Tingyi's profit attributable to equity holders of the Company in 2006 reached US$149 million with 8.14 billion units in sales of instant noodles and 7.56 billion units in package drinks.

Master Kong products are now everywhere in the PRC...

康師傅控股有限公司*

TINGYI (CAYMAN ISLANDS) HOLDING CORP.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 322)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

US$ million	2006	2005	Change
• Turnover	2,331.733	1,845.609	+26.3%
• Group gross margin (%)	32.3	31.3	+0.9 ppt.
• Profit for the year	212.834	170.508	+24.8%
• Profit attributable to equity holders of the Company	148.925	123.529	+20.6%
• Earnings per share (US cents)	2.66	2.21	+US0.45 cents
• Net cash from operating activities	397.808	310.383	+28.2%
• Final dividend per ordinary share (US cents)	1.38	1.25	+US0.13 cents

INTRODUCTION

In the year 2006 China's economy sustained its uninterrupted rapid growths over the past few years, echoing a burgeoning momentum that featured a faster growth rate, a more efficient economy, less inflationary pressure and therefore more appealing to the public.

Capitalizing on this opportunity of a thriving economy, the Group actively launched new products in the market, explored new markets, solidifying the leading positions of the Master Kong instant noodles and RTD teas. Hence, our sales achieved new highs and our business results accomplished outstanding performance. Bakery and refrigerated drinks also performed satisfactorily with new streams of products making their debuts.

Principal raw materials such as flour, palm oil, sugar and PET plastic resin all stayed at high prices, putting a lot of pressure on production costs and hence room for profit. To counter it without sacrificing consumer safety and consumer satisfaction, the Group took measures to improve its management system, develop its production management and effectively control its costs. As a result, the Group achieved yet another summit in its business results.

DIVIDENDS

Owing to the Group's 2006 excellent results and after taking into consideration the overall operation, capital expenditures, working capital requirements and cash flow of the Group, I recommend to the Board to provide a return to our shareholders for their support by increasing the final dividend payout this year. The Board will recommend at the Annual General Meeting to be held on 11 June 2007 the payment of a final dividend of US 1.38 cents per share totaling US$77.124 million to shareholders whose names appear on the register of members on 8 June 2007 (shareholders who bought the Company's shares on or before 1 June 2007 and should ensure that transfers are lodged with the Company's Registrar in Hong Kong for registration no later than 4:00 p.m. on 5 June 2007). Together with the US 1.07 cents special dividend per share which was paid on 14 February 2007, total dividend per share for the year 2006 will be US 2.45 cents, total amount of dividend will be US$136.923 million. Final dividend and special dividend in last year was US 1.25 cents and US 1.07 cents respectively. The total amount of dividend in last year was US$129.658 million.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 6 June 2007 to Monday, 11 June 2007, both dates inclusive, during which period no transfer of shares will be effected for the purpose of determining a shareholders' list for the Annual General Meeting and the payment of the proposed final dividend.

MANAGEMENT TEAM

In 2006 we saw new plants streaming into production one after the other and the number of our staff swelled to 32,631.

Facing the very rapid development of the Chinese market and the severe competitive environment, and in order to be more professional and more devoted; in order to pursue excellence, quickly building up a pool of talents is an important task. As a result, the Group has never stopped training and nurturing our staff. This includes training up management and staff on their capacities that match with their anticipated career developments. During the year, the Group sent its staff who demonstrated excellent performance to Japan for professional training with a belief they will, after their returns, contribute to building an enterprise that lasts and an enterprise that continue to thrive in the fierce competition in the future that one can now envisage.

The Chinese saying goes: one reaps no more than what one has sown. For the extraordinary business performance we achieved in 2006, the Board would like to extend their appreciation to the strenuous work the management and the staff made in the year. Looking ahead for 2007 the Group will endeavor to "create another summit and make our dreams come true" and to continue to serve consumers, with the ultimate objective of creating higher shareholders value.

