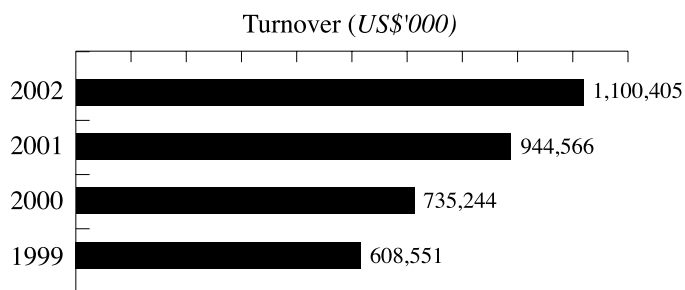
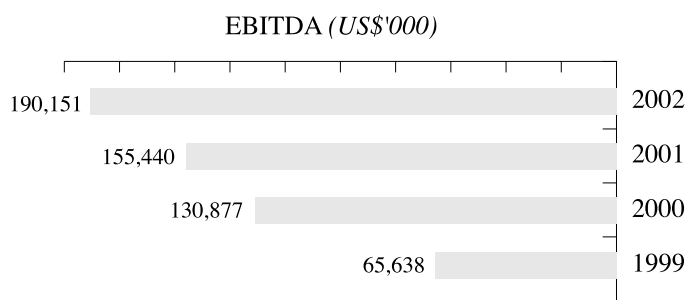


**FOUR CONSECUTIVE YEARS OF  
GROWTH IN TURNOVER AND EBITDA**



**Year on Year Change**

Turnover	US\$1,100,405,000	+16.50%
EBITDA/margin	US\$190,151,000/17.28%	+22.33%
Operating Profit/margin	US\$121,933,000/11.08%	+26.36%
Net Profit/margin	US\$90,928,000/8.26%	+50.70%
EPS	US1.63 cents	+50.93%
Operating Cashflow	US\$213,860,000	+18.00%





康師傅控股有限公司  
**TINGYI (CAYMAN ISLANDS) HOLDING CORP.**

*(incorporated in the Cayman Islands with limited liability)*

**ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2002**

**Words for a Decade**

“A decade of cultivation, a decade of passion.” By the year of 2002, it has been 10 years since the first bowl of Master Kong embarked the Mainland market in August 1992. Sticking to the brand image of friendly, professional and trustworthy, Master Kong has been widely recognized and accepted by the people. Thanks to the continuous research and development in products and improvements in quality, Master Kong brand has become a symbol of stable and value-for-money quality assurance, which was the most precious intangible asset for us in the past 10 years.

The market of 1.3 billion people in the PRC is so attractive that no international tycoon in food industry can resist it. The mastery of scale economy and sales network is the sole assurance for our research and success in the PRC market. To achieve this advantage, Master Kong has been very careful on each step for the past 10 years and currently this advantage is the most precious tangibles for the Group.

After 10 years' efforts, Master Kong is lucky to be a leading brand in the food industry. Considering the increasingly intense competition in the PRC market, however, Master Kong is never self-satisfied with its intangible and tangible assets it presently has. After the PRC's entry into WTO, the international leading food corporations will stage a comeback and the domestic enterprises will pick up their paces. Under this situation of “Competitors both in front and behind”, we can only continuously advance quickly.

This year it is the 10th birthday of Master Kong. Very much thanks to the PRC, for giving Master Kong the fertile soil to grow up, for enabling Master Kong to become mature and stable step by step, for strengthening and enlarging both the Group and the team of employees, for accumulating the strength and fighting spirit to embrace any challenge. We are facing new challenges and new opportunities. 10 years is only the beginning for Master Kong. We firmly believe, depending on the professional spirit, Master Kong will not only become an expert in noodles, bakery and beverage, but also has more space for future expansion. Master Kong will stick to the struggling spirit of “diligence and practice, innovation and exceeding”, and continuously keep pioneering enthusiasm and enhance the competition capability, making the Group continue to grow up and become one of the first-class food enterprises in the PRC.

**Results**

In 2002, the PRC government's continuous policy in encouraging domestic consumption, aggressive finance policy and stable monetary policy have gained a significant effect. Domestic consumption continued to grow and the PRC economy maintained a good development.

