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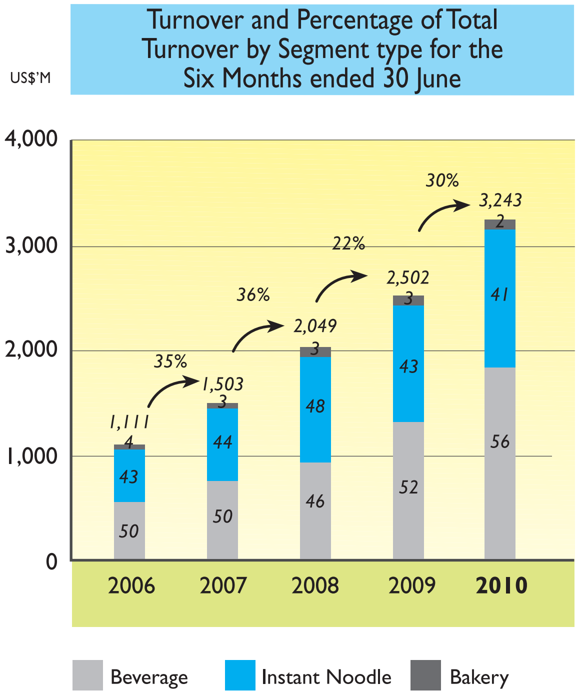

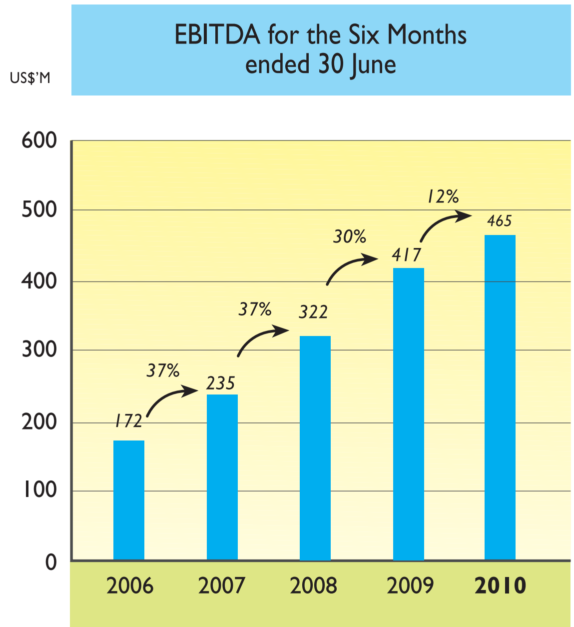

康師傅控股有限公司*

TINGYI (CAYMAN ISLANDS) HOLDING CORP.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 322)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2010

SUMMARY

	For the six months ended 30 June		
US$ million	**2010**	**2009**	**Change**
• Turnover	3,243.357	2,501.673	+29.65%
• Gross margin	31.03%	36.21%	-5.18 ppt.
• Gross profit of the Group	1,006.393	905.781	+11.11%
• EBITDA	464.533	416.898	+11.43%
• Profit for the period	281.548	249.105	+13.02%
• Profit attributable to Owners of the Company	197.637	179.383	+10.18%
• Earnings per share (US cents)	3.54	3.21	+0.33 cents

As at 30 June 2010, Cash and cash equivalents was US$898.431 million and gearing ratio was -0.35 times.

2010 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 2010 together with the unaudited comparative figures for the corresponding period in 2009. 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 2010

	Note	For the six months ended 30 June 2010 (Unaudited) *US$'000*	2009 (Unaudited) *US$'000*
Turnover and revenue	2	3,243,357	2,501,673
Cost of sales		(2,236,964)	(1,595,892)
Gross profit		1,006,393	905,781
Other net income		30,959	24,931
Distribution costs		(598,970)	(514,237)
Administrative expenses		(60,242)	(57,011)
Other operating expenses		(19,693)	(41,288)
Finance costs	5	(3,820)	(10,923)
Share of results of associates		5,294	6,603
Profit before taxation	5	359,921	313,856
Taxation	6	(78,373)	(64,751)
Profit for the period		281,548	249,105
Attributable to:			
Owners of the Company		197,637	179,383
Non-controlling interests		83,911	69,722
Profit for the period		281,548	249,105
Earnings per share	7		
Basic		3.54 cents	3.21 cents
Diluted		3.53 cents	3.21 cents