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") for the year ended 31 December 2006 are as follows:

CONSOLIDATED INCOME STATEMENT

	Note	2006 *US$'000*	2005 *US$'000*
Revenue	4	**2,331,733**	1,845,609
Cost of sales		**(1,579,302)**	(1,267,453)
Gross profit		**752,431**	578,156
Other net income		**37,360**	25,706
Distribution costs		**(445,810)**	(337,583)
Administrative expenses		**(56,236)**	(49,938)
Other operating expenses		**(47,018)**	(27,325)
Finance costs		**(10,856)**	(8,597)
Share of results of associates		**6,860**	7,508
Profit before taxation	5	**236,731**	187,927
Taxation	6	**(23,897)**	(17,419)
Profit for the year		**212,834**	170,508
Attributable to:			
Equity holders of the Company		**148,925**	123,529
Minority interest		**63,909**	46,979
Profit for the year		**212,834**	170,508
Dividends	7	**136,923**	129,658
Earnings per share	8		
Basic		**US2.66 cents**	US2.21 cents
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

	Note	**2006** ***US$'000***	2005 *US$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,230,375**	991,279
Intangible assets		**13,371**	15,303
Interests in associates		**42,704**	54,863
Premium for land lease		**60,047**	54,446
Available-for-sale financial assets		**10,303**	10,047
Deferred tax assets		**5,379**	5,379
		1,362,179	1,131,317
Current assets			
Financial assets at fair value through profit or loss		**32,605**	2,633
Inventories		**111,955**	101,566
Trade receivables	9	**94,239**	84,573
Prepayments and other receivables		**75,249**	72,484
Pledged bank deposits		**2,244**	4,041
Bank balances and cash		**161,676**	152,316
		477,968	417,613
Current liabilities			
Trade payables	10	**256,797**	206,007
Other payables		**174,135**	139,130
Current portion of interest-bearing borrowings		**239,761**	119,648
Advance payments from customers		**18,372**	16,612
Taxation		**6,455**	3,503
		695,520	484,900
Net current liabilities		**(217,552)**	(67,287)
Total assets less current liabilities		**1,144,627**	1,064,030

	2006	2005
	US$'000	*US$'000*
Non-current liabilities		
Long-term interest-bearing borrowings	**28,320**	32,880
Other non-current payables	**3,344**	8,168
Employee benefit obligations	**6,885**	5,793
Deferred tax liabilities	**8,089**	6,816
	46,638	53,657
NET ASSETS	**1,097,989**	1,010,373
CAPITAL AND RESERVES		
Issued capital	**27,943**	27,943
Reserves	**748,476**	714,381
Proposed special dividend	**59,799**	59,799
Proposed final dividend	**77,124**	69,859
Total capital and reserves attributable to equity holders of the Company	**913,342**	871,982
Minority interest	**184,647**	138,391
TOTAL EQUITY	**1,097,989**	1,010,373

Notes:

1 Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2005 financial statements' except for the adopotion of the new/revised HKFRS that are effective from the current year as detailed in note 3.

2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December each year. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All inter-company transactions and balances within the Group are eliminated on consolidation. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interest is that portion of profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Company.

3 Changes in Accounting Policies

HKAS 19 (Amendment) Employee benefits – Actuarial gains and losses group plans and disclosures

The amendment introduces the option of an alternative recognition approach for actuarial gains and losses of defined benefit plans. It imposes additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment only impacts the format and extent of disclosures in the notes to the financial statements.

4. Revenue and contribution by product

The Group operates mainly in the PRC. Revenue and contribution to the Group's profit are mainly from the PRC.

An analysis of the Group's revenue and profits attributable to equity holders of the Company by major products is set out below:

	Revenue		**Profits attributable to equity holders**	
	2006	2005	**2006**	2005
	US$'000	*US$'000*	***US$'000***	*US$'000*
Instant noodles	**1,051,915**	981,796	**74,399**	66,194
Beverage	**1,093,354**	702,348	**67,269**	46,909
Bakery	**97,163**	92,912	**4,079**	1,184
Others	**89,301**	68,553	**3,178**	9,242
Total	**2,331,733**	1,845,609	**148,925**	123,529

5. Profit before taxation

Profit before taxation is stated after charging the following:

	2006	2005
	US$'000	*US$'000*
Depreciation	**106,902**	94,401
Amortisation:		
Premium for land lease	**1,626**	1,382
Intangible assets	**1,932**	2,354

6. **Taxation**

	2006	2005
	US$'000	*US$'000*
Current tax – PRC income tax		
Current year	**22,624**	15,961
Deferred taxation		
Origination and reversal of temporary differences	**1,273**	1,458
Total tax charge for the year	**23,897**	17,419

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

No provision for Hong Kong Profits Tax has been made as there was no assessable profit in Hong Kong for the year.

