the Group's logistics system, to maximize management efficiency. This will assist our wholesalers to improve inventory management.

3. Actively expanding market share and brand awareness

   The Group will expand the market share of the Group's existing product lines while actively developing new products and enhance brand awareness to stimulate new demand for products under the "Mr. Kon" brand name.

4. Upgrading of production technology

   The Group has established a sound training system and has a training exchange program with Japan's Sanyo Foods Co., Ltd for instant noodle production technology to improve technology and staff expertise.

5. Build a financially sound operational system

   The Group will fully implement the computer management system developed by SAP and strengthen its internal management controls. We will rationalise fixed assets, improve the use of capital resources and improve financial planning through replacing short-term borrowings with long-term borrowings and U.S. dollar debt with renminbi debt.

6. Create a flatter structure, characterized by diligence, honesty and ability

   We will continue to train employees to improve staff quality and simplify operational procedures to create a flatter structure. We will build a corporate culture through a development, promotion and bonus system.

7. Establish a Group-wide ISO standard

   Starting from the Company's subsidiaries, the Group has set a target of reaching full ISO certification. Beginning in 2000, the Group has set ISO certification as a target for all subsidiaries and has promoted this systematically.

PURCHASE, SALE OR REDEMPTION OF SHARES AND CONVERTIBLE BONDS

Other than the Company's redemption of 7,140,000 shares during the year for approximately US$623,000, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

During the year, the Company repurchased US$21,169,000 face value of convertible bonds at considerations of approximately US$19,433,000, excluding expenses.

All shares and convertible bonds repurchased have been cancelled and will not be reissued or resold.

AUDIT COMMITTEE

In September 1999, the Group has, pursuant to the listing Rules, formed an audit committee for the Group with written terms of reference approved by the board of directors. The latest meeting of the committee was held to review the results of the Group for the period.

CODE OF BEST PRACTICE

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited except all directors of the Company are not appointed for a specific term as they are subject to retirement by rotation in accordance with the Company's Articles of Association.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange will be published on the website of the Stock Exchange in due course.

APPRECIATION

Continuing our policy of slimming the work force, the Group reduced its number of staff to 19,073 during the year. The effort and contribution of the Group's people have helped the Group's business to grow quickly, providing a solid foundation for the Group's long-term business in the PRC and for a good return to shareholders. I would therefore like to take the opportunity to thank everyone for their hard work during the year.

By Order of the Board
Wei Ing-Chou
Chairman

Tianjin, PRC, 25th April 2001
Website: www.tingyi.com

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING of the Company will be held at the Conference Room, No. 15, the 3rd Avenue, Tianjin Economic-Technological Development Area, Tianjin, PRC on Monday, 21st May 2001 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited accounts and the reports of the directors and the auditors for the year ended 31st December 2000;
2. To declare the payment of a final dividend for the year ended 31st December 2000;
3. To re-elect the director - Mr. Wu, Chung-Yi;
4. To re-appoint Moores Rowland, Certified Public Accountants, as auditors of the Company and authorize the Directors to fix their remuneration;
5. As Special Business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:—

   "**THAT** there be granted to the Directors of the Company an unconditional general mandate to issue, allot and deal with additional shares in the capital of the Company, and to make or grant offers, agreements and options in respect thereof, subject to the following conditions:—

   (a) such mandate shall not extend beyond the Relevant Period save that the directors of the Company may during the Relevant Period make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

   (b) the aggregate nominal amount of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company otherwise than pursuant to (i) a Rights Issue, and (ii) any option scheme or similiar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed 20 per cent of the aggregate nominal amounts of the share capital of the Company in issue as at the date of passing of this Resolution; and

   (c) for the purposes of this Resolution:—

   "Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:—

   (i) the conclusion of the next annual general meeting of the Company;

   (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; and

   (iii) the revocation or variation of this Resolution by an Ordinary Resolution of the shareholders of the Company in general meeting; and

   "Rights Issue" means the allotment or issue of shares in the Company or other securities which would or might require shares to be allotted and issued pursuant to an offer made to all the shareholders of the Company (excluding for such purpose any shareholder who is resident in a place where such offer is not permitted under the law of that place) and, where appropriate, the holders of other equity securities of the Company entitled to such offer, pro rata (apart from fractional entitlements) to their existing holdings of shares or such other equity securities.

6. As Special Business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:—

   "**THAT** there be granted to the Directors of the Company an unconditional general mandate to repurchase shares in the capital of the Company, and that the exercise by the Directors of the Company of all powers of the Company to purchase shares subject to and in accordance with all applicable laws, rules and regulations be and is hereby generally and unconditionally approved, subject to the following conditions:—

   (a) such mandate shall not extend beyond the Relevant Period;

   (b) such mandate shall authorize the Directors of the Company to procure the Company to repurchase shares at such prices as the Directors of the Company may at their discretion determine;

   (c) the aggregate nominal amount of the shares repurchased by the Company pursuant to paragraph (a) of this Resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution; and

   (d) for the purposes of this Resolution "Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:—

   (i) the conclusion of the next annual general meeting of the Company;

   (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; and

   (iii) the revocation or variation of this Resolution by an Ordinary Resolution of the shareholders of the Company in general meeting.

7. As Special Business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:—

   "**THAT,** conditional upon the passing of Resolutions 5 and 6 set out above, the aggregate nominal amount of the shares which are repurchased by the Company pursuant to and in accordance with Resolution 6 above shall be added to the aggregate nominal amount of the shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to and in accordance with Resolution 5 above.

By Order of the Board
Ip Pui Sum
Company Secretary

Tianjin, PRC, 25th April 2001

Notes:

1. The register of members of the Company's Shares will be closed from 12th May 2001 to 21st May 2001, both days inclusive, for the purpose of determining a Shareholders' list for the Meeting and proposing the payment of a final dividend. In order to qualify for the proposed final dividend, all transfer accompanied by the relevant share certificate must be lodged with HKSCC Registrars Limited not later than 4:00 p.m. on Friday, 11th May 2001.
2. Any shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
3. For a shareholder who appoints more than one proxy, the voting right can only be exercised when a poll is taken.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing. The instrument appointing a proxy, and if such instrument is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarized copy of that power of attorney or other authority shall be deposited at Suite 4105, 41/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong not less than 48 hours before holding the Meeting.
5. Shareholders who intend to attend the meeting shall complete and lodge the reply slip set out below to show their intention to attend the meeting with the Company at Suite 4105, 41/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on or before 16th May 2001. The reply slip may be delivered to the Company by hand, by post, by cable or by facsimile.