Condensed Consolidated Statement of Comprehensive Income
For the Six Months Ended 30 June 2010

	For the six months ended 30 June 2010 (Unaudited) *US$'000*	2009 (Unaudited) *US$'000*
Profit for the period	281,548	249,105
Other comprehensive income		
Net gains (losses) recognised directly in equity		
Exchange translation difference	9,323	(1,159)
Total comprehensive income for the period (net of tax)	290,871	247,946
Total comprehensive income attributable to:		
Owners of the Company	204,119	178,288
Non-controlling interests	86,752	69,658
	290,871	247,946

Condensed Consolidated Statement of Financial Position
At 30 June 2010

	Note	At 30 June 2010 (Unaudited) US$'000	At 31 December 2009 (Audited) US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,472,382	2,216,638
Intangible assets		5,592	6,955
Interest in associates		36,722	61,892
Prepaid lease payments		103,765	88,803
Available-for-sale financial assets		3,408	3,408
Deferred tax assets		5,379	5,379
		2,627,248	2,383,075
Current assets			
Financial assets at fair value through profit or loss		23,145	4,026
Inventories		261,592	212,923
Trade receivables	9	140,124	115,591
Prepayments and other receivables		203,588	171,889
Pledged bank deposits		13,871	9,358
Bank balances and cash		884,560	510,831
		1,526,880	1,024,618
Total assets		4,154,128	3,407,693
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital		27,934	27,934
Reserves		1,449,552	1,434,710
Total capital and reserves attributable to Owners of the Company		1,477,486	1,462,644
Non-controlling interests		478,851	446,420
Total Equity		1,956,337	1,909,064
Non-current liabilities			
Long-term interest-bearing borrowings		111,935	116,983
Other non-current payables		1,543	1,531
Employee benefit obligations		12,262	11,377
Deferred tax liabilities		78,167	60,779
		203,907	190,670
Current liabilities			
Trade payables	10	842,781	622,197
Other payables		798,036	406,210
Current portion of interest-bearing borrowings		272,573	218,087
Advance payments from customers		53,993	42,497
Taxation		26,501	18,968
		1,993,884	1,307,959
Total liabilities		2,197,791	1,498,629
Total equity and liabilities		4,154,128	3,407,693
Net current liabilities		(467,004)	(283,341)
Total asset less current liabilities		2,160,244	2,099,734

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 2009 annual financial statements. The accounting policies adopted in preparing the unaudited interim financial statements for the six months ended 30 June 2010 are consistent with those in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the impact of the adoption of the new standards, amendments and interpretations which are relevant to the Group's operation and are effective for the Group's financial year beginning on 1 January 2010:

HKFRS 2 (Amendment)	Share-based Payment (effective for annual periods beginning on or after 1 July 2009)
HKFRS 3 (Revised)	Business Combinations (effective for annual period beginning on or after 1 July 2009)
HKFRS 5 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 1 July 2009)
HKFRS 8 (Amendment)	Operating Segments (effective for annual periods beginning on or after 1 January 2010)
HKAS 1 (Amendment)	Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2010)
HKAS 7 (Amendment)	Statement of Cash Flows (effective for annual periods beginning on or after 1 January 2010)
HKAS 17 (Amendment)	Leases (effective for annual periods beginning on or after 1 January 2010)
HKAS 27 (Revised)	Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)
HKAS 36 (Amendment)	Impairment of Assets (effective for annual periods beginning on or after 1 January 2010)
HKAS 38 (Amendment)	Intangible Assets (effective for annual periods beginning on or after 1 July 2009)
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2010)
HK(IFRIC) – Int 9 (Amendment)	Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 July 2009)
HK(IFRIC) – Int 16 (Amendment)	Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 July 2009)
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009)
HK(IFRIC) – Int 18	Transfers of Assets from Customers (effective for annual periods beginning on or after 1 July 2009)
HKICPA's annual improvements project	published in May 2009 Puttable Financial Instruments and Obligations Arising on Liquidation (effective from 1 July 2009)

The adoption of the above did not have any material impact on the financial statements of the Group other than disclosure changes.