Subsidiaries in the PRC which engage in manufacture and sale of food products are subject to tax laws applicable to foreign investment enterprises in the PRC. Most of the subsidiaries are located at economic development zones and are subjected to applicable PRC enterprise income tax rate of 15%. Also, they are fully exempt from PRC enterprise income tax for two years starting from the first profit-making year followed by a 50% reduction for the next three years, commencing from the first profitable year after offsetting all unexpired tax losses carried forward from the previous years.

7. **Dividends**

Dividend attributable to the year:

	2006	2005
	US$'000	*US$'000*
Final dividend proposed after the balance sheet date of US1.38 cents (2005: US1.25 cents) per ordinary share	**77,124**	69,859
Special dividend proposed after the balance sheet date of US1.07 cents (2005: US1.07 cents) per ordinary share	**59,799**	59,799
	136,923	129,658

At meetings held on 15 January 2007 and 23 April 2007, the directors recommended the payment of a special dividend and final dividend of US1.07 cents and US1.38 cents per ordinary share respectively.

The proposed special dividend and final dividend are not reflected as dividend payables in the balance sheet, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2007.

8. **Earnings per Share**

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of US$148,925,000 (2005: US$123,529,000) and the weighted average of 5,588,705,360 (2005: 5,588,705,360) ordinary shares in issue during the year.

The Company has no dilutive potential ordinary shares for the years ended 31 December 2006 and 2005.

9. Trade Receivables

The majority of the Group's sales is cash-on-delivery. The remaining balances of sales are at credit terms ranging from 30 to 90 days. The ageing analysis of trade receivables (net of impairment losses for bad and doubtful debts) as at the balance sheet date is as follows:

	2006	2005
	US$'000	*US$'000*
0 - 90 days	**87,742**	74,018
Over 90 days	**6,497**	10,555
	94,239	84,573

10. Trade Payables

The ageing analysis of trade payables as at the balance sheet date is as follows:

	2006	2005
	US$'000	*US$'000*
0 - 90 days	**242,801**	188,994
Over 90 days	**13,996**	17,013
	256,797	206,007

BUSINESS REVIEW

In 2006, the PRC sustained a steady yet rapid growth in it's gross domestic products ("GDP"). GDP went up by 10.7% in the year, manifesting consecutive growths of exceeding 10% p.a. over the past four years. Sales amount of social consumables surged even further by 13.7% comparing with a year before.

In 2006, the Group's turnover was US$2,331.733 million, an increase of 26.3% over 2005. The growth rates for turnover of instant noodle, beverage and bakery were 7.1%, 55.7% and 4.6% respectively. In the fourth quarter, the Group's turnover was US$518.179 million, 29.6% higher than the same period last year. The increase was mainly from sales growth in instant noodle and beverage.

During the year, in spite of the fact that the prices for the Group's core materials continued to stand at a high level, the Group's gross margin increased 0.9ppt. to 32.3% through flexible marketing strategy, effective production management and cost control. Due to the strategic advertising and strengthening sales network, there was a slight increase of the distribution costs as percentage of total sales by 0.8ppt. to 19.1% in 2006 as compared to 18.3% in 2005, and the portion of advertising and promotional expenses to total turnover was 10.7%, last year was 10.2%. Other operating expenses were sharply increased by US$19.693 million to US$47.018 million mainly due to the impairment loss of US$17.188 million recognized on the replacement for the old equipment. Finance costs increased by 26.3% to US$10.856 million mainly because of the increase in bank borrowing for capital expenditure and purchasing raw materials. During the year, the Group maintained a stable and healthy finance structure and a strong cash position.

In 2006 earnings before interest, tax, depreciation and amortization (EBITDA) was US$353.032 million and the profit attributable to equity holders of the company was US$148.925 million which were sharply increased by 21.2% and 20.6% respectively when compared to last year. Earnings per share was US 2.66 cents.

