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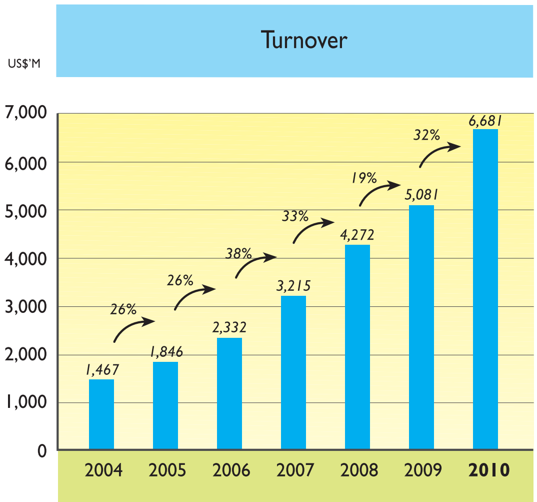
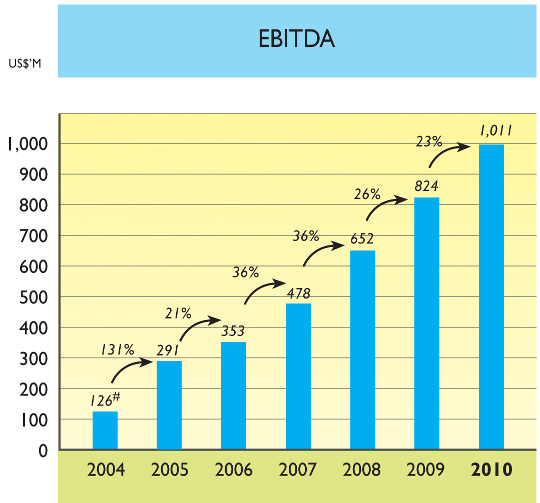
Six Consecutive Years of Double Digit Growth in Turnover and EBITDA





Excluding capital gain from disposal of partial interests in subsidiaries

康師傅控股有限公司*

TINGYI (CAYMAN ISLANDS) HOLDING CORP.

(Incorporated in the Cayman Islands with limited liability)

(Hong Kong Stock Code: 0322)

(TDR Code: 910322)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

US$'000	**2010**	**2009**		**Change**
• Turnover	**6,681,482**	5,081,113	↑	31.50%
• Gross margin of the Group (%)	**28.43**	34.63	↓	6.2 ppt.
• Profit for the year	**612,574**	500,495	↑	22.39%
• Profit attributable to owners of the Company	**476,787**	383,207	↑	24.42%
• Earnings per share (US cents)				
Basic	**8.53**	6.86	↑	1.67 cents
Diluted	**8.50**	6.85	↑	1.65 cents
• Net cash from operating activities	**1,257,911**	1,000,885	↑	25.68%
• Final dividend per ordinary share (US cents)	**4.27**	3.43	↑	0.84 cents

CHAIRMAN'S STATEMENT

In 2010, the situation of the Chinese economy was good in general, with gross domestic product (GDP) reaching RMB39.8 trillion, up 10.3% year-on-year. Consumption maintained stable and faster growth, the fixed assets investment structure continued to improve, and foreign trade recovered rapidly. Agricultural and industrial production grew faster, residential income increased steadily, but the pressure for price increase was higher. During the year, CPI increased by 3.3% year-on-year.

Under such an economic environment, the Group introduced a flexible marketing strategy by effectively using its extensive sales network to continuously communicate with consumers, enabling the Group to achieve new height in overall turnover, which increased by 31.50% year-on-year to US$6,681.48 million. Meanwhile, the Group improved its production efficiency, continued to improve cost management, and properly controlled advertising and promotion costs as well as transportation cost, which enabled the Group to maintain high profit growth despite soaring raw materials and various costs. During the year, EBITDA rose 22.81% to US$1,011 million, while profit attributable to owners of the Company increased by 24.42% to US$477 million and earnings per share increased by 1.67 US cents to 8.53 US cents. The Group recorded a double-digit growth in both turnover and EBITDA for six consecutive years, successfully achieving the goal set up at the beginning of the year!

Owing to the Group's 2010 excellent results and considering the overall operation, capital expenditures and working capital requirements and cash flow of the Group, I recommend in recognition of our shareholders' support, an increase in the final dividend this year. The Board will recommend at the Annual General Meeting to be held on 10 June 2011 the payment of a final dividend of US4.27 cents per share (an increase of US0.84 cents per share when compared to final dividend per share in 2009 of US3.43 cents) to shareholders whose names appear on the register of members on 10 June 2011 (shareholders who bought the Company's shares on or before 2 June 2011 should ensure that transfers are lodged with the Company's Registrar in Hong Kong for registration no later than 4:30 p.m. on 7 June 2011). Total amount of final dividend for the year 2010 will be US$238.556 million, an increase of 24.49% million when compared to 2009 of US$191.627 million.