2. Turnover and revenue

The Group's turnover and revenue represent the invoiced value of goods sold to customers, net of returns, discounts and Value Added Tax.

3. **Segment information**

Segment results

	For six months ended 30 June 2010					
	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*
Turnover and Revenue						
Revenue from external customers	1,321,614	1,818,291	77,629	25,823	—	3,243,357
Inter-segment revenue	19	1,640	630	44,385	(46,674)	—
Segment turnover and revenue	1,321,633	1,819,931	78,259	70,208	(46,674)	3,243,357
Segment results	145,387	207,315	2,288	4,963	(1,506)	358,447
Finance costs						(3,820)
Share of results of associates						5,294
Profit before taxation						359,921

	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*
Turnover and 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 turnover and revenue	1,074,526	1,299,755	78,022	91,234	(41,864)	2,501,673
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						313,856

Segment result represents the profit earned by each segment without allocation of finance costs and share of result of associates. Segment information is prepared based on the regular internal financial information reported to the Company's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance.

3. **Segment information** *(continued)*

Segment assets

	At 30 June 2010					
	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*
Segment assets	1,502,954	2,368,071	116,742	767,209	(642,949)	4,112,027
Interest in associates						36,722
Unallocated assets						5,379
Total assets						4,154,128

	At 31 December 2009					
	Instant noodles (Audited) *US$'000*	**Beverages (Audited)** *US$'000*	**Bakery (Audited)** *US$'000*	**Others (Audited)** *US$'000*	**Inter-segment elimination (Audited)** *US$'000*	**Group (Audited)** *US$'000*
Segment assets	1,436,047	1,743,479	119,682	1,068,872	(1,027,658)	3,340,422
Interest in associates						61,892
Unallocated assets						5,379
Total assets						3,407,693

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**

This is stated after charging:

	For the six months ended 30 June	
	2010 (Unaudited) *US$'000*	**2009 (Unaudited)** *US$'000*
Finance costs		
Interest on bank loans and other borrowings wholly repayable within five years	3,820	10,923
Other items		
Depreciation	107,724	97,140
Amortisation	2,603	2,322

6. Taxation

	For the six months ended 30 June 2010 (Unaudited) US$'000	2009 (Unaudited) US$'000
Current tax – PRC Enterprise Income Tax		
Current period	60,986	54,179
Deferred taxation		
Origination and reversal of temporary differences, net	2,610	2,305
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	14,777	8,267
Total tax charge for the period	78,373	64,751

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").

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% (2009: 15%).

For the PRC subsidiaries not entitled to a preferential PRC EIT, the applicable PRC EIT is at a statutory rate of 25% (2009: 25%).

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 basic earnings per share is based on the profit attributable to ordinary shareholders of the Company of US$197,637,000 for the period ended 30 June 2010 (2009: US$179,383,000) and the weighted average number of ordinary shares of 5,586,793,360 shares (2009: 5,586,793,360 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 ordinary shareholders of the Company of US$197,637,000 for the period ended 30 June 2010 (2009: US$179,383,000) and the diluted weighted average number of ordinary shares of 5,605,766,906 shares (2009: 5,591,872,315 shares).

	For the six months ended 30 June 2010 No. of shares	2009 No. of shares
Weighted average number of ordinary shares at June	5,586,793,360	5,586,793,360
Effect of deemed issue of shares under the Company's share option scheme	18,973,546	5,078,955
Weighted average number of ordinary shares at June (diluted)	5,605,766,906	5,591,872,315

8. Dividend

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: nil).

