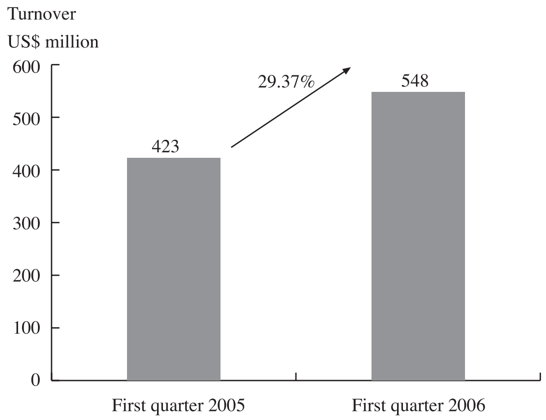
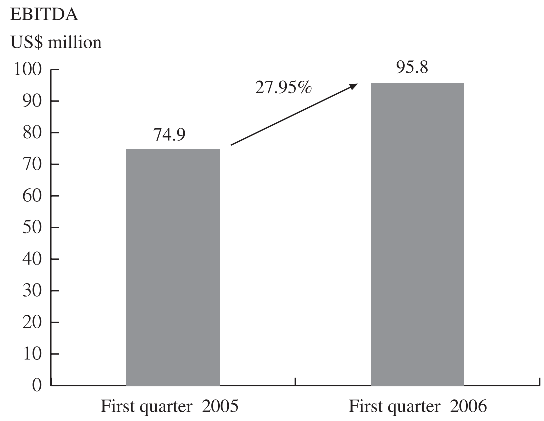
康師傅控股有限公司*
TINGYI (CAYMAN ISLANDS) HOLDING CORP.
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 322)

FIRST QUARTER RESULTS FOR THE THREE MONTHS ENDED 31ST MARCH 2006





SUMMARY

In the first quarter of year 2006, the PRC's gross domestic products (GDP) increased by 10.2% and the PRC's consumer price index (CPI) increased by 1.2% as compared to the same period last year. The Group's total turnover increased by 29.37% when compared with first quarter 2005. Although the price of major raw materials for production remained at a high level during the period, benefiting from the firm control on its overall operation, the Group's gross margin grew by 1.96ppt and EBITDA increased by 27.95%, when compared with the same period last year. As a result, profit attributable to equity holders of the Company increased by 15.88%.

Highlights of the Group's first quarterly results: (comparative figures are based on the corresponding period last year)

- Turnover of the Group reached to US$548 million, an increase by 29.37%;
- Gross margin of the Group was 32.49%, last year was 30.53%;
- EBITDA of the Group was US$95.797 million, last year was US$74.869 million, an increase by 27.95%;
- Profit attributable to equity holders of the Company amounted to US$40.394 million, increased by 15.88%, last year was US$34.857 million;
- Earnings per share amounted to US 0.72 cents, last year was US 0.62 cents;
- Turnover for instant noodles, beverage and bakery were US$271 million, US$235 million and US$23 million respectively, reflecting growth rates of 8.80%, 71.99% and 3.74% respectively.

FIRST QUARTER RESULTS

The Board of Directors of Tingyi (Cayman Islands) Holding Corp. (the "Company") is pleased to announce the unaudited condensed consolidated first quarterly financial statements of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2006 together with the unaudited comparative figures for the corresponding period in 2005. These first quarterly financial statements have been reviewed by the Company's Audit Committee.

Condensed Consolidated Income Statement
For the Three Months Ended 31 March 2006

		For the three months ended 31 March	
		2006	**2005**
		(Unaudited)	**(Unaudited)**
	Note	*US$'000*	*US$'000*
Turnover	2	547,843	423,472
Cost of sales		(369,858)	(294,203)
Gross profit		177,985	129,269
Other revenue		—	743
Other net income		5,786	5,325
Distribution costs		(93,952)	(66,863)
Administrative expenses		(14,164)	(12,144)
Other operating expenses		(8,209)	(6,516)
Finance costs	3	(3,179)	(2,799)
Share of profit of associates		2,226	2,263
Profit before taxation	4	66,493	49,278
Taxation	5	(6,116)	(5,178)
Profit for the period		60,377	44,100
Attributable to			
Equity holders of the Company		40,394	34,857
Minority interest		19,983	9,243
Profit for the period		60,377	44,100
Earnings per share	6		
Basic		0.72 cent	0.62 cent
Diluted		N/A	N/A

