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INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2009

SUMMARY

US\$ million	For the six months ended 30 June		Change
	2009	2008	
• Turnover	2,501.673	2,049.253	+22.08%
• Gross margin of the Group	36.21%	32.94%	+3.27ppt.
• Gross profit of the Group	905.781	674.936	+34.20%
• EBITDA	416.898	322.127	+29.42%
• Profit for the period	249.105	190.982	+30.43%
• Profit attributable to equity holders of the Company	179.383	127.607	+40.57%
• Earnings per share (US cents)	3.21	2.28	+US0.93cents

At 30 June 2009, Cash and cash equivalents was US\$731.606 million and Gearing ratio was 0%.

INTRODUCTION

With the effective implementation of the economic stimulus package by the government of the PRC, the gross domestic product (GDP) of the second quarter in 2009 grew by 7.9%, representing an increase of 1.8 ppt. as compared to the growth rate of 6.1% in the first quarter. This is the first increase in the growth rate of the PRC economy after consecutive declines in year-on-year quarterly growth rates since the third quarter of 2007, indicating a trend of recovery in the PRC economy. During the first half of the year, the PRC's consumer price index (CPI) decreased by 1.1% year-on-year and the producer price index (PPI) decreased by 5.9% year-on-year. The CPI fell further in June, we expected the monthly CPI figures may return to positive levels during the second half of the year.

As the domestic economy stabilized and domestic market demand continued to expand, the growth in retail sales of consumer products also continued to increase. The Group captured this opportunity and increased sales through flexible marketing strategies and effective market networks. As a result, the Group's turnover continued to achieve record height. In the first half of 2009, turnover of the Group increased by 22.08% over the same period last year to US\$2,501.673 million. Turnover for instant noodles, beverage and bakery increased by 9.36%, 37.77% and 14.33% to US\$1,074.451 million, US\$1,299.144 million and US\$77.613 million respectively. Profit before taxation increased by 36.28% compared with the same period in last year to US\$313.856 million. Profit attributable to equity holders of the Company increased by 40.57% to US\$179.383 million. During the period, the Group's instant noodle, Ready-To-Drink (RTD) Tea, mineralized water and sandwich crackers continued to maintain leading positions in the PRC market.

2009 INTERIM RESULTS

The Board of Directors of Tingyi (Cayman Islands) Holding Corp. (the "Company") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 together with the unaudited comparative figures for the corresponding periods in 2008. These unaudited interim financial statements have been reviewed by the Company's Audit Committee.

Condensed Consolidated Income Statement
For the Six Months Ended 30 June 2009

		For the six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
Turnover and revenue	2	2,501,673	2,049,253
Cost of sales		(1,595,892)	(1,374,317)
Gross profit		905,781	674,936
Other net income		24,931	38,818
Distribution costs		(514,237)	(392,737)
Administrative expenses		(57,011)	(50,224)
Other operating expenses		(41,288)	(32,329)
Finance costs	5	(10,923)	(15,517)
Share of results of associates		6,603	7,353
Profit before taxation	5	313,856	230,300
Taxation	6	(64,751)	(39,318)
Profit for the period		249,105	190,982
Attributable to			
Equity holders of the Company		179,383	127,607
Minority interests		69,722	63,375
Profit for the period		249,105	190,982
Earnings per share	7		
Basic		3.21 cents	2.28 cents
Diluted		3.21 cents	2.28 cents

Condensed Consolidated Statement of Comprehensive Income
For the Six Months Ended 30 June 2009

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	<i>US\$'000</i>	<i>US\$'000</i>
Profit for the period	249,105	190,982
Other comprehensive (loss) income		
Net (losses) gains recognised directly in equity		
Exchange translation difference	(1,159)	75,626
Total comprehensive income for the period (net of tax)	<u>247,946</u>	<u>266,608</u>
Total comprehensive income attributable to:		
Equity holders of the Company	178,288	203,233
Minority interests	<u>69,658</u>	<u>63,375</u>
	<u>247,946</u>	<u>266,608</u>