Instant noodle business

The soy-braised beef flavor noodles that gained wide popularity among consumers in the previous years continued to be one of the mainstream products of the Master Kong's various flavors of instant noodles. In 2006 it covered an even broader market, spanning every piece of land in China's, from cities to villages. In this 15th anniversary of the soy-braised beef flavor noodles since it was first launched, we continued to launch its tall-cup-packed noodles in the market while the penetration rate of its Gan Ban Mian (noodles served with sauce) continued to increase. To this end, consumers can now enjoy the same soy-braised beef flavor with Gan Ban Mian, thus boosting Master Kong's image as a master of delicacies. Leveraging on this popular flavor, Master Kong had during the year made a number of debuts by launching new flavors, such as "La Xuan Feng (Spicy Whirlwind)", "Hai Lu Xian Hui (The Mix of Land and Sea Fresh Food)", "Jiangnan Mei Shi (The Jiannan Delicacy)", "Qian Jiao Bai Wei (The Thousand Chili and Hundred Tastes)", "Xiang Suan Shi Jia (The Noble Family of Aromatic Sourness)". They were well received by consumers and soon became Master Kong's mainstream products.

The "Asia Selections" that aimed at providing consumers with choices of Asian flavors never stopped launching new flavors to the market. Extension of the product line through different packages helped satisfy consumers' appeals to all sorts of Asian flavors. Significant resources were also invested to auxiliary brands concurrently under operation. The launch of "Shimianbafan Gan Ban Mian" further solidified the Master Kong's leading position in the rapidly growing mixed fried noodle market segment. "Mianba La Mian" aimed at making itself the icon of the best noodle sticks, satisfying consumers that appeal to good quality and establishing a new standard for the market of noodle sticks.

We have utilised “Fumanduo” as the principal brand to further developed intensively in the low end noodle segment which shares 65% of the PRC’s instant noodle market. Sales turnover of Fumanduo shared about 18% of our aggregate instant noodle sales turnover and shared about 14.6% of the low end noodles market. After they were first launched, the product gained the 3rd position in the market. Currently, we focus on its intensive operation through channels to major cities and increasing market share. A special department was set up in 2006 to take up the responsibilities of R&D for superior products, efficient low cost production systems, overall brand planning and proactive reorganization of marketing. And in order to expand market shares, constructions of plants for Fumanduo production in key locations were expedited. At the same time, the Group gradually commenced the replacement arrangement for production equipment used by the existing Master Kong’s factories in their initial stage of operation. During the year, impairment loss on production equipment amounted to US$7 million.

In 2006, turnover for instant noodle business amounted to US$1,051.915 million, grew by 7.1% from previous year and representing 45.1% of the Group’s total turnover. Based on ACNielsen’s December 2006 report, the sales volume and sales amount of the “Master Kong” instant noodles represented 32.5% and 43.3% of the market respectively. The high-end container noodles represented an even higher share of 61.5% of the respective segment, and the high-end packet noodles shared 65.5% of its segment. These records have been the best in recent years, suggesting that the Master Kong branding strategy was successful and Master Kong is poised to become a steadfast leading brand of its kind.

During the year, the gross margin of instant noodle increased by 3.0ppt. to 26.6% and gross profit increased by 20.7% when compared with last year. The increase were mainly because of : (1) the adjustment on products mix, thus sales volume and sales value for high-end container noodles and high-end packet noodles have reached 15% growth and (2) the effective control of operating costs by enhancing the production efficiency. The Group has recognized an impairment loss of US$7 million on instant noodle equipment due to the restructure plan for its production facilities. Through the above achievements in sales and production, profit attributable to equity holders of instant noodle business was US$74.399 million, grew by 12.4%.

Beverage Business

The Group’s non-carbonated beverage products maintained its leading position over the year 2006. Through the promotion of the tea series of beverage, a master of tea image was looming. With the advertising support and channels cultivation, brand image and market shares both gained their momentum. In the area of fruit juice, duo brands “Fresh Daily C” and “Master Kong” were launched to seize more market shares.

According to ACNielsen’s December 2006 report, the latest retailing research figures suggested that Master Kong’s RTD tea series commanded a market share of 53.6% sales value, making it the market leader. Packed water on the other hand shared only 11.0%, up to the second position. Diluted fruit juice shared 17.1% of the market, ranking it the third.