In the large and diverse Chinese food market, Master Kong maintained a leading position in the areas of instant noodle, beverage and bakery. So far, Master Kong can be regarded as the brand that has the greatest penetration in the market channels of China. "Master Kong" can be seen in every place with commercial consumption activities. Reasonable product structure, the extensive sales network set up through the strategy of "Better Access, Broader Reach" over the years, and the ever improving production cost control, are all the factors for the continuous growth of Master Kong. According to the December 2010 report published by ACNielson, instant noodles, RTD tea and bottled water of the Group ranked first in the China market, accounting for 55.8%, 51.9% and 20.8% respectively of the market shares in terms of sales value, accounting for 41.6%, 54.1% and 24.1% respectively of market share in terms of sales volume. Diluted fruit juice and sandwich cracker ranked second, accounting for 17.5% and 22.7% respectively of the market shares in terms of sales value and accounting for 19.7% and 23.7% in terms of volume.

In 2010, the Group for the third consecutive year was named one of the 50 best listed companies in Asia by Forbes, and for the eighth consecutive year one of the top five of Taiwan's top ten international brands. The brand value of Master Kong has reached US$1,066 million. Furthermore, the brand of Master Kong was among the 5th Asia's 500 most Influential Brands in 2010 and was awarded the title of "2010 Best Online Reputation Company", as well as the "Community Innovation Award for 10 Years" by "Business Times" in 2010. These honours not only represented the recognition of the "Master Kong" brand, but also strengthened our confidence for continuous improvement. Master Kong will continue to develop its brand in the future and to become a world-class brand.

Master Kong always regards consumer food safety as its own responsibility. It has invested heavily in food safety technology in order to ensure the safety of the entire product production process. Based on the total quality control concept of "From farm to table", Master Kong promotes food safety from the source. Therefore, in respect of food safety management, Master Kong places great emphasis on the design of front-end management system in order to build a optimal cycle for quality safety management of the Group.

In addition, beginning from 2010, in conjunction with the new stages of corporate development, Master Kong further strengthened its safety management of raw materials on the basis of the original safety control system of raw materials, focusing on five major aspects, namely technical support, specifications, resource optimization, cooperation accreditation and risk warning, forming an effective and reasonably practicable defense line of raw materials, thus building a solid and gapless barrier for food safety. In respect of food production safety, Master Kong's persistent focus on professional and focused corporate actions has earned the unanimous praise of the industry and consumers. In 2010, Master Kong won 5 awards including "Top Ten Food Safety" at the 8th China Food Safety Annual Conference, and was also awarded the title of "National Food Quality Brand of Consumer Confidence" by the China Consumer Protection Foundation.

As the leader in China's food industry, Master Kong not only provides tasty food of quality and safety to consumers and gives investment value to its investors, but also dedicates itself to social causes and taking up its social responsibility. Upholding the spirit of "repaying the community and sustainable operation", the Company carries out social charity work in various areas such as sports, basic education, medical treatment, disability support, disaster relief, poverty alleviation and cross-strait cultural exchanges, such as successfully co-organized the "New Human Being-New World 2010NTSO Cross- strait Youth Orchestra Concert". In the future, through the Ting Hsin (Master Kong) Culture and Education Foundation, we will continue to promote cross-strait economic, cultural and welfare exchanges. In 2010, Master Kong won the title of "2010 Socially Responsible Enterprise" at the "annual meeting on social responsibility of Chinese enterprises" with the theme of "Towards Total Social Responsibility Management".

As the Chinese economy develops, changes in the structure of income distribution and the acceleration of urbanization will increase the level of food spending among low to middle income earners. There are ample opportunities in the domestic food and beverage market. As more and more renowned international food companies increase their investment in China, competition among industry players will become more and more intense. Combining with Master Kong's long-term development plan, the Group will continue to adhere to its product-oriented strategy. By taking advantage of its existing business models, the Group will strengthen its sales network and actively increase the market share of Master Kong's products at different market levels. At the same time, the Group will increase its investment in equipment and production lines to improve production efficiency through the integration of the production faciliteis and refining quality cost. In 2011, the capex for the Group will be about US$934 million. Furthermore, we will also endeavour to develop new products and new technologies to continuously enrich product offerings and tap into the potential business opportunities in the food and beverage industry in order to meet the diverse needs of consumers and at the same time gain a greater competitive advantage, thus consolidating Master Kong's leading position in the food and beverage industry and making Master Kong the largest Chinese instant food and beverage manufacturer in the world and maximizing shareholders' returns.

Finally, I would like to take this opportunity to express our heartfelt appreciation to our shareholders, business partners and financial institutions who have been supporting our Group, and to the management teams and all other staff for their strenuous works and contributions to the Group's business development.