Condensed Consolidated Statement of Financial Position
At 30 June 2009

		At 30 June 2009 (Unaudited) US\$'000	At 31 December 2008 (Audited) US\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		2,038,292	1,974,445
Intangible assets		8,341	9,733
Interest in associates		54,023	68,095
Prepaid lease payments		80,751	81,308
Available-for-sale financial assets		3,452	3,760
Deferred tax assets		5,379	5,379
		<u>2,190,238</u>	<u>2,142,720</u>
Current assets			
Financial assets at fair value through profit or loss		2,050	550
Inventories		184,601	194,904
Trade receivables	9	147,848	129,944
Prepayments and other receivables		109,880	108,434
Pledged bank deposits		7,521	4,889
Bank balances and cash		724,085	380,075
		<u>1,175,985</u>	<u>818,796</u>
Total assets		<u><u>3,366,223</u></u>	<u><u>2,961,516</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital		27,934	27,934
Reserves		674,788	672,676
Retained profits		553,417	376,421
Proposed final dividend		—	130,172
		<u>1,256,139</u>	<u>1,207,203</u>
Equity attributable to equity holders of the Company		1,256,139	1,207,203
Minority interests		398,791	331,435
Total Equity		<u><u>1,654,930</u></u>	<u><u>1,538,638</u></u>
Non-current liabilities			
Interest-bearing borrowings		135,930	135,852
Other non-current payables		2,295	2,295
Employee benefit obligations		10,213	9,200
Deferred tax liabilities		50,420	39,848
		<u>198,858</u>	<u>187,195</u>
Current liabilities			
Trade payables		627,700	403,925
Other payables		592,288	352,475
Interest-bearing borrowings		182,218	431,229
Advance payments from customers		86,390	36,483
Taxation		23,839	11,571
		<u>1,512,435</u>	<u>1,235,683</u>
Total liabilities		<u><u>1,711,293</u></u>	<u><u>1,422,878</u></u>
Total equity and liabilities		<u><u>3,366,223</u></u>	<u><u>2,961,516</u></u>

Notes:

1. Basis of preparation and accounting policies

The Directors are responsible for the preparation of the Group's unaudited interim financial statements. These unaudited interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These condensed quarterly financial statements should be read in conjunction with the 2008 annual financial statements. The accounting policies adopted in preparing the unaudited interim financial statements for the six months ended 30 June 2009 are consistent with those in the preparation of the Group's annual financial statements for the year ended 31 December 2008, except for the impact of the adoption of the Standards and Interpretations described below.

HKFRS 8 *Operating Segments* (effective for annual periods beginning on or after 1 January 2009).

HKFRS 8 is a disclosure Standard that has resulted in a redesignated of the Group's reportable segments, but has had no impact on the reported results or financial position of the Group.

HKAS 1 (revised 2007) *Presentation of Financial Statements* (effective for annual periods beginning on or after 1 January 2009)

The revised Standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised Standard has had no impact on the reported results or financial position of the Group.

The following amendments and interpretations issued by HKICPA which are or have become effective and did not have any material impact on the accounting policies of the Group.

Annual Improvements Project	Improvements to HKFRSs
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 Amendments	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendments	Share-based Payment – Vesting Conditions and Cancellations
Amendments to HKFRS 7	Improving Disclosure about Financial Instruments
HK(IFRIC) – INT 13	Customer Loyalty Programmes
HK(IFRIC) – INT 15	Agreements for the Construction of Real Estate
HK(IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation
Amendments to HK(IFRIC) – INT 9 and HKAS 39	Embedded Derivatives

2. Turnover and revenue

The Group's turnover and revenue represents the invoiced value of goods sold to customers, net of returns, discounts and value added tax.

3. Segment information

For Six Months ended 30 June 2009						
	Instant noodles (Unaudited) US\$'000	Beverages (Unaudited) US\$'000	Bakery (Unaudited) US\$'000	Others (Unaudited) US\$'000	Inter-segment elimination (Unaudited) US\$'000	Group (Unaudited) US\$'000
Revenue						
Revenue from external customers	1,074,451	1,299,144	77,613	50,465	—	2,501,673
Inter-segment revenue	75	611	409	40,769	(41,864)	—
Segment revenue	<u>1,074,526</u>	<u>1,299,755</u>	<u>78,022</u>	<u>91,234</u>	<u>(41,864)</u>	<u>2,501,673</u>
Segment results	135,948	171,738	7,286	4,388	(1,184)	318,176
Finance costs						(10,923)
Share of results of associates						6,603
Profit before taxation						<u>313,856</u>