To the Group, 2002 was a specially encouraging year. Based on the advantage from external environment, through the Group's extensive sales network, professional production techniques, effective marketing strategies as well as the successful launch of the new products, the Group achieved double digits growth in both turnover and earning before interest, taxes, depreciation and amortisation (EBITDA) in the past four consecutive years. During the fiscal year 2002, the Group's turnover and EBITDA were US\$1,100.405 million and US\$190.151 million, increased by 16.50% and 22.33% respectively from the previous year. Thanks for the modification of product mix and effective cost control, the profit attributable to shareholders was US\$90.928 million and the earnings per share amounted to US1.63 cents. As at 31 December 2002, the Group's net assets increased to US\$587.354 million and the Group had cash and bank deposits of US\$99.913 million, maintained a very healthy capital structure. The Group's market capitalization exceeded US\$1.4 billion at the end of 2002.

From the close of trading on 21 March 2003, the Company was added to the British's FTSE All-World Asia Pacific Ex-Japan Index.

### **Dividend**

With the consistent encouraging results, return to shareholders continued to increase, earnings per share for the year rose by 50.93% and shareholders' long term return was further strengthened. The Board will therefore recommend at the Annual General Meeting to be held on 20 June 2003 the payment of a final dividend of US0.93 cents per ordinary share, totalling US\$51.975 million to shareholders whose names appear on the register of members on 20 June 2003. Final dividend for the last year was US0.81 cents per ordinary share, totalling US\$45.268 million.

## 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 31 December 2002 as follows:

	<i>Note</i>	<b>2002</b> <i>US\$'000</i>	<b>2001</b> <i>US\$'000</i>
<b>Turnover</b>	1	1,100,405	944,566
Cost of sales		<u>(727,531)</u>	<u>(626,695)</u>
Gross profit		372,874	317,871
Other revenue		2,516	2,461
Other net income		29,142	15,162
Distribution costs		(211,657)	(177,072)
Administrative expenses		(43,092)	(38,453)
Other operating expenses		<u>(27,850)</u>	<u>(23,470)</u>
<b>Profit from operations</b>		121,933	96,499
Finance costs	2	(26,465)	(23,652)
Share of profits (losses) of associates		<u>2,798</u>	<u>(379)</u>
<b>Profit before taxation</b>		98,266	72,468
Taxation	3	<u>(6,155)</u>	<u>(9,049)</u>
<b>Profit from ordinary activities after taxation</b>		92,111	63,419
Minority interests		<u>(1,183)</u>	<u>(3,081)</u>
<b>Net profit attributable to shareholders</b>	1	<u>90,928</u>	<u>60,338</u>
<b>Dividends</b>		<u>51,975</u>	<u>45,268</u>
<b>Earnings per share</b>	4		
Basic		US1.63 cents	US1.08 cents
Diluted		<u>N/A</u>	<u>N/A</u>

*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 mainly from the PRC.

	<b>Turnover</b>		<b>Profit/(loss) attributable to shareholders</b>	
	<b>2002</b> <i>US\$'000</i>	<b>2001</b> <i>US\$'000</i>	<b>2002</b> <i>US\$'000</i>	<b>2001</b> <i>US\$'000</i>
Instant noodles	637,454	594,221	68,475	57,002
Beverages	357,611	237,329	45,937	14,735
Bakery	86,339	93,141	(5,074)	2,240
Others	19,001	19,875	(18,410)	(13,639)
Total	<u>1,100,405</u>	<u>944,566</u>	<u>90,928</u>	<u>60,338</u>

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

	<b>2002</b>	<b>2001</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Depreciation	[67,703]	61,316
Amortization	<u>[0]</u>	<u>270</u>

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. In addition, certain subsidiaries are qualified as advanced technology enterprises and operate in designated area of Economic and Technological Development Zones and subject to enterprise income tax at a rate of 10% for another 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. **Earnings per Share**

The calculation of basic earnings per share is based on the earnings attributable to shareholders for the year under review of US\$90.928 million (2001: US\$60.338 million) and 5,588,705,360 shares (2001: 5,588,705,360 shares) in issue.

Diluted earnings per share for the year ended 31 December 2002 and 2001 has not been shown as the convertible bonds outstanding during these years are anti-dilutive.

## **BUSINESS REVIEW**

With growth of 8% in the PRC's gross domestic products (GDP) in the year 2002, the total amount for retail food market also increased by 9.6% from the previous year. The implementation of certain policies by the PRC government such as to improve living and working condition in the vast rural areas has stimulated the growth for consumer expenditures and production also benefited the growth for the Group's sales.