In 2006, extending our leading positions on tea and water drinks, “Master Kong Ice Tea” and “Master Kong Shock Ice Tea” were promoted with a strategy that involves the mix of celebrity, music and entertainment to promote an avant-garde image in the ice-cool rage. As a result of income increase and the improvement in health awareness of the consumer mass, the Group’s green tea, jasmine tea, fruit juice and mineralized water aimed to satisfy the consumers’ quests for “fresh, natural and healthy” products. The newly marketed barley scented tea aimed to satisfy consumers’ quests for “sunshine, fragrant of barley, nature and unconventional” and soon became a favorite choice of the consumer public and helped boost the growth of sales turnover.

In 2006, turnover for beverage business increased by 55.7% to US$1,093.354 million as compared to last year. The proportion to the Group's total turnover increased to 46.9%. During the year, the prices of main raw materials maintained at a high level. Owing to the high efficient production management capability, production cost was able to be under control. However, the sales volume and sales value of mineralized water, which had a comparatively low gross margin, grew by 159% and 143% respectively causing the gross margin of beverage business to drop by 3.2ppt. to 36.9%. Since the change of packaged water consumption and the Group's self request for the high efficient blowing machine, the Group has replaced the cold blowing machine invested in early stage. Thus the Group has recognized an impairment loss of US$9.576 million on those beverage equipment during the year. Profit attributable to equity holders of beverage business was US$67.269 million, a sharp increase by 43.4%.

Bakery Business

In 2006 we saw the robust development of our core bakery products, the "3+2" Sandwich Cracker, Muffin, Tasty Crisp, etc. Annual growth increased by 4.6% to US$97.163 million, representing 4.2% of the Group's total turnover. The ACNielsen's December 2006 study showed Master Kong's shares in China's sandwich crackers market were 18.8% in terms of sales volume and 22.2% in terms of sales amount, ranking it the 2nd in the market.

China's crackers market trends toward the development of product varieties as well as packaging and taste varieties. The bakery segment deployed existing production facilities to produce different flavors of products to meet consumers' different appeals. The single layer Tasty Crisp that made its debut in 2005 continued to perform well. We also began the promotion of Five Grains Jumbo Digestive Biscuits in 2006, for which we saw an initial reception by the market.

In order to enhance production and marketing effectiveness, divisions of production and marketing as well as the adjustment of production process were implemented in the fourth quarter of 2006. No significant benefits have been evidenced as a result of the changes. In the year of 2006, the gross margin of bakery business was 39.3%, grew by 0.6ppt. when compared to the same period last year . Bakery business has recorded two profitable years and profit attributable to equity holders of the Company in 2006 was US$4.079 million.

Refrigeration Business

The development of refrigerated products remained steady with a growth rate of 27.2% compared with a year before.

In the Shanghai area, "Daily C" solidly maintained its leading position with more than 46.6% in market share. The family size "Daily C" was launched in March, targeting the white-collar families and those who are used to consume fruit juice of normal atmosphere temperature. This helped to expand the consumer count of the product. The Mediterranean red orange flavor began to fill the market in December of the year. The product guarantees good taste and is mixed with fruit flesh, providing added value to differentiate consumer satisfactions.

The low fat yogurt series also made its introduction in the year in order to meet with the consumers' special crave for texture and to satiate the consumers' quests for health. Bernachon coffee was introduced to the eastern district of the PRC in February, which successfully created the brand image of "quality, taste and rage" for the refrigerated coffee drinks.

In respect of the production base of refrigerated drinks headquartered in Hangzhou, its production plant was designed with emphasis on hygiene and in accordance with the FGMP concept. The plant produces "fresh", "natural" and "healthy" refrigerated products by the introduction of German, Italian, Japanese and Taiwanese production facilities that meet the 3A hygiene standard. The plant was also awarded with HACCP certification under the Food Safety Management System during the year.

FINANCING

The Group's healthy finance structure was mainly benefited from the stable cash flow of the Group as a result of the well-controlled trade receivables, trade payables and inventories. At the end of 2006, the Group's cash and bank deposit amounted to US$163.920 million, increased by US$7.563 million from previous year. The Group's total liabilities amounted to approximately US$742 million, representing an increase of US$204 million from US$539 million as at 31 December 2005. Total assets amounted to US$1.84 billion. The debt ratio calculated as total liabilities to total assets increased by 5.56 ppt. to 40.33% as compared to 31 December 2005.