For Six Months ended 30 June 2008						
	Instant noodles (Unaudited) US\$'000	Beverages (Unaudited) US\$'000	Bakery (Unaudited) US\$'000	Others (Unaudited) US\$'000	Inter-segment elimination (Unaudited) US\$'000	Group (Unaudited) US\$'000
Revenue						
Revenue from external customers	982,460	942,979	67,887	55,927	—	2,049,253
Inter-segment revenue	114	296	210	46,900	(47,520)	—
Segment revenue	<u>982,574</u>	<u>943,275</u>	<u>68,097</u>	<u>102,827</u>	<u>(47,520)</u>	<u>2,049,253</u>
Segment results	75,376	150,571	2,657	7,957	1,903	238,464
Finance costs						(15,517)
Share of results of associates						7,353
Profit before taxation						<u>230,300</u>

Segment results represents the profit earned by each segment without allocation of finance costs and share of results of associates. This is the measure reported to chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

3. Segment information (continued)

An analysis of the Group's assets by operating segment is set out below:

	At 30 June 2009					Group (Unaudited) US\$'000
	Instant noodles (Unaudited) US\$'000	Beverages (Unaudited) US\$'000	Bakery (Unaudited) US\$'000	Others (Unaudited) US\$'000	Inter-segment elimination (Unaudited) US\$'000	
Segment assets	1,247,947	1,911,163	55,191	662,818	(570,298)	3,306,821
Interest in associates						54,023
Unallocated assets						5,379
						<u>3,366,223</u>
	At 31 December 2008					Group (Audited) US\$'000
	Instant noodles (Audited) US\$'000	Beverages (Audited) US\$'000	Bakery (Audited) US\$'000	Others (Audited) US\$'000	Inter-segment elimination (Audited) US\$'000	
Segment assets	1,215,017	1,482,103	61,109	622,049	(492,236)	2,888,042
Interest in associates						68,095
Unallocated assets						5,379
						<u>2,961,516</u>

4. Seasonality of operations

Due to the seasonal nature of the beverages segment, higher revenue is usually expected in the second and third quarters. Higher sales during the period from June to August are mainly attributed to the increased demand for packed beverages during the hot season.

5. Profit before taxation

Profit before taxation is stated after charging the following:

	For the six months ended 30 June	
	2009 (Unaudited) US\$'000	2008 (Unaudited) US\$'000
Finance costs		
Interest on bank loans		
wholly repayable within five years	<u>10,923</u>	<u>15,517</u>
Other items		
Depreciation	97,140	80,325
Amortisation	<u>2,322</u>	<u>2,149</u>

6. Taxation

	For the six months ended 30 June	
	2009 (Unaudited) US\$'000	2008 (Unaudited) US\$'000
Current tax – PRC Enterprise Income Tax		
Current period	54,179	32,254
Deferred taxation		
Origination and reversal of temporary differences, net	2,305	1,064
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	<u>8,267</u>	<u>6,000</u>
Total tax charge for the period	<u>64,751</u>	<u>39,318</u>

The Cayman Islands levies no tax on the income of the Company and 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 engage in manufacture and sale of instant noodles, beverages and bakery 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 were entitled to a preferential PRC Enterprise Income Tax ("EIT") rate of 15% before 31 December 2007. Also, they were 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 ("Tax Holidays"). For the PRC subsidiaries not entitled to a preferential PRC EIT, the applicable PRC EIT is at a statutory rate of 25%.

According to the Tax Relief Notice (Cai Shui [2001] no. 202) on the Grand Development of Western Region jointly issued by the Ministry of Finance, the State Administration of Taxation and China Customs, foreign investment enterprises located in the western region of PRC with principal revenue of over 70% generated from the encouraged business activities are entitled to a preferential income tax rate of 15% for 10 years from 1 January 2001 to 31 December 2010. Accordingly, certain subsidiaries located in Western Region are entitled to a preferential rate of 15%.

Pursuant to the State Council Circular on the Implementation of the Transitional Concession Policies for Enterprise Income Tax (Guo Fa [2007] no. 39), enterprises previously entitled to a reduced tax rate shall have a grace period of five years regarding the tax reduction commencing on 1 January 2008; the subsidiaries which were entitled to a 15% EIT rate will be subjected to tax rates of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012 and thereafter. The subsidiaries that have been granted tax concessions under the tax preferential policies in the Grand Development of Western Region shall continue to enjoy the tax concessions until expiry.