Condensed Consolidated Balance Sheet
As at 31 March 2006

	Note	As at 31 March 2006 (Unaudited) *US$'000*	As at 31 December 2005 (Audited) *US$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,041,465	991,279
Intangible assets		15,386	15,303
Interest in associates		44,195	54,863
Premium for land lease		54,394	54,446
Available-for-sale financial assets		10,108	10,047
Deferred tax assets		5,105	5,379
		1,170,653	1,131,317
Current assets			
Financial assets at fair value through profit or loss		2,821	2,633
Inventories		94,807	101,566
Trade receivables	8	89,457	84,573
Prepayments and other receivables		85,572	72,484
Pledged bank deposits		5,785	4,041
Bank balances and cash		265,950	152,316
		544,392	417,613
Current liabilities			
Trade payables	9	264,863	206,007
Other payables		129,843	139,130
Current portion of interest-bearing borrowings	10	109,313	119,648
Advance payments from customers		81,422	16,612
Taxation		6,079	3,503
		591,520	484,900
Net current liabilities		(47,128)	(67,287)
Total assets less current liabilities		1,123,525	1,064,030
Non-current liabilities			
Long-term interest-bearing borrowings	10	85,630	32,880
Other non-current payables		9,857	8,168
Employee benefit obligations		5,982	5,793
Deferred tax liabilities		6,816	6,816
		108,285	53,657
NET ASSETS		1,015,240	1,010,373
CAPITAL AND RESERVES			
Issued capital	11	27,943	27,943
Reserves	12	759,064	714,381
Proposed special dividend		—	59,799
Proposed final dividend		69,859	69,859
Total capital and reserves attributable to equity holders of the Company		856,866	871,982
Minority interest		158,374	138,391
TOTAL EQUITY		1,015,240	1,010,373

Notes:

1. **Basis of preparation and accounting policies**

The Directors are responsible for the preparation of the Group's unaudited first quarterly financial statements. These unaudited first quarterly financial statements have been prepared in accordance with Hong Kong Accounting Standard No 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants. These condensed quarterly financial statements should be read in conjunction with the 2005 annual financial statements. The accounting policies adopted in preparing the unaudited quarterly financial statements for the three months ended 31 March 2006 and 2005 are consistent with those in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

2. **Turnover and segment result by major products**

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

An analysis of the Group's turnover by major products is set out below:

	Turnover For the three months ended 31 March		**Segment result For the three months ended 31 March**	
	2006	**2005**	**2006**	**2005**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Instant noodles	271,440	249,475	20,865	27,177
Beverages	234,978	136,620	44,834	20,106
Bakery	23,999	23,134	41	375
Others	17,426	14,243	202	2,612
Total	547,843	423,472	65,942	50,270

3. **Finance costs**

	For the three months ended 31 March	
	2006	**2005**
	(Unaudited)	**(Unaudited)**
	US$'000	*US$'000*
Interest expenses:		
Bank and other loans wholly repayable within five years	3,179	2,799

4. **Profit before taxation**

Profit before taxation is stated after charging the following:

	For the three months ended 31 March	
	2006	**2005**
	(Unaudited)	**(Unaudited)**
	US$'000	*US$'000*
Depreciation	26,670	23,010

5. **Taxation**

	For the three months ended 31 March	
	2006	**2005**
	(Unaudited)	**(Unaudited)**
	US$'000	*US$'000*
PRC enterprise income tax	6,116	5,178

The Cayman Islands levy 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, which are engaged in manufacture and sale of food product, 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, commencing from the first profitable year after offsetting all unexpired tax losses carried forward from the previous years.

6. **Earnings per Share**

The calculation of basic earnings per share is based on the net profit attributable to equity holders of the Company for the period of US$40.394 million (2005: US$34.857 million) and on the weighted average of 5,588,705,360 (2005: 5,588,705,360) ordinary shares in issue during the period. Diluted earnings per share for the periods have not been shown as the Company do not have any dilutive ordinary shares.

7. **Dividend**

The Board of Directors resolves that no dividend be paid for the three months ended 31 March 2006 (2005: nil).

8. **Trade Receivables**

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

	As at 31 March 2006	**As at 31 December 2005**
	(Unaudited)	**(Audited)**
	US$'000	*US$'000*
0 - 90 days	78,813	74,018
Over 90 days	10,644	10,555
	89,457	84,573

9. **Trade Payables**

The ageing analysis of trade payables is as follows:

	As at 31 March 2006	**As at 31 December 2005**
	(Unaudited)	**(Audited)**
	US$'000	*US$'000*
0 - 90 days	250,968	188,994
Over 90 days	13,895	17,013
	264,863	206,007

MANAGEMENT DISCUSSION AND ANALYSIS

Sales for the first quarter grew by 29.37% to US$547.843 million over same period last year. This was driven by a 8.80% increase in instant noodles sales, 71.99% increase in beverage sales and 3.74% growth in bakery sales. Overall gross margin increased 1.96 ppt. to 32.49% when compared to 30.53% in the first quarter 2005. During the period, the price of major raw materials remained at a high level. However, the Group's overall gross margin continued to increase due to the stable sales growth in high-end packet noodles and container noodles, the increase in the sales portion of high margin beverage product to 43% of the Group's total sales and the efficient production management and cost control.