During the first nine months in 2002, the Group's turnover was US\$869.566 million, rose by 22.86% from the corresponding period last year. Growth rates of turnover for instant noodle, beverage and bakery were 8.58%, 69.57% and -6.17% respectively from previous year. Profit attributable to shareholders reached US\$87.819 million, representing a growth of 83.85% as compared to the corresponding period last year. The Group's first three quarterly results was satisfactory. Owing to a 20% price growth for palm oil which is core material for instant noodle, to meet the expansion in 2003 and to maintain the product exposure during slack season, beverage division have organized a nationwide channel promotion and the US\$3 million provisions for impairment loss on certain property, plant and machinery in bakery division which was accounted in the fourth quarter, the fourth quarterly result performance was affected. Turnover for the fourth quarter dropped by 2.52% to US\$230.839 million and profit attributable to shareholders dropped by 75.27% to US\$3.109 million as compared to the corresponding period last year.

In 2002, the Group's turnover was US\$1,100.405 million, rose by 16.50% from previous year. Thanks for the increase of high margin PET drinks, the Group's gross margin rose by 0.24 pp to 33.89%. Other net income increased by 92.20% to US\$29.142 million. Distribution costs rose by 19.53% to US\$211.657 million which were mainly increased from the advertising and promotion

activities and transportation expenses. The investment for advertising and promotion is an essential and long-term investment for the brand of Master Kong to establish and strengthen the Group's market position. Finance cost remained largely stable, rose by 11.89% to US\$26.465 million. Earnings before interest, tax, depreciation and amortisation (EBITDA) was US\$190.151 million, increased by 22.33%. Generally speaking, the profit for the year 2002 attributable to shareholders was US\$90.928 million, representing earnings per share of US1.63 cents, an increase of 50.93% from previous year.

### **Instant Noodle Business**

The PRC with 1.3 billion people is the biggest instant noodle market in the world. In 2002, more than 21.9 billion packs of instant noodle were produced in the PRC, represented a 9.3% volume growth when compared to the year 2001. The PRC instant noodle market is a fast growing market in the world. However, on a per capita basis, the PRC consumers only consumed 16 packs per year, one of the lowest level in Asia whose average is 40 packs. The market still has huge potential to develop.

In 2002, instant noodle segment turnover amounted to US\$637.454 million, representing a 7.28% growth from previous year and 57.93% of Group's turnover. All products have good performance during the year through the dense distribution strategy, sound management of sales network, aggressive marketing strategy and the suitable control policy of retail price. For the high-end noodles segment, continuation of the youthfully package for "Mian Ba", the increase in the size of "Luxury Series", the launch of "Master Kong" mine cup noodle, "Exquisite" cup noodle and different flavour for "Jin La Mian" (suitable to cook) have contributed satisfactory sales. For the low-end noodle market, which has 65% market share of the total PRC instant noodle market, the Group's "Fu Man Duo" and "Good Taste" series of packet noodles are highly popular in the industry. Those will further strengthen the Group's leader position in the PRC instant noodle market. According to ACNielsen SCAN TRACK EXPRESS, for the period of December 2002/January 2003, the Group gained 27.8% market share by volume and 39.6% market share by sales in the PRC instant noodle market. The extent of market share exceeded the other instant noodle players became larger than before.

To maintain the competitiveness in the PRC market and make use of the advantage of the open policy provided by WTO, the Group formally produced and launched instant noodle in Taiwan market from the beginning of December 2002 after planning for two years by the Group. As a result of the suitable strategy, the demand for Master Kong's instant noodle exceeded supply. At present, the Group has three noodle lines commencing production. The Group plans to have six noodle lines in total commencing production in July 2003. This arrangement will further increase the Group's sales and market share in the Greater China market.

During the fiscal year 2002, the gross margin of instant noodle dropped by 1.79 pp<sup>△</sup> to 26.22%. The decline was mainly due to the change of product mix so that the sales growth from low-end noodle was greater than high-end noodle and the increase in the price for the core material of instant noodle palm oil by 20% in the fourth quarter. The Group expects that the price for palm oil will maintain at a high level during 2003 and directly affect the instant noodle industry. Owing to the Group's vertical integration system and the advantage in the economy of scale, when comparing to other players in the same industry, the Group can face less pressure caused by the price increase of raw materials. In addition, the decrease in gross margin was also caused by the higher package costs due to gradually shift from using PSP to using PP and PE for container noodle to meet the government's environmental regulations. Profit attributable to shareholders rose by 20.13% to US\$68.475 million from a year ago.