The main capital outlays were related to expenditure for acquisition of more instant noodle and bottle water production facilities. At the end of 2006, the Group's total borrowings increased by US$115 million to US$268 million. The Group adjusted the proportion between long-term loans and short-term loans from the previous year's "22%: 78%" to 2006's "11%: 89%". The Group's Renminbi borrowings represented 39.6% of total debt and at the end of 2005 was 19.5%. The Group's transactions are mainly denominated in Renminbi. Appreciation in the Renminbi in terms of US dollars 3.2% brought an exchange gain of US$26.934 million to the Group during the year. US$4.841 million and US$22.093 million of the exchange gain was included in the income statement and reserves from exchange translation respectively.

Financial Ratio

	For the year ended 31 December	
	2006	2005
Net Profit margin	**6.39%**	6.69%
Finished goods turnover	**9.92 Days**	9.61 Days
Trade receivables turnover	**14.00 Days**	15.43 Days
Gearing ratio (Net debt to shareholders' equity)	**0.11 Times**	0.00 Times
Debt ratio (Total liabilities to total assets)	**40.33%**	34.77%

PRODUCTION SCALE

For satisfying the no frills market for rural consumers, we have built plants in Xian, Gaobeidian, Dongguan, Chongqing and Zhangqiu for the production of low-end noodles. New production lines are expected to begin operation in May 2007. By that time our low-end noodle production plants will be increased to 12 and our competitiveness can then be further enhanced. In the beverage segment, we have paved our way for the high growth packed water market by building new plants in Tianjin, Shenyang, Xian, Changbaishan and Nanjing, increasing new production lines which can begin operation in 2007. We also expanded our production workshops in Zhengzhou and Wuhan. Those increases in our production scale will position the Group with a sustainable competitive advantage over our contenders.

HUMAN RESOURCES

As at 31 December 2006 the Group was staffed with 32,631 employees (2005: 25,273 employees).

The Group strived to create corporate value by accumulating long-term competitiveness in human resources and establishing a development foundation to promote long-term effectiveness of various projects. The Group also promulgated the train-up of staff by trainers and supervisors in order that the knowledge base and the experience of the seniors can be passed on to the staff. We also sent our staff with good potential for career development to be trained abroad with the objectives of gaining advanced management experience and management techniques. It is our belief that our efforts can help staff grow with our enterprise, increase their job satisfaction, loyalty, contribution, etc. Succession plans for key positions have also been arranged to avoid vacuum in key positions and to keep abundant human reserves for the continuing development of the Group.

Competitive remuneration packages and welfare benefits are necessary to retain staff. What equally important are the continuing development, management and planning of human resources. Only through building strategic advantages in our human resources can an enterprise like us continue to thrive together with its market advantages.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

Throughout the year ended 31 December 2006, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except that:

1. there is no separation of the role of chairman and chief executive officer. Mr. Wei Ing-Chou currently assumes the role of both the Chairman and the Chief Executive Officer of the Company;

2. all Independent Non-executive 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; and

3. Mr. Wei Ing-Chou, the Chairman of the Board of the Company does not need to retire by rotation.

However, at present, the chairman of each of the Company's subsidiaries is responsible for the operation of the respective subsidiary. Due to the need of business development considerations, Mr. Wei lng-Chou is required to act as the chairman of certain subsidiaries. Except for these subsidiaries, the Chief Executive Officer of the Group has not act as the Chairman of other subsidiaries. In practise, there is effective separation of the roles between the Chairman of the Company's subsidiaries and the Chief Executive Officer of the Group. Mr. Wei Ing-Chou has been in charge of the overall management of the Company since the listing of the Company in 1996. Although Mr. Wei Ing-Chou does not need to retire by rotation and assumes the role of both the Chairman and the Chief Executive Officer of the Company, the Company considers that such arrangement at this stage helps to promote the efficient formulation and implementation of the Company's strategies which will enable the Group to further develop its businesses effectively. With the above balancing mechanism of chairman of subsidiaries and the supervision of the Board and the independent non-executive directors, the interests of the shareholders are adequately and fairly represented.

The Company has taken steps towards the adoption of appropriate measures to ensure that the Company's corporate governance practices comply to the Code.

Audit Committee

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, financial statements and internal control procedures. It also acts as an important link between the Board and the Company's auditors in matters within the scope of the group audit. Four meetings were held during the financial year ended 31 December 2006. The latest meeting of the Committee was held to review the results of the Group for the year.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard as set out in the Model Code throughout the review period.