Operating profit increased to US$69.869 million in the first quarter of 2006 from US$50.262 million in same period 2005, an increase of 39.01%. Operating margin increased by 0.88 ppt. from 11.87% on same period 2005 to 12.75% in this first quarter. The main driver for the operating profit improvement was from the increase of gross profit. Distribution costs as a percentage of total sales amounted to 17.15% in the first quarter 2006 and 15.79 % in same period 2005. The increase was mainly because of the growth from advertising and promotional expenses. Finance cost increased by 13.58% to US$3.179 million, due to the increase of loans. During the first quarter of year 2006, EBITDA grew by 27.95% to US$95.797 million and the profit attributable to equity holders of the Company increased 15.88% to US$40.394 million, representing earnings per shares of US0.72 cents. These first quarterly results have set new records in terms of the Group's sales and profit in the first quarter!

Instant Noodles Business

In the first quarter of year 2006, turnover for the instant noodles business reached to US$271.440 million, reflecting a growth of 8.80% from the same period last year and representing 49.55% of the Group's total turnover. The successful sales were mainly attributable to continuing brand investment under the current solid base "Better Access, Broader Reach". Also, leveraging on the strategy of overall improvement on the sense of value for high-end instant noodles products and effective communication with media, the Group put all its effort to build "Master Kong" as a high-value brand name and achieved a continuing stable growth in both container noodles and high-end packet noodles.

In addition, leveraging on deep plowing in village markets and increased consumers' demands on instant noodles in rural areas, the Group is in the positive process to adjust the strategy for low-price noodles. As at the end of the first quarter, 8 factories in total for low-price noodles have commenced production. In long term, the increase in production capacity will strengthen the Group's sales in low-price products and further shorten the distance between the Group and rural consumers. At the same time, the operation cost of low-price instant noodles can be controlled effectively to enhance the Group's competitiveness in such market.

During the period, the Group introduced "Soup King" series which carries the theme of "More Nutrition, More Taste", to provide more choices for high quality instant noodles to consumers. Meanwhile, for the low-price noodles, the Group launched "Fu Man Duo-Yi Wan Xiang" series. According to AC Nielsen, for the period of March 2006, by sales value, the Group's market share was 38.6% in the PRC instant noodles market and secured the No.1 position in the market.

In the first quarter, the gross margin of the Group's instant noodles increased 1.18 ppt. to 25.13% mainly because of the continuous increase in sales portion of high margin container noodles and high-end packet noodles. In the first quarter, despite the continuous high price for core material flour, the gross margin still improved as a result of the cost control and the refining of the production process. Profit attributable to equity holders of the Company was US$18.807 million, dropped by 18.23%. Profit declined mainly because of the launch for new products and strategic advertising and promotion which led to the increase of the distribution costs.

Beverage Business

In the first quarter of year 2006, turnover for beverage jumped by 71.99% to US$234.978 million, setting a new record for first quarters and representing 42.89% of the Group's total turnover. During the period, the Group continued to promote tea drinks and improved the performance significantly through the strategies of extended flavors and product differentiation. The Jasmine Tea and Iced Red Tea, launched in 2005, kept selling well in the period, further consolidating the leading position of Master Kong's tea drinks. During the period, for diluted juice series, the Group continued to stimulate demands and improve sales through Daily C with Pulp Orange Juice and Pulp Grapefruit Juice. Master Kong Mineralized Water had a remarkable performance. Through the improvement on production efficiency, the gross margin for bottle water has a significant improvement. According to AC Nielsen, for the period of March 2006, market share for Master Kong's Ready-To-Drink Tea has been increased to 52.1% and continued to secure the No.1 position in the market. Leveraging on the leading competitive position that was attributable to the extended brand, flavor and package, Master Kong's juice drink series gained No.3 position in the diluted juice market and 17.3% market share. New products launched in early April included Barley Tea, which carries the theme of "Nature and Health" and Ice Shock Green Tea, which carries fresh peppermint flavour.

In spite of the fact that the price of PET plastic resin continued to stand at a high level, the doubled sugar price and the doubled sales of lower margin bottle water, the gross margin of beverage business for the first quarter only dropped by 0.76ppt. from the same period last year and maintained at a high level of 39.69% due to the Group's highly efficient production facilities and vertical integrated production process which have offset the pressure of rising prices in raw materials and the fast growth of sales leading to the high utilization rate for beverage production lines. Profit attributable to equity holders of Company was US$20.864 million, jumped by 140.65% mainly because of the effective cost control and growth on sales as a result of successful sales and marketing strategy. Profit for beverage business during the period has also achieved a new record in the first quarter which is the low season for beverages in the PRC.