### **Beverage Business**

Even though fast growth for RTD tea drinks has happened in the PRC in the past three years, on a per capita basis, the PRC consumers, even though in the big cities, only consumed 5.5 litres in RTD

tea drinks and 5 litres in juice drinks per year which were far below from regions with similarity in taste preferences, such as Japan's 36 litres in RTD tea and 19 litres in juice drinks, Taiwan's 16 litres in RTD tea drinks and 15 litres in juice drinks. Together with the continuous income growth in the PRC, the RTD tea drinks and juice drinks market in the PRC will maintain a significant growth.

In 2002, beverage segment turnover amounted to US\$357.611 million, representing a 50.68% growth from the previous year and 32.50% of the Group's total turnover. The growth was mainly due to the continuous sales expansion of the flagship products of tea drinks and the successful sales of the new juice series. The integration sales strategy of "Bighot + Music" has strengthened the leading position of the Ice Tea in cool and fashion. Since Master Kong developed the new type of tea for three years ago, Green Tea has been the first leading brand in the PRC. As to diluted juice drinks, catering to different ages by using two different brands and, they have achieved preliminary results in some districts and got the predominance. Master Kong is molding its juice drinks to be a brand for the young and promoting them in the whole national market. Taking advantage of the bright brand, "Fresh Daily C" juice drink has an increasing ready market. According to ACNielsen, for the period of December 2002/January 2003, the sale volume and value of Master Kong tea drinks gained a share of 51.5% and 53.7% in the PRC RTD tea market respectively, being the leader brand in the market. The market share of the diluted juice drinks was 20.6% by sales volume and 20.1% by sales value, being the second leading one in the market. In addition, the refrigerated series "Daily C" and the new product live lactobacillus drink "Jian Bai Fen" have also done well in the eastern part of the PRC market, further enhancing the basis for the Group to step into the refrigerated drinks market.

In order to face the increasingly intense competition in the future market, in the slack season of the fourth quarter the Group decided to add 24 new product lines for PET drinks in 2003, relocated some production facilities, and embarked an engineering project to improve efficiency of the existing PET drinks product lines. Because of this, the drinks lines in some districts stopped production in the fourth quarter. However, the Group can meet with the requirements of the future market by adding facilities and improving the production ability. In order to meet the production expansion in 2003 and to maintain the product exposure during slack season, the Group organized channel promotion activities throughout the country to stimulate the willingness of the channel sellers to increase orders during slack season.

During the fiscal year 2002, the Group's gross margin of beverage segment rose by 4.00 pp<sup>△</sup> to 45.91% from previous year, mainly due to better utilisation of the production capacity and change in the product mix. Profit attributable to shareholders was US\$45.937 million, rose by 211.75% from a year ago. The Iraq war caused the price increase for petro and led out the 20% to 40% price increase for PET resin during the first quarter 2003 which, as a result, will affect the gross margin for PET drinks industry directly. Thanks for the Group's arrangement for upgrading production ability during last fourth quarter together with the Group's vertical integration production system, the Group can face less pressure caused by the price increase of raw materials as compared to the other players in the same industry.

### **Bakery Division**

In 2002, bakery segment turnover amounted to US\$86.339 million, dropped by 7.30% from the previous year and representing 7.85% of the Group's total turnover. The decline was mainly due to the under performance of sandwich crackers. However, Muffin and Egg Rolls maintained significant growth. According to ACNielsen, for the period of December 2002/January 2003, Master Kong's

sandwich crackers gained 24.2% and 28.6% market share by sales volume and sales value in the PRC's sandwich cracker market. Owing to the price war in the PRC rice cracker market, the sales of the Group's rice cracker decreased. However, the export market for rice cracker obtained a stable increase, which directly led to the improvement in the utilization rate for the machinery.