9. Trade receivables

The majority of the Group's sales is cash-on-delivery. The remaining balances of sales are mainly at credit terms 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 2010 (Unaudited) *US$'000*	**At 31 December 2009 (Audited)** *US$'000*
0 - 90 days	133,130	105,985
Over 90 days	6,994	9,606
	140,124	115,591

10. Trade payables

The aging analysis of trade payables is as follows:

	At 30 June 2010 (Unaudited) *US$'000*	**At 31 December 2009 (Audited)** *US$'000*
0 - 90 days	817,345	586,944
Over 90 days	25,436	35,253
	842,781	622,197

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of the year, the Chinese economy continued to recover. GDP grew by 11.1% representing an increase of 3.7 ppt. compared to the same period last year. Affected by the slow recovery of peripheral economies and the tightening of internal monetary policies, the economic growth rate for the second quarter was 10.3%, a slight decline from the growth rate of 11.9% for the first quarter. In the same period CPI, foodstuff and PPI increased by 2.6%, 5.5% and 6.0% respectively. The Chinese fast food and beverage industry continued to experience increases in both production and profit due to the steady growth of the domestic economy. However, the increase in prices of raw materials during the period created pressures on manufacturing costs, which subsequently impacted on the gross profit.

The Group 's turnover for the first half of 2010 increased by 29.65% to US$3.2 billion due to flexible sales strategy, effective sales network and continuous communication with consumers. The growth was mainly contributed to the 23.00% increase in sales of instant noodles and 39.96% increase from the beverage division. During the period, prices for the Group's core raw materials recorded double digit increases in percentage when compared to the same period last year and hence costs have sharply increased and margins squeezed. The Group's gross margin dropped by 5.18ppt. to 31.03% but gross profit grew 11.11% when compared to the same period last year. With effective management the Group has maintained stable transportation costs despite continued increases in Oil prices in the first half of 2010. Effective control of advertising and promotion costs has also led distribution cost as a percentage of sales to decrease by 2.09ppt. to 18.47%. The Group has been able to increase its profit. Profit for the period increased by 13.02% to US$281.548 million and EBITDA grew by 11.43%. Profit attributable to equity holders of the Company increased by 10.18% to US$197.637 million and earning per share increased by 0.33 US cents to 3.54 US cents when compared to the first half of 2009.

Instant Noodle Business

In the first half of 2010, internal demand continued to be strong, which drove the overall instant noodle market to increase in the second quarter. In a highly populated society with increasing consumer awareness, instant noodle consumers place more emphasis on convenience, tastes and low prices on their purchases. To expand the overall scale of the industry, various manufacturers, including Master Kong, have made continued efforts to improve the overall tastes and quality of their products with a view to providing value-for-money instant noodle products that exceed consumers' expectations.

To achieve the objective of increasing consumer satisfaction, the industry requires cooperation from all manufacturers as well as recognition from consumers. Being a leading enterprise in the industry, Master Kong will keep on developing new products and new tastes to continuously vitalize the market. Master Kong will participate in establishing China Instant Noodle Association and will conduct exchanges and interactions with core manufacturers in the industry to work towards increasing consumer satisfaction.

Turnover for instant noodles grew by 23.00% to US$1,321.614 million which represented 40.75% of the Group's total turnover. During the period, the 24.12% growth in sales of the high margin bowl noodle and high-end packet noodle and the Group's efficient production management have helped to offset the increases in production costs. Gross margin has decreased by 3.78ppt. to 27.71% mainly because most of the raw material prices have increased, especially the sharp 26% price increase of palm oil. During the period, gross profit grew by 8.24% and profit attributable to equity holders of the Company increased by 9.88% to US$109.711 million.

According to ACNielsen's survey in June 2010, in terms of sales volume and value of instant noodle, the Group's market share in the overall PRC market increased to 43.4% and 56.4% respectively. In terms of sales value, market share for the Group's bowl noodle and high-end packet noodle were 69.7% and 71.4% respectively, establishing them firmly in the No.1 position for more than ten years. The Group's mid-end noodle also gained a 71.3% market share placing them No.1 in the market.

Master Kong's classic instant noodles products such as "Noodles with Braised Beef " continued to be main products that are well received by customers all over the country. To extend its strategy of vitalizing regional cultures of food and drinks, Master Kong launched new flavours with regional features, which has successfully driven sales further. During the period, "Guangdong Noodles " was launched in South China and gained popularity quickly. Master Kong also secured the leading position in the mixed fried noodle market segment through redesigning the package of the product. With "microwave noodle cooking" as the theme of its annual promotion, "Mianba La Mian" managed to satisfy the demand of customers for quality noodles. "Jin Shuang La Mian" and "Hao Zi Wei" have also made their foray in the medium/low-end market segments.