Bakery Business

Due to the successful strategies of continuously emphasizing on brand management and product differentiation, the sales of Sandwich Crackers, Muffin and Savory Taste Biscuit remained stable, despite the stagnant bakery market. According to AC Nielsen, for the period of March 2006, Master Kong's sandwich crackers achieved a market share of 24.0%, occupying the No. 2 position. New rice based products will be launched within the second quarter through the Group's joint venture company with Japanese Kameda Seika Co., Ltd.

In the first quarter, bakery business turnover amounted to US$23.999 million, grew by 3.74% from the same period last year representing 4.38% of the Group's total turnover. Gross margin dropped by 0.47 ppt. to 35.46% when compared to last first quarter. Profit attributable to equity holders of the Company dropped by US$261,000 to US$89,000 mainly because of the increase in strategical advertising expense.

Refrigerated Products Business

Strategies for the Group's refrigerated products included introducing the promotion theme for the brand image building with "Health, Fashion and Confidence", positioning the products with a sense of high value, emphasizing on product differentiation and strengthening the communication between the products and the point of consumers' benefits. In addition, the sales network for the Group's refrigerated products has been expanded from Shanghai to Beijing and Guangzhou. Sales for refrigerated products grew by 28.36% during the period. The business did not generate profit since it is still in a regional sales expanding stage.

FINANCING

As of 31 March 2006, the Group's total liabilities amounted to US$700 million, representing an increase of US$161 million from US$539 million as at 31 December 2005. Total assets amounted to US$1,715 million. The leverage ratio calculated as total liabilities to total assets increased by 6 ppt. to 40.8% as compared to 31 December 2005. The increase was mainly because of the growth in trade payables at the end of March for the loans in matching the capitial expension and the increase in advance payments from customers. The Group's long-term and short-term loans increased by US$42.415 million as compared to 31 December 2005. The Group's loans are mainly denominated in US dollars and the portion for US dollars and Renminbi in the Group's total borrowing was 75.6% and 9.44% respectively. In addition, the Group's transactions are mainly denominated in Renminbi. Revaluation in the Renminbi in terms of US dollars slightly increased by 0.54% brought an exchange gain of US$5.302 million to the Group during the first three months of the year. US$1.013 million and US$4.289 million of the exchange gain was stated in the income statement and exchange translation reserve respectively. As of 31 March 2006, the Group had no contingent liability and cash on hand amounted to US$272 million.

Financial Ratio

	As at 31 March 2006	As at 31 December 2005
Finished goods turnover	9.67 Days	9.61 Days
Accounts receivable turnover	14.29 Days	15.43 Days
Current ratio	0.92 Times	0.86 Times
Debt ratio (Total liabilities to total assets)	40.8%	34.77%
Gearing ratio (Net debt to equity attributable to equity holders of the Company)	-0.09 Times	0.00 Times

HUMAN RESOURCES

During the first quarter, several factories for low-price instant noodle and bottle water have commenced production. As a result, the number of the Group's staff increased to 29,080 as at 31 March 2006 (31 December 2005: 25,273). The Group provides a competitive salary packages, insurance and medical benefit and professional training courses to employees. The Group believes that the good management system for human resources will enhance employee's contribution to the Group.

PROSPECTS

The growth for the PRC consumers' income and the new concept for consumption will expand the development for the instant food market and benefit the growth for the Group's product directly. In the first quarter, the price of core raw materials still stood at high level. Management believes that the Group has ability to mitigate the pressure through cost control, and refining production process. In addition, the beverage sales growth is continued to be faster than the noodles sales growth so that the Group's gross margin may be further expanded. Under the "Profit Priority" policy, the Group has confidence to expand its total sales and further strengthen the leading position of each product in the PRC market.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

Throughout the period ended 31 March 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 is taking steps towards the adoption of appropriate measures to ensure that the Company's corporate governance practices comply to the Code.

Audit Committee

In compliance with the requirement under Rule 14 of the Code of Best Practice setting out in Appendix 14 of the Listing Rules effective before 1 January 2005, the Company has established the Audit Committee in September 1999 and currently has three Independent Non-executive Directors, Mr. Hsu Shin-Chun, Mr. Lee Tiong-Hock and Mr. Kazuo Ogawa. The latest meeting of the Committee was held to review the results of the Group for the period.

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.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

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 46(1) to 46(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.masterkong.com.cn in due course.

BOARD OF DIRECTORS

As at the date of this report, 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, PRC, 22 May 2006

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

* *For identification purposes only*