



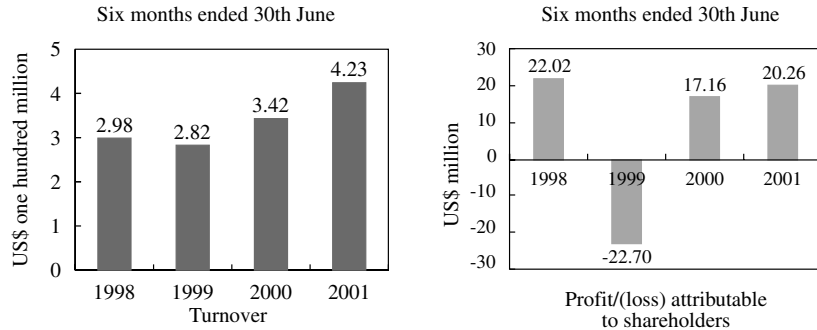
Tingyi (Cayman Islands) Holding Corp.

(Incorporated in the Cayman Islands with limited liability)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2001

SUMMARY

During the first half of the year 2001, the economy of the PRC grew by 7.9%. The economic growth in the PRC showed signs of increase for consumer food market. The effectiveness of the corporate operating strategy together with the booming consumer market contributed to the Group's satisfactory result.



- Profit attributable to shareholders reached US\$20.264 million, an increase by 18.08% as compared to the corresponding period last year;
- Gross margin of the Group rose by 2.54 pp to 32.71%, as compared to 30.17% in the corresponding period last year;
- Earnings per share was US0.36 cents, an increase of US0.05 cents as compared to the corresponding period last year;
- Turnover of the Group amounted to US\$423 million, an increase by 23.45% as compared to the corresponding period last year;
- Turnover for instant noodle, bakery and beverage were US\$274.182 million, US\$39.485 million and US\$100.541 million respectively. Their growth rates were 9.31%, 19.18% and 103.52% respectively from the previous year.

INTERIM RESULTS

The Board of Directors of Tingyi (Cayman Islands) Holding Corp. (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30th June 2001 together with the unaudited comparative figures for the corresponding period in 2000.

	Six months ended 30th June	
	2001 US\$ '000	2000 US\$ '000
Turnover (Note 1)	422,709	342,419
Cost of sales	(284,456)	(239,120)
Gross Profit	138,253	103,299
Other income	5,478	8,198
Distribution costs	(77,969)	(56,075)
Administrative expenses	(20,347)	(17,977)
Other operating expenses	(8,647)	(6,316)
Profit from operations	36,768	31,129
Finance costs	(12,002)	(10,284)

turnover for rice crackers for the export market increased significantly and mitigated the impact for the decrease in sales of rice crackers in the PRC market. Moreover, the success for the market testing in overseas market will help to increase the turnover of the Group's bakery business in the second half of the year. During the period, the gross margin for bakery products was 33.50%, fell by 4.32 pp and gross profit increased by 5.56% when compared to a year ago. The decrease in gross margin was mainly because of the lower margin for export market and the fact that Guangzhou Tingyuan Food Co., Ltd. has not achieved the economies of scale since its recovery.

Beverage Business

The Group improved brand image through celebrity and music marketing together with media network and road show. At the same time, the success in the "Better Access, Broader Reach" strategy further extended the Group's sales network and helped the Group achieve a new record in beverage turnover. Since the Group's PET beverage continued to experience a supply shortage, it benefited the sales for Tetra-Pak and canned beverages of the same taste. During the first half of 2001, turnover for beverage increased by 103.52% from the corresponding period of the previous year. Among the Group's tea drinks, "Mr. Kon" is the leading brand in the PRC packaged tea market. During the period, the gross margin of the beverage business rose by 8.47 pp to 40.54% from the corresponding period in 2000 owing to changes in the product mix and better productivity.

Financing

As of 30th June 2001 the Group's total liabilities amounted to US\$558 million, representing an increase of US\$34.592 million from the previous year's US\$523 million. Total assets amounted to US\$1,083 million. The leverage ratio (total liabilities to total assets) increased by 2.04 pp to 51.54% as compared to the year ended 31st December 2000.

During the first half of the year 2001, the Group increased long-term and short-term loans by US\$20.42 million, due to renewal of production equipment and investment in new production lines for beverage division. Those investments significantly enhanced the Group's productivity.

Financial Ratio

	As at 30th June 2001	As at 31st December 2000
Finished goods turnover	15.4 Days	16.47 Days
Accounts receivable turnover	15.51 Days	17.50 Days
Current ratio	0.82 Times	0.69 Times
Leverage ratio	51.54%	49.50%

Liquidity and foreign exchange risk management

The Directors have also taken steps to improve the Group's liquidity. The repayment terms of its debt portfolio has been extended to improve the Group's ability to meet repayments and so relieve repayment pressures. During the first half of 2001, short-term borrowings of US\$69 million have been transferred to long-term borrowings denominated in renminbi. The increase in loans denominated in renminbi and the reduction in loans denominated in foreign currency will reduce the Group's exposure to foreign exchange risk and costs. Following four years of effort, as at the end of June 2001, the Group's U.S. dollar debts have been reduced from 93% at the end of 1997 to 38% of total debt.

Production Scale

The Group's instant noodle division has established 10 production centres in Harbin, Shenyang, Tianjin, Qingdao, Hangzhou, Wuhan, Chongqing, Xi'an, Fuzhou and Guangzhou in the PRC. Apart from those in Fuzhou and Qingdao, all production lines have been put into production 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 facilities in Shenyang, Tianjin, Qingdao, Hangzhou, Wuhan, Chongqing, Xi'an, Fuzhou and Guangzhou to meet the increasing market for PET drinks. During the period, the Group invested US\$15 million in acquiring more equipment so that the Group can produce a variety of products nation-wide and help consolidate the Group's leading position in the beverage market.