In the low-priced noodle market segment, "Fumanduo" was designated as the primary brand. Cost effectiveness has enhanced its medium-priced brand "Super Fumanduo", as the leading young position brand. Sales of bowl noodles also increased gradually after its launch. The continued launching of snack noodles with new flavours and the improved and refined product introductions have been effective in helping to further develop the Group's instant noodles market.

On the production front, the production system was further improved by the introduction of TPM, WMS, ISO22000 and ISO9000 projects. The production processes in the existing plant were also revamped. In June Master Kong gained recognition from the qualifying for TPM Japan Excellence Awards for their contribution to energy saving and emissions reduction from their Tianjin, Xian, Wuhan and Hangzhou plants. This recognition has helped boost the confidence of consumers in the Group. During the period, speedy production lines for instant noodles were implemented to facilitate the acceleration of automation and mechanization of plant equipment. The plan for small item production centre was improved to enhance both production efficiency and productivity per capita.

Beverage Business

Following more than 20 years of rapid development with an average annual growth of exceeding 20%, the Chinese beverage industry recorded a production volume of more than 80 million tonnes at the end of 2009. Prices of bulk commodities such as oil and sugar rose in the first half of 2010, which created additional pressures on the costs of beverage manufacturers. However, as beverage products are fast-moving consumer products, their consumption characteristics make it relatively difficult for enterprises to raise prices. Therefore, costs can only be reduced through internal control, complemented with marketing measures to seize the market. The lucky draw activity of "One More Bottle" organized by Master Kong for its Ready-to-drink(RTD) tea and fruit juice beverages since February was in full swing. Currently, Master Kong has established redemption points on a nationwide basis and demonstrated its sincerity to reward consumers by taking positive actions.

In the first half of 2010, turnover for beverage grew by 39.96% to US$1,818.291 million, representing 56.06% of the Group's total turnover. During the period, the growth in sales of the core product RTD tea of 40.57% and the improved production efficiency and energy conservation measures have eased some of the production cost pressure. However, prices of the major raw material, PET resin and sugar in second quarter was higher than first quarter, coupled to the severe competition. As a result, the gross profit margin of beverages decreased by 6.31ppt. to 33.13% but gross profit grew by 17.57%. Operating expenses were well controlled which has led profit attributable to equity holders of the Company to increase by 18.37% to US$81.385 million.

According to ACNielsen's survey in June 2010, in terms of sales volume, Master Kong's RTD tea's market share in the overall PRC market increased to 53.60%. Market share of Master Kong bottled water was 25.2%, ranking it No.1 in the market. By using duo brands Fresh Daily C and Master Kong, the Group's juice drinks have gained 17.3% market share, ranking it No.2 in the diluted juice market.

Master Kong's RTD tea series has developed into a successful brand in the China market and continues to maintain a strong leader. With the demands of the market and consumers, it is also undergoing changes in pace with time. Master Kong communicates the feeling of easiness and relaxation and the healthy lifestyle to consumers by showing them the naturalness, healthiness, vitality and vital force of green tea beverages, and uses this idea to drive the sustained strong sales of green tea beverages.

To provide consumers with more delicious fruit juices, Master Kong has been striving to enrich its product lines. In the second quarter, Master Kong launched new products, Wild Jujube Juice, Daily C Red Guava Juice and Master Kong Pineapple Juice. The launch of Jujube Juice has not only improved the product lines under the "New taste for traditional drink" category but also strengthened its leading edge in the market.

Bakery Business

Turnover for the Bakery business has increased slightly by 0.02% to US$77.629 million, representing 2.39% of the Group's total turnover. During the period, gross margin decreased by 4.25ppt. to 36.81%, mainly due to the price increase of raw material and high labor cost. Gross profit dropped by 10.33% and profit attributable to equity holders of the Company was US$0.981 million, which was a decrease of US$5.146 million. The decrease was mainly due to the increase in investments in advertising and promotion expenses. In the future, bakery business will continue to enhance equipment's efficiency and well control for marketing expenses.