Since the development of the PRC's bakery market towards diversity, the Group adjusted its strategy to "Adding more Categories with Limit Quantity", suspended capital investment in bakery segment and added more favours by using the existing production lines. To make use of Master Kong's brand and sales channel, the Group sought for some international famous food companies as strategic partners. During the year, the Group linked with Taiwan's famous chocolate cracker manufacturer Taiwan Hunya Foods Co.,Ltd. by using Master Kong's brand to sell Hunya's chocolate wafer. This wafer has been launched in mid of January 2003 and received good response from the market. The Group will also form a joint venture company with Spain's Chupa Chups. By using joint brand, the Group handles marketing operation and sells Chupa Chups products. The joint brand lotteryballs have been launched in early March 2003 and have good performance. By way of the above arrangements, the Group believes that it can highly improve the performance of the bakery business.

During the fiscal year, the gross margin of bakery segment was 32.79%, fell by 1.09 pp<sup>△</sup> when compared to the same period in 2002 mainly due to the low utilization rate for production line and the decline in rice cracker's retail price. Loss attributable to shareholders was US\$5.074 million.

<sup>△</sup> The change in gross margin of instant noodles, beverage and bakery divisions were calculated with reference to the revised figures. Before the revision, the change in gross margin for instant noodles, beverages and bakery were -1.78 pp, 4.83 pp and -1.02 pp respectively.

### **Supporting Business - Equity Changes in Subsidiaries**

As described in last annual report, the Group strived to seek for strategic partners to handle the Group's supporting business, concentrate on instant noodle, beverage and bakery business and change the Group's position to investment management. During the year, the Group reduced the shareholdings in Tingzheng (Cayman Islands) Holding Corp. ("Tingzheng") which was subsidiary company of the Group and its core businesses are the printing and the manufacture and sale of packaging materials. Before the changes, the Group and Taiwan Lamination Industries Incorporation ("Taiwan Lamination") held 51% and 49% of Tingzheng shares respectively. After the changes, the Group and Taiwan Lamination holds 40.8% and 39.2% of Tingzheng shares respectively and the service provided from Tingzheng to the Group will be the same. Owing to the participation of the new shareholders, Tingzheng can provide more professional package items and services to the market. This equity changes will benefit Tingzheng's development in the future.

### **Financing**

The Group's healthy finance structure was mainly benefited from the stable cash flow of the Group as a result of the significant growth in the operating profit and well-controlled accounts receivable and inventory. At the end of 2002, the Group's cash and bank deposits of US\$99.913 million, decreased by US\$69.448 million from previous year. The main capital outlays were related to expenditure for PET drinks production facilities. These expenditures were financed by operating cash flows and increase in long-term borrowings. In June 2002, the Group issued a US\$90 million three years convertible bond. At the end of 2002, the Group's total borrowing was US\$363.188 million, decreased by US\$25.472 million and represented a drop of 6.55% from previous year. The Group adjusted the ratio between long-term loans and short-term loans from the previous year's 46%: 54% to 2002's 70%: 30%. As a result of the Group's cash on delivery policy, the Group will not face



the repayment problem for long term and short term loans. The seasonal difference from the sales between the Group's instant noodle, beverage and bakery business can also maintain the Group's strong cash position. In 2002, the Group's Renminbi debts represented 50.34% of total debt and at the end of 2001 it was 57%.

As of 31 December 2002, Renminbi loan and the convertible bonds with fixed interest rate accounted for 75% of the Group's total borrowing. During the year, the Group mainly used forward exchange contracts to minimize the exchange risks arising from import of raw materials. The remaining principal amount of the Group's 1997 Convertible Bonds was due in July 2002. The Group repaid the remaining principal amount of US\$95.721 million plus a redemption premium of US\$31.264 million from operating cash flows. The total amount repaid was US\$126.985 million.

Ageing Analyses of trade receivables:

	<b>31 December 2002</b>	<b>31 December 2001</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Within 90 days	40,776	33,827
Over 90 days	2,140	3,461
Total	<u>42,916</u>	<u>37,288</u>

#### Financial Ratio

	<b>For the year ended</b>	
	<b>31 December 2002</b>	<b>2001</b>
Net profit margin	8.26%	6.39%
Finished goods turnover	12.03 Days	13.32 Days
Accounts receivable turnover	13.30 Days	14.45 Days
Gearing ratio (Net debt to shareholders' equity)	0.45 Times	0.40 Times
Debt ratio (Total liabilities to total assets)	49.38%	50.72%

#### Production Scale

During the year, 14 new PET production lines have been put in operation and the 2 aseptic filling lines for PET drinks will commence production in April 2003. During the first eight months, the Group produced PET drinks by using OEM and outsourcing PET bottles to solve the pressure of excess demand. In view of the economic development in the PRC and with the aim of meeting the market needs, in the fourth quarter of 2002, the Group therefore decided to add 24 product lines and related facilities for PET drinks in 2003 and carry out works on solving the bottleneck problem at the same time to solve the problem of excess demand over supply of PET drinks. Those lines are expected to commence production gradually before September 2003.