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends distributed to foreign investors by the foreign investment enterprises established in PRC. The requirement is effective from 1 January 2008 and applies to earnings accumulated after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between PRC and jurisdiction of the foreign investors. For the Group's PRC subsidiaries, the applicable rate is 10% and deferred tax liability is only provided on those parts of post-2007 earnings that are expected to be distributable in the foreseeable future.

7. (a) Basic earnings per share

The calculation of earnings per share is based on the profit attributable to equity holders of the Company of US\$179,383,000 for the period ended 30 June 2009 (2008: US\$127,607,000) and the weighted average of 5,586,793,360 (2008: 5,588,705,360) ordinary shares in issue throughout the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company of US\$179,383,000 for the period ended 30 June 2009 (2008: US\$127,607,000). The share options are dilutive for the six months ended 30 June 2009 and 2008 and are therefore included from the weighted average number of ordinary shares for the purposes of diluted earnings per share.

	For the six months ended 30 June	
	2009 No. of shares	2008 No. of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,586,793,360	5,588,705,360
Effect of deemed issue of shares under the Company's share option scheme	5,078,955	962,513
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,591,872,315	5,589,667,873
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8. Dividend

The Board of Directors resolves that no dividend be paid for the six months ended 30 June 2009 (2008: nil).

9. Trade receivables

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

	At 30 June 2009 (Unaudited) US\$'000	At 31 December 2008 (Audited) US\$'000
0 - 90 days	137,425	117,008
Over 90 days	10,423	12,936
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	147,848	129,944
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

Benefiting from effective sales strategy, cost control and effective market deployment, the Group's second quarter's turnover increased by 22.79% to US\$1,326.364 million as compared to the same period last year. Turnover for instant noodles, beverage and bakery increased by 6.39%, 38.48% and 10.87% to US\$486.756 million, US\$773.926 million and US\$37.838 million respectively. During the period, prices for the Group's major raw materials such as palm oil and PET resin have sharply decreased when compared to second quarter last year, but have increased when compared to first quarter this year. Meanwhile, prices for flour and sugar continued to increase. Through the Group's effective production management and optimized product mix, the Group's overall gross margin grew by 3.54ppt. to 36.95% and gross profit increased by 35.78% year-on-year. Profit before tax increased by 26.06% to US\$145.005 million and EBITDA grew by 21.53% to US\$196.683 million. Profit attributable to equity holders of the Company increased by 38.55% to US\$86.598 million when compared to second quarter 2008.

Instant Noodle Business

In the first half of 2009, turnover for instant noodles grew by 9.36% year-on-year to US\$1,074.451 million, representing 42.95% of the Group's total turnover. As a result of the decreased palm oil price during the period and improvements in production efficiency, gross margin increased by 5.45ppt. to 31.49% and gross profit grew by 32.27% year-on-year. Profit attributable to equity holders of the Company was US\$99.848 million, an increase of 71.22%.

The market of instant noodles was affected by the declining PPI, with the operating costs of retail enterprises adjusted downward and some small size factories re-entered the market, while the falling CPI had positive effects on consumers. Despite slower growth in the instant noodle market, the trend towards high-end noodles still persists. Competition in the market for medium to lower end noodles intensified due to an increase in supplies from various manufacturers. Fluctuations in future raw material costs, the implementation of the Food Safety Law and the demand for product quality from consumers would bring more uncertainties to the instant noodle market. Master Kong, being a leading brand, will continue its endeavours to maintain the healthy development of the industry apart from satisfying consumer needs.

Master Kong's four classic instant noodle products, namely "Noodles with Braised Beef", "Noodles with Spicy Beef", "Noodles with Stewed Mushroom and Chicken" and "Noodles with Fresh Shrimp and Fish", have been well received by customers all over the country and diversified varieties help to satisfy different customer needs. In order to satisfy the needs for different tastes of customers from different areas, Master Kong established a regional brand based on the regional culture of food and drinks, new flavours have been developed continuously so as to foster the fusion of instant noodles into the culture of Chinese cuisine. For operations of the Group's auxiliary brand, "Shimianbafan" continued its promotion under "The journey for Fried Noodle delicacy", and through marketing with box and packet packaging further consolidated Master Kong's top leading position in the mixed fried noodle market segment. The marketing of the new product, Dian Xin Mian, focusing on its product characteristic of rich contents, and its attractive and cute packaging appealed to young customer groups. "Mianba La Mian" has effectively satisfied consumers who crave for quality noodles. "Jing Shuang La Mian" and "Hao Zi Wei" have also made their foray in the medium to lower-end market segments. Thus, through a comprehensive product mix, sales continued to increase.