Wei Ing-chou
Chairman and Chief Executive Officer

Tianjin, the PRC
21 March 2011

RESULTS

The Board of Directors of Tingyi (Cayman Islands) Holding Corp. (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 are as follows:

CONSOLIDATED INCOME STATEMENT

	Note	**2010** ***US$'000***	2009 *US$'000*
Turnover and revenue	4	**6,681,482**	5,081,113
Cost of sales		**(4,782,037)**	(3,321,764)
Gross profit		**1,899,445**	1,759,349
Other net income	6	**183,373**	79,913
Distribution costs		**(1,121,477)**	(1,032,759)
Administrative expenses		**(125,953)**	(96,651)
Other operating expenses		**(92,081)**	(81,650)
Finance costs		**(6,511)**	(12,644)
Share of results of associates		**9,978**	9,550
Profit before taxation	7	**746,774**	625,108
Taxation	8	**(134,200)**	(124,613)
Profit for the year		**612,574**	500,495
Attributable to:			
Owners of the Company		**476,787**	383,207
Non-controlling interests		**135,787**	117,288
Profit for the year		**612,574**	500,495
Earnings per share			
Basic	10	**US8.53 cents**	US6.86 cents
Diluted	10	**US8.50 cents**	US6.85 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2010	2009
	US$'000	*US$'000*
Profit for the year	**612,574**	500,495
Other comprehensive income		
Exchange differences on consolidation	**77,369**	1,731
Fair value change in available-for-sale financial assets	**11,109**	—
Other comprehensive income for the year, net of tax	**88,478**	1,731
Total comprehensive income for the year, net of tax	**701,052**	502,226
Attributable to:		
Owners of the Company	**545,221**	384,941
Non-controlling interests	**155,831**	117,285
	701,052	502,226

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**2010** **US$'000**	2009 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,922,936**	2,216,638
Intangible assets		**—**	6,955
Interests in associates		**—**	61,892
Prepaid lease payments		**117,799**	88,803
Available-for-sale financial assets		**112,659**	3,408
Deferred tax assets		**50,451**	5,379
		3,203,845	2,383,075
Current assets			
Financial assets at fair value through profit or loss		**771**	4,026
Inventories		**309,801**	212,923
Trade receivables	11	**127,730**	115,591
Prepayments and other receivables		**280,704**	171,889
Pledged bank deposits		**12,024**	9,358
Bank balances and cash		**881,316**	510,831
		1,612,346	1,024,618
Assets classified as held for sale		**75,221**	—
Total assets		**4,891,412**	3,407,693

	Note	2010	2009
		US$'000	*US$'000*
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital		**27,934**	27,934
Reserves		**1,793,324**	1,434,710
Total capital and reserves attributable to owners of the Company		**1,821,258**	1,462,644
Non-controlling interests		**547,929**	446,420
Total equity		**2,369,187**	1,909,064
Non-current liabilities			
Long-term interest-bearing borrowings		**177,259**	116,983
Other non-current payables		**791**	1,531
Employee benefit obligations		**12,097**	11,377
Deferred tax liabilities		**104,165**	60,779
		294,312	190,670
Current liabilities			
Trade payables	12	**1,083,913**	622,197
Other payables		**572,249**	406,210
Current portion of interest-bearing borrowings		**456,876**	218,087
Advance payments from customers		**86,940**	42,497
Taxation		**25,315**	18,968
		2,225,293	1,307,959
Liabilities associated with assets classified as held for sale		**2,620**	—
Total liabilities		**2,522,225**	1,498,629
Total equity and liabilities		**4,891,412**	3,407,693
Net current liabilities		**(612,947)**	(283,341)
Total assets less current liabilities		**2,666,119**	2,099,734

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2009 financial statements except for the adoption of the new / revised HKFRS effective from the current year that are relevant to the Group as detailed in note 3 to this result announcement.

2. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All inter-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceased.

Non-controlling interests are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from owners of the Company.

3. ADOPTION OF NEW/REVISED HKFRS

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and two new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the changes in accounting policy relevant to the Group's financial statements are as follows:

HKFRS 3 (Revised): Business Combinations/Improvements to HKFRSs 2009 with amendments to HKFRS 3 (Revised)

The revised Standard introduces a number of major changes including the following:

- acquisition-related transaction costs, other than share and debt issue costs, to be expensed as incurred;
- existing interest in the acquiree to be remeasured at fair value, with the gain or loss recognised in profit or loss, upon subsequent changes in ownership interests;
- non-controlling interest in the acquiree to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree;
- contingent consideration to be recognised at fair value at the acquisition date; and

3. ADOPTION OF NEW/REVISED HKFRS (Continued)

- goodwill to be measured at the excess of the aggregate of the acquisition-date fair value of the acquirer's interest in the acquiree and the amount of any non-controlling interest over the net of the acquisition-date amounts of identifiable assets acquired and the liabilities assumed from the acquisition.

The Improvements to HKFRSs 2009 contains amendments to clarify the measurement of the fair value of an intangible asset acquired in a business combination and to permit the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

In accordance with the transitional provisions in HKFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

The application of HKFRS 3 (revised 2008) and the consequential amendments to other HKFRSs had no effect on