The bakery division owns three production facilities in Tianjin, Hangzhou and Guangzhou, which have first-rate equipment and offer great potential for expansion. The Group made full use of its unutilised equipment to increase sales to overseas market, which helped boost overseas sales. There was significant growth in overseas sales as compared with previous period. It is estimated that there will be faster growth in the second half of the year.

Share of profit/(loss) of associates	239	(131)
Profit before taxation	25,005	20,714
Taxation (<i>Note 2</i>)	<u>(3,514)</u>	<u>(2,664)</u>
Profit from ordinary activities after taxation	21,491	18,050
Minority interests	<u>(1,227)</u>	<u>(889)</u>
Net profit attributable to shareholders (<i>Note 1</i>)	<u>20,264</u>	<u>17,161</u>
Earnings per share (<i>Note 3</i>)	<u>0.36 cents</u>	<u>0.31 cents</u>

Notes:

1. Turnover and segmental information

Turnover represents sales of goods at invoiced value to customers, net of returns, discounts and Value Added Tax.

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.

An analysis of the Group's turnover and profit/ (loss) attributable to shareholders by major products is as follows:

	Turnover		Net profit/(loss) attributable to shareholders	
	Six months ended 30th June		Six months ended 30th June	
	2001	2000	2001	2000
	US\$'000	US\$'000	US\$'000	US\$'000
Instant noodles	274,182	250,822	21,245	21,926
Bakery	39,485	33,131	(2,180)	(60)
Beverages	100,541	49,402	2,571	(4,351)
Others	<u>8,501</u>	<u>9,064</u>	<u>(1,372)</u>	<u>(354)</u>
Total	<u>422,709</u>	<u>342,419</u>	<u>20,264</u>	<u>17,161</u>

2. Taxation

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 period.

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 has not been provided as the effect of timing differences is insignificant at the balance sheet date.

3. Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the period of US\$20,264,000 (2000: US\$17,161,000) and on the weighted average of 5,588,705,360 shares (2000: 5,593,890,724 shares) in issue during the period.

Diluted earnings per share for the six months ended 30th June 2001 and 2000 has not been shown as the convertible bonds outstanding during these periods are anti-dilutive.

4. Interim dividend

The Board of Directors resolves that no interim dividend be paid for the six months ended 30th June 2001 (2000: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Instant Noodle Business

Turnover for the Group's core instant noodle business increased by 9.31% from a year ago. Turnover of bowl noodle increased by 22.3%, mainly because of the sales growth from Mr. Kon's bucket noodles. Market share for the low-end noodle was 70% of total PRC instant noodle market. Through the successful marketing for "Super Good Taste Series", turnover for the Group's low-end instant noodle rose by 26.12%. Following the blooming launch for "Fu Moon Du", "Good Taste Series" has been another popular brand in low-end instant noodle market. During the period, the Group launched some new products: to re-launch a youthfully packaged "Jumbo 120" and repackaged "Luxury bowl Series" in a valued big bowl style. In May 2001, the Group launched "Super Shanghai Noodle" (suitable to cook) and won acceptance as soon as they were introduced to the market. Those new products will help the increase for the Group's sales in the second half of the year. During the period, the gross margin of instant noodles increased by 0.96pp to 30.10%, mainly because of the effective cost control.

Bakery Business

Turnover for bakery business increased by 19.18% from a year ago, mainly due to the increase in sales of savory and sweet crisp sandwich biscuits and Muffin. Although the sales volume of the Group's rice crackers decreased, the

Sales Network

As the "Better Access, Broader Reach" strategy began achieving results, the time required for the launch of new products into the market was in particular shortened. At the same time, the Group's sales network was effectively under control. The Group established a system of rewards and penalties to motivate its wholesalers, while strengthening its partnership relations with sole agencies, which also helped to boost sales. During the period, the Group also developed Hong Kong market through the launch of beverage products. Due to the success in developing overseas market, sales orders for bakery products to overseas market increased significantly. In the PRC, the Group's logistics system in major cities have been integrated by the Group's subsidiary Shanghai Tingtong Logistics Co., Ltd. The integration will benefit the Group's business in the second half of the year and in the future through reducing cost and boosting sales.

Prospects

Along with the increase in income of PRC consumers and their new consumption pattern, the development potential is immense for packaged food and beverage market. The Group's strategies for the second half of the year are as follows:

1. Introduce strategic partners to strengthen beverage, bakery and confectionery businesses;
2. Fully develop the Group's logistics and e-commerce system;
3. Actively expand market share and brand awareness;
4. Upgrade production technology;
5. Build a financially sound operational system;
6. Create a flatter structure, characterized by diligence, honesty and ability; and
7. Establish a Group-wide ISO standard.

PURCHASE, SALE OR REDEMPTION OF SHARES AND CONVERTIBLE BONDS

During the period, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares and convertible bonds.

AUDIT COMMITTEE

The members of the audit committee of the Company comprise Messrs Hsu Shin-Chun and Katsuo Ko, both being independent non-executive directors of the Company. The audit committee has reviewed the unaudited consolidated interim results for the six months ended 30th June 2001 of the Company now reported on.

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.

PUBLICATION OF FINANCIAL INFORMATION

The detailed announcement on the results for the six months ended 30th June 2001 which sets out all the information required by paragraphs 45(1) and 45(3) inclusive in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be available for publication in the website of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) within 21 days from the date of this announcement.

By Order of the Board
Wei Ing-Chou
Chairman

Tianjin, PRC, 6th August 2001

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