According to ACNielsen's survey in June 2010, in terms of sales value, Master Kong had market shares of 22.8%, ranking it No.2 in the sandwich cracker market. Market share for Master Kong egg rolls was 29.9%, ranking it No.1 in the market. During the period, the group launched Patisserie and received good response from consumers. Bakery business will continue to expand with the growth of core products such as sandwich cracker and muffin, increased sales items and the strengthening of core production technologies through different modes of co-operations.

FINANCING

At 30 June 2010, the Group's total liabilities amounted to US$2,197.791 million, and total assets amounted to US$4,154.128 million. The Group's total liabilities increased by US$699.162 million as compared to US$1,498.629 million as at 31 December 2009. The debt ratio, calculated as total liabilities to total assets, increased by 8.93ppt. to 52.91% as compared to 31 December 2009. The increase in debt ratio was because of (1) 2009 final dividend payable is included under other payables and (2) the increase of trade payables for purchasing of more raw materials due to the seasonal demand. The Group's bank loans increased by US$49.438 million to US$384.508 million as compared to 31 December 2009. The loans were mainly used for capital expenditures and working capital. The Group's proportion of the total borrowings denominated in foreign currency and Renminbi were 97% and 3% respectively, as compared with 87% and 13% respectively as at 31 December 2009. The proportion between the Group's long-term loans and short-term loans was 29% and 71%, as compared with 35 % and 65 % respectively as at 31 December 2009. In addition, the Group's transactions are mainly denominated in Renminbi. Appreciation in Renminbi against US dollars of 0.5% brought an exchange gain of US$11.221 million in the first half of 2010. US$1.898 million and US$9.323 million of exchange gain have been included in the income statement and reserves from exchange translation respectively.

The Group continued to maintain a sound liquidity ratio. As of 30 June 2010, the Group had bank balances and cash on hand of US$898.431 million, and no contingent liability.

Financial ratio

	As at 30 June 2010	**As at 31 December 2009**
Finished goods turnover	8.30 Days	10.22 Days
Trade receivables turnover	7.10 Days	8.82 Days
Current ratio	0.77 Times	0.78 Times
Debt ratio (Total liabilities to total assets)	52.91%	43.98%
Gearing ratio (Net debt to equity attributable to equity holders of the Company)	-0.35 Times	-0.13 Times

HUMAN RESOURCES

The number of the Group's staff was 56,335 as at 30 June 2010 (31 December 2009: 50,023). 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 developments. To speed up training on key staff in the PRC, systematic training for one year was offered on aspects such as self management, supervision management and corporate management to enhance the staff's managerial ability and leadership. The Group will continue to modify its personnel policy and enhance the staff's legal knowledge in the human resources department.

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

With a further pickup in the economy, the employment level is increasing steadily and the stimulating policies are continuing to improve. The consumer market will continue to maintain its strong growth momentum. In particular, the growth of income and increase spending of residents in second-tier cities and villages in the future will directly drive the prosperity of the instant food and beverage market. By adhering to its consistent positive development strategy, the Group will focus on the development of instant food and beverages and capitalize on its flexible market strategies and the advantage of quality products to deeply tap into the market so as to facilitate sales growth and increase market share. In the future, the Group will continue to leverage on its own advantages to reinforce the business foundation established by itself in China, further consolidate the leading position of its products in the China market and strive to turn Master Kong into the largest instant food and beverage manufacturer in the world.

Being confronted with continued rises in prices of raw materials, we will enhance cost control and gradually ease the cost pressure through the improvement of production technology, refined management, accurate marketing strategies and the optimization of the product mix.

The floods in various areas of China since late June have not had any material impacts on the operations of the Group. During the period, while taking positive measures in maintaining its normal operations, the Group has not forgotten its social responsibility and has donated Master Kong's products to various disaster areas to offer assistance to the victims.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

Throughout the period ended 30 June 2010, 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 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 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. Michihiko Ota. The latest meeting of the Committee was held to review the results of the Group for this 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.

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
1 April 2010	15,044,000	1 April 2015 to 31 March 2020	$18.57	2,200,000

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 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.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. Michihiko Ota are Independent Non-executive Directors of the Company.

By Order of the Board
Wei Ing-Chou
Chairman

Tianjin, PRC, 16 August 2010

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

* *For identification purposes only*