



# Tingyi (Cayman Islands) Holding Corp.

(Incorporated in the Cayman Islands with limited liability)

## FIRST QUARTER RESULTS FOR THE THREE MONTHS ENDED 31ST MARCH 2001

This announcement is made by the Company pursuant to Paragraph 2 of the Listing Agreement to enable the shareholders to appraise the financial position of the Company and its subsidiaries (the "Group"). The Board decided to set out in this announcement a summary of the Group's first quarter unaudited results for the three months ended 31st March 2001 so that the shareholders and potential investors can have more updated information about the development, operating results and financial position of the Group. The Board would also like to clarify that the Group has not yet decided at this stage to publish quarterly results of the Group on a regular basis.

### FINANCIAL HIGHLIGHTS BASED ON UNAUDITED MANAGEMENT ACCOUNTS

- Profit attributable to shareholders reached US\$13.311 million, representing a 35.40% increase as compared to the corresponding period last year;
- Group gross margin was 32.63% whereas it was 30.45% in the corresponding period last year;
- Earnings per share was US 0.23 cents;
- Turnover amounted to US\$210.81 million, representing a 17.51% increase as compared to the corresponding period last year;
- Turnover for instant noodle, bakery and beverage was US\$156.11 million, 19.722 million and 30.897 million. Their growth rates were 9.97%, -0.14% and 118.55% respectively from the corresponding period in previous year.

### FIRST QUARTER RESULTS

The Board of Directors of Tingyi (Cayman Islands) Holding Corp. (the "Company") is pleased to set out the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 31st March 2001 as follows:

	Three months ended 31st March	
	2001 US'000	2000 US'000
Turnover (Note 1)	210,810	179,391
Cost of sales	(142,031)	(124,761)
Gross Profit	68,779	54,630
Other income	2,878	3,561
Sales costs	(34,488)	(25,251)
Administrative expenses	(10,267)	(10,062)
Other operating expenses	(4,079)	(4,134)
Profit from operations	22,823	18,744
Finance costs	(6,012)	(6,153)
Share of Profit/(Loss) of associates	109	(56)
Profit before taxation	16,920	12,535
Taxation (Note 2)	(2,645)	(2,036)
Profit from ordinary activities after taxation	14,275	10,499
Minority interests	(964)	(668)
Net Profit attributable to shareholders	13,311	9,831
Earnings per share (Note 3)	US0.23 cents	US0.17 cents

Notes:

#### 1. Turnover

	Three months ended 31st March			
	2001		2000	
	US\$'000	%	US\$'000	%
Instant noodles	156,110	74	141,959	79
Bakery	19,722	9	19,749	11
Beverages	30,897	15	14,138	8
Others	4,081	2	3,545	2
Total	210,810	100	179,391	100

#### 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 the Group's profit is not subject to Hong Kong profits tax.

Subsidiaries in the People's Republic of China ("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.

#### 3. Earnings per Share

The calculation of basic earnings per share is based on the earnings attributable to shareholders for the period under review of US\$13,311,000 (2000: US\$9,831,000) and weighted average of 5,588,705,360 shares (2000: 5,596,174,649 shares) in issue.

No figure for diluted earnings per share are shown as the exercise of the conversion rights attached to the convertible bonds would result in increasing the earning per share for the three months ended 31st March 2001 and 31st March 2000 above the basic figures respectively.

### BUSINESS REVIEW

#### Instant Food Business

Turnover for the Group's core instant noodle business increased 9.97% from the corresponding period of the previous year. The growth was mainly because of the success of "Better Access, Broader Reach" and other product strategies. During the Chinese New Year which was the high season for instant noodles, efficient promotion made the sales for "Bucket Noodle" and high-end "Splendid Noodle" increase sharply. Because of the suitable pricing, the low-end "Good Taste" and "Super Fu Moon Du" achieved general consumer acceptance and recognition. During the period, the gross margin on instant noodles rose by 1.62pp to 31.96% from the corresponding period in previous year owing to efficient sales management and sound cost control.

#### Bakery and Confectionery Business

Turnover for the bakery and confectionery business dropped 0.14% from the corresponding period of the previous year. In the fourth quarter of 2000, the Group launched a series of savory and sweet crisp sandwich biscuits which increased sales of biscuit items. Although the sales volume of the Group's rice crackers only fell marginally, affected by keen competition and lower prices, the turnover for rice crackers fell substantially. Nevertheless, the turnover for rice crackers for the export market increased 200% from the corresponding period in 2000. During the period, the Group launched "Milk Rice Crackers" and "Muffin" which have strong sales and the Directors expect these new products will benefit the Group in the future. The gross margin of the bakery and confectionery business was 35.08%, falling 2.43pp from the corresponding period in 2000.

#### Beverage Business

During the first month of 2001, the continuation of the "Better Access, Broader Reach" strategy, the popularity of tea drinks and the favourable feedback on the advertisements "Vote a Spokesman for Green Tea" and "Who is the Cooler Star", helped the Group achieve a new record in beverage turnover. These not only benefited sales of PET Green Tea, Wulong Tea and Refreshment series products, but sales for Tetra-Pak and canned products also improved. Turnover for the beverage business recorded a sharp increase of 118.55% from the corresponding period of the previous year. Among the Group's tea drinks, "Mr Kon" is the leading brand on the PRC packaged tea market.

During the period, the gross margin of the beverage business rose by 14.63pp to 34.85% from the corresponding period in 2000 owing to changes in the product mix towards high margin PET drinks.

#### Prospects

As the PRC's economy recovers, the income of PRC consumers increases and new consumption patterns emerge, there will be further development potential for the instant food market. The Group will continue to enhance the competitiveness through the following strategies:

1. Introduce strategic partners to strengthen beverage, bakery and confectionery businesses;
2. Fully develop our logistics and e-commerce system;
3. Actively expand market share and brand awareness;
4. Upgrade of 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.

### PUBLICATION OF FINANCIAL INFORMATION

The detailed announcement on the results for the three months ended 31st March 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, 25th April 2001

Web-site: [www.tingyi.com](http://www.tingyi.com)