In the low price noodle market segment, the Group has made "Fumanduo" the primary brand to achieve the strategic targets of maintaining growth in sales and enhancing product advantages and strengthening brand communications continuously. After the medium priced "Super Fumanduo" appointed "MayDay" (a music band) as its brand representative, its leading brand position in the young customer segment was well established. The RMB 1.0 Fumanduo and the "Yi Wan Xiang" series built a strong foothold at markets levels 3/4/5 where the competing products were restrained and sales grew rapidly. "Fumanduo Fried Noodle" was launched in the southern region and started the new RMB 1.0 market to meet the demand from medium to lower end customer groups for mixed fried noodles. In the snack noodle market, continuous promotions for customers and the launching of new flavours have driven growth in sales volume. Thus, more refined optimization of product mix has driven growth of the Group effectively in the low price market.

According to ACNielsen's survey in June 2009, in terms of sales volume and value of instant noodle, the Group's market share in overall PRC market increased to 41.2% and 54.1% respectively. In terms of sales value, market share for the Group's bowl noodle and high-end packet noodle were 69.4% and 73.0% respectively, establishing them firmly in the No.1 position for more than ten years.

On the production front, the production system was further improved by the introduction of TPM, WMS, ISO22000 and ISO9000 projects and the production processes in the existing plant were revamped. Speedy production lines for instant noodles were adopted to facilitate the acceleration of automation and mechanization of plant equipment. The planning for small item production centre was improved to enhance both production efficiency and productivity per capita, thus the production cost pressures resulting from the rising prices of raw materials, energy and wages were alleviated. The establishment of advance storage and distribution centre was encouraged in order to improve the quality of market services effectively. The newly completed modern plant in Tianjin will enhance the performance of instant noodle production substantially.

In response to changes in consumer market demand, in July the Group has carried out an overall upgrading in quality and quantity for “Classic Packet Noodles”, the high-end packet noodles, in order to offer greater satisfaction to quality desiring consumers and the retail price has been adjusted from RMB1.8 to RMB2 per packet. At the same time, the “Fine Selected Series” was launched at RMB1.5 to meet the demand from consumers who desire for good quality as well as money-for-value products in order to provide more diversified quality choices for consumers.

Beverage Business

In the first half of 2009, turnover for beverage grew by 37.77% year-on-year to US\$1,299.144 million, representing 51.93% of the Group’s total turnover. Despite the adverse impact of the financial tsunami and the H1N1 influenza A, the beverage business recorded rapid growth during the period with the upturn of the economy, warmer weather and effective sales strategy. Gross margin increased by 0.48ppt. to 39.44% and gross profit grew by 39.49% year-on-year. Profit attributable to equity holders of the Company was US\$68.755 million, an increase of 8.57%.

Since the commencement of the promotional lucky draw activity of “One More Bottle” organized under the Master Kong tea series in February this year, consumption was stimulated. During the period under review, Master Kong ice tea created popular brand recognition for the Group’s products among young consumers through the “Ice Strength Frontier Band Contest” with increased sales. Master Kong green tea was stricter in the selection of raw materials while refining its flavour continuously so that the perfect feeling of lifestyle and healthiness would be derived from the natural tea flavour. The Jasmine Tea series continued its strong sales and became a successful sub-category product with outstanding performance in the market. In view of the heritage of tea culture and the changes in the consumers’ values, tea drinks became more popular and more in demand by consumers. Apart from launching new products to meet different consumer needs, Master Kong was also building itself a brand image of tea expert. During the period, the Group launched new products such as sugar free green tea, Tie Guan Yin tea and Oolong tea, which will further strengthen Master Kong’s leading position in the tea drinks market.