To cope with the growth from beverage and instant noodle market, the Group's noodle factories in Shiheji, Xinjiang have been put in operation in October 2002. Noodle factory in Kuming, Yunnan and three beverage synthetic factories in Harbin, Shiheji and Kuming will commence production in 2003. The Group began to produce and sell instant noodle in Taiwan market in December 2002. The Group will invest US\$38 million to add instant noodle lines and related facilities in Hangzhou, Guangzhou, Wuhan and Taiwan in 2003 to expand the production capacity. The Group believes that those expansion will strengthen the market competitiveness of the Group and benefit the growth of the Group's sales in the future.

## **Sales Network**

At the end of 2002. The Group established a team operation with 353 sales offices, 82 warehouses and 44,616 direct retailers in the PRC. With the network, the Group can speed up the distribution and delivery of the Group's products and the products can be launched directly to the appropriate market. The Group will continue to enhance "Better Access, Broader Reach" distribution strategy since the comprehensive sales network is the Group's valuable source.

Through the own brands of the Group and OEM, the Group's products have been successfully exported to Hong Kong, Singapore, Thailand, Australia, USA., Canada and Europe. During 2002, turnover for the export business was 1.09% of Group's total turnover.

## **Human Resources**

For the establishment of Kunming factory in Yunnan, Shiheji factory in Xinjiang and the expansion in beverage division, the Group increased its number of staff to 26,542 during the year. (2001: 24,643 ). The Group provides a competitive salary system, insurance and medical benefit and professional training courses to employees. The perfect management system for human resources will enhance employee's contribution to the Group. The staff's great effort and valuable contribution have help the Group's long term business in the PRC as well as a good return to shareholders. I would like to thank everyone for their devoted performance during the year.

## **PROSPECTS**

Looking ahead, the continuous growth for the PRC domestic demand will further speed up the foreign investment and the development of the PRC enterprises. During 2003, there will be more competition for the instant food market, especially for the beverage market. Together with the further problem in the price increase of raw materials, the Group's gross margin will be reduced. Facing the competition and the change of the market, the Group will continue to enhance its ability to make use of the Group's advantage and potential as follows:

### **Business Development**

1. Introduce strategic partners and further develop the network in the PRC to strengthen the Group's comprehensive operation capability and the market position in the food industry.
2. Expand the market share for the refrigerated juice "Daily C" in the eastern part of the PRC in order to establish the Group's distribution ability in the refrigerated food market.
3. Continue to produce and sell instant noodle in Taiwan market.
4. Strengthen and establish the Group's logistics system to enhance the quality and reduce the cost for distribution network in all respects.
5. Seek for strategic partners to handle the Group's supporting business and change the Group's position to investment management.

### **Sales and Operation**

Continue to strengthen the brand awareness, the efficiency of the sales network and the quality of customer service in order to further expand the market share for the Group's products.

## **Production**

1. Strengthen standard operation, establish self quality control and enhance process management.
2. Continue to enhance production technology, to learn high technology production and management experience from related overseas factories and to develop basic research.

## **Management**

1. Establish a fair system for performance management.
2. Re-engineering the management system through the installation of the SAP and the computerization for the human resource management and office management.

## **PURCHASE, SALE OR REDEMPTION OF SHARES AND CONVERTIBLE BONDS**

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares and convertible bonds during the year.

## **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 year.

## **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 of Hong Kong Limited (the "Stock Exchange") will be published on the website of the Stock Exchange and the Company's website [www.tingyi.com](http://www.tingyi.com) in due course.

I know that the task for continuous profit growth is particularly challenging on an expanded base. According to the operating experience in the PRC and advantages from the brand and sales network, the well-defined business strategies and the professional management team, the Group would be able to enhancing customers' and shareholders' value at home and abroad.

By Order of the Board  
**Wei Ing-Chou**  
*Chairman*

Tianjin, the PRC, 28 April 2003

Website: [www.tingyi.com](http://www.tingyi.com)  
[www.irasia.com/listco/hk/tingyi](http://www.irasia.com/listco/hk/tingyi)