PROSPECTS

China's rapid economic growth, the upcoming Olympic Games and World Expo soon to be held in China will make the nation even more exposed to international attention and that means fiercer competition will come from our contenders. Consumers are more and more insatiable in their requirements for quality products. This together with increasing raw material prices will put stringent pressure on our operational management. Nevertheless, we are prepared. To maintain the Group's leading branding positions in China, we will continue to develop more new products that meet our product visions: appetizing, healthy and safe. And this will sustain the Group's long-term growth.

The Group's overall development in 2006 performed well and beat expectations. Going forward to 2007, we will even be more confident in ourselves. Capitalizing on this epoch of high growth, we will spend US$343 million to actively expand the production of drinks and instant noodles. Production plants will densely span over every piece of land in China. Through these new production facilities the Group is poised to boost another growth in 2007.

On the front of instant noodles, we will continue to develop brands of local flavors and lead, creating an image of convenient food master that is trendy. On instant noodles that cater for the no frills market, we will continue to actively enhance its distribution, making it a driver for our future sales and profits growth. Concerning beverages, we will grow our sales and expand our market shares incessantly and will extend into the quality mineralized water market. It is expected that 2007 will be the year that our beverage products will achieve another culmination. On bakery and refrigerated products, we will consolidate and continue to extend ourselves towards the development of product differentiation and strengthen R&D in order to supply appetizing, nourishing and healthy products for consumers. Distribution channels have always been important for convenient products. The Group adopts a sales strategy that is intensive and faultless, ensuring that we can continue to cope with the ever-changing structures of different channels.

It is anticipated that in 2007 raw materials such as palm oil will continue to inflate in prices. Hence the Group will continue to deploy advanced production equipment, thereby increasing production efficiency and lowering unit production costs. Stable gross profit margins can then be assured. The development of mineralized water and no frills noodles hinges on the distributions of our production plants. Building plants in the vicinity of the mass markets, in addition to the Group's existing distribution networks, will effectively reduce transportation costs.

To cope with the ever-changing market conditions, the Group has structurally divided the marketing function and the production function. In 2007 the Group will continue with this policy so that the marketing department can focus on brand building and the intensive cultivation of channels while the production department will strive to improve and perfect production management and manufacture technologies. With this policy in place, we believe our sales and distribution platform will become more secured.

To us, the year 2007 is a great challenge that manifests both risks and opportunities. As a result we must establish our risk management system, grasp good opportunities, alleviate risks and maintain a balanced development.

Branding is an enterprise's intangible asset and is a foundation that an enterprise hinges on for existence and development. Through the enhancement of product image and sales increase we can ultimately achieve brand enhancement. Only by branding can an enterprise survive into the future and brands do create effectiveness.

The Group had readily planned for market distribution and cost control for 2007. Hence, the management is confident that sales turnover and EBITDA for the year will achieve double-digit growth. For the first quarter of 2007 the Group achieved a 23.16% increase in sales turnover, the management is therefore confident that 2007 will be another year of new highs. Leveraging on the business foundation we have built in China, our excellent reputation and healthy financial position, we believe our various products will continue to be steadfast in their leading positions in China, driving for future sustainable and stable growths.

Adhesive spirit brings forth fighting spirit; execution nourishes competition. To challenge the market's macro environment, we will strengthen our quality internally while building up our image externally. We can then go hand in hand with concerted hearts to deliver appetizing, healthy and safe products to the mass consumers.

PURCHASE, SALE OR REDEMPTION OF SHARES

There were no other purchases, sales or redemptions of the Company's shares by the Company or any of its subsidiaries during the year.

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 in due course.

As at the date of this announcement, Mr. Wei Ing-Chou, Mr. Takeshi Ida, Mr. Ryo Yoshizawa, Mr. Wei Ying-Chiao, Mr. Wu Chung-Yi and Mr. Junichiro Ida are executive directors of the Company. Mr. Hsu Shin-Chun, Mr. Lee Tiong-Hock and Mr. Kazuo Ogawa are independent non-executive directors of the Company.

By Order of the Board
Wei Ing-Chou
Chairman

Tianjin, the PRC, 23 April 2007

Website: www.masterkong.com.cn
www.irasia.com/listco/hk/tingyi

* *For identification purposes only*