In the highly competitive fruit juice market, the Group established its foothold in the market by the introduction of duo brands Master Kong and Fresh Daily C and operated on differential tastes with new flavours being launched. A blackcurrant juice drink which was praised to be the “King Fruit of natural vitamin C”, was launched during the period under review.

A series of attacks occurred on the internet last year had certain impact on the sales of the Master Kong mineralized water. During the period under review, the Group took active steps for brand recovery and help consumers to have a clear and better understanding of the product quality of the Company and the integrity of our management and the sales of bottled water increased steadily as a result.

According to ACNielsen’s survey in June 2009, in terms of sales volume, Master Kong RTD tea’s market share in overall PRC market increased to 51.0%. Market share for Master Kong bottled water was 23.2%, ranking No.1 in the market. For the Group’s juice drinks, by using duo brands have gained 14.7% market share, ranking No.3 in the diluted juice market.

Bakery Business

In the first half of 2009, turnover for bakery grew by 14.33% year-on-year to US\$77.613 million, representing 3.10% of the Group’s total turnover. Gross margin increased by 2.77ppt. to 41.06% and gross profit grew by 22.58% year-on-year. Profit attributable to equity holders of the Company was US\$6.127 million, an increase of 98.03%. The increase of gross profit was mainly due to the continuous improvement in production efficiency and significant sales growth from its key product “3+2” sandwich crackers. Growth in profit was primarily resulted from the increasing gross profit and the adjustment in advertising investment strategy under which more pragmatic marketing strategies for consumers were adopted and proved to be effective.

According to ACNielsen's survey in June 2009, in terms of sales volume and value, Master Kong had respective market shares of 24.8% and 25.8%, ranked second in the sandwich cracker market. Market share for Master Kong egg rolls were 19.2% and 26.9% respectively, ranked No.1 in the market. Bakery business will continue to expand with the growth of core products, modernization of traditional foods, increased sales items and strengthened core production technologies through different modes of co-operations.

Refrigeration Business

In the first half of 2009, refrigeration business continued to develop smoothly, Daily C fresh juice, Wei Chuan yogurt and Wei Chuan active lactobacillus drinks maintained stable sales growth in the Great Shanghai area.

On 7 November 2008, the Company and Wei Chuan (BVI) Co., Ltd. entered into an agreement, pursuant to which Wei Chuan (BVI) has conditionally agreed to acquire from the Company the entire equity interest in Hangzhou Wei Chuan Foods Co., Ltd. at a consideration of RMB73.960 million. Hangzhou Wei Chuan is a wholly-owned subsidiary of the Company and principally engaged in the manufacture and sale of refrigeration products. The transaction is expected to complete in the third quarter 2009.

FINANCING

As of 30 June 2009, the Group's total liabilities amounted to US\$1,711.293 million, and total assets amounted to US\$3,366.223 million. The Group's total liabilities increased by US\$288.415 million as compared to US\$1,422.878 million as at 31 December 2008. The debt ratio, calculated as total liabilities to total assets, increased by 2.79ppt. to 50.84% as compared to 31 December 2008. The increase in debt ratio was because other payables and other payables and trade payables have increased mainly for capital expenditures and purchasing of more raw materials due to the increase in activities. Also 2008 final dividend payable is included under other payables. The Group's long-term and short-term bank loans decreased by US\$248.933 million, as compared to 31 December 2008. The Group's proportion of the total borrowings denominated in foreign currency and Renminbi was 89% and 11% respectively. The proportion between the Group's long-term loans and short-term loans was 43% and 57%. In addition, the Group's transactions are mainly denominated in Renminbi. The depreciation of Renminbi against US dollars by 0.02% brought an exchange loss of US\$2.910 million during the first six months of 2009, of which US\$1.751 million and US\$1.159 million have been included in the income statement and exchange translation reserve respectively.

The Group continued to maintain its sound liquidity. As of 30 June 2009, the Group had bank balances and cash on hand of US\$731.606 million, and no contingent liability.

Financial Ratio

	As at 30 June 2009	As at 31 December 2008
Finished goods turnover	9.88 Days	9.45 Days
Trade receivables turnover	9.99 Days	10.44 Days
Current ratio	0.78 Times	0.66 Times
Debt ratio (Total liabilities to total assets)	50.84%	48.05%
Gearing ratio (Net debt to equity attributable to equity holders of the Company)	—	0.15 Times

HUMAN RESOURCES

The number of the Group's staff was 48,188 as at 30 June 2009 (31 December 2008: 49,089). During the period, the Group continued to create more value of its personnel and maintained a human resources direction for its long-term resources, including the recruitment, training, deployment and retention of talents, the Group shall be better equipped to cultivate and retain talents for its continuous development.

The Group implemented a uniform system of recruitment and before-job training for new staff so as to build key resource forces for the Group's future development. The "Ting Hsin International Group – Master Kong Waseda Scholarship" has been established in order to speed up the training of domestic officers for enhancing the management and leadership of personnel in key positions as well as to improve the Group's educational training system for actualization of the talent retention policy. We recognize that talented employees are one of Master Kong's core competitive edges. Hence, we will continue to put significant emphasis on staff training, development and retention.

PROSPECTS

Driven by the twin growth in total retail sales of social consumer products and growth in social fixed asset investments, the gross domestic product (GDP) of the PRC during the first half of the year finally realized accelerated growth. Since the occurrence of the financial crisis, the PRC economy exhibited a typical V-shape recovery driven by the pull of internal demand, and this trend will not be reversed in the short to medium term. Internal demand, in particular investment, will continue to be the major leading force for continuing stability of the economy. With the continuing policy guidance for positive consumption and the receding negative impact of the H1N1 influenza on the food industry, the food industry will continue to have stable growth.

The Food Safety Law of the People's Republic of China was implemented with effective from 1 June 2009. Our Group firmly supports the implementation of the new law for it will foster the wholesome and orderly development of the industry. Food safety has always been an inevitable obligation of the enterprises, the new law represents greater regulatory supervision over the enterprises while providing assurance to the public. Our Group will uphold the supply of healthy, nutritious, convenient and money-for-value products on safety basis.

When facing the severe competition in instant noodle and beverage market, we will adhere to our long-term development plan and seize opportunities to continue to build on our strength. While enhancing the professionalized and scale development of instant noodles, beverage and bakery business, we will enrich our products timely in order to meet further demands from customers. Looking forward, the Group will continue to focus on developing instant foods and beverage business and to further strengthen its leader position in the PRC market. Master Kong will continue its solid growth.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

Throughout the period ended 30 June 2009, the Company has complied with 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 subsidiaries. Due to the need of business development considerations, Mr. Wei Ing-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 practice, 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.

Directors' responsibility for the financial statements

The Directors acknowledge their responsibility for preparing the financial statements of the Group. With the assistance of the Finance and Accounting Department which is under the supervision of the Qualified Accountant of the Company, the Directors ensure that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards. The Directors also ensure that the publication of the financial statements of the Group is in a timely manner.

Audit Committee

The Audit Committee currently has three Independent Non-executive Directors, Mr. Lee Tiong-Hock, Mr. Hsu Shin-Chun and Mr. Michio Kuwahara. The latest meeting of the Committee was held to review the results of the Group for this period.

Remuneration and Nomination Committee

This Committee now comprises three Independent Non-executive Directors, Mr. Hsu Shin-Chun, Mr. Lee Tiong-Hock and Mr. Michio Kuwahara. The Committee was set up to consider and approve the remuneration packages of the Directors and the senior employees of the Group, including the terms of salary and bonus schemes and other long-term incentive schemes. The Committee also reviews the structure, size and composition of the Board from time to time and recommends to the Board on appointments of Directors and the succession plan for Directors.

Internal Control

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group. The Group's internal control system includes a well defined management structure with limits of authority which is designed for the achievement of business objectives, to safeguard assets against unauthorised use or disposition, to ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations.

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.

SHARE OPTION SCHEME

At the extraordinary general meeting held on 20 March 2008, the shareholders approved the adoption of the Share Option Scheme. Detail arrangement for the share option scheme shown as below:

Date of grant	Number of share options granted	Validity period	Exercise price (HK\$)	Number of share granted to Wei Ing-Chou
20 March 2008	11,760,000	21 March 2013 to 20 March 2018	\$9.28	2,000,000
22 April 2009	26,688,000	23 April 2014 to 22 April 2019	\$9.38	2,816,000

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 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. Michio Kuwahara are Independent Non-executive Directors of the Company.

By Order of the Board
Wei Ing-Chou
Chairman

Tianjin, PRC, 17 August 2009

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

* For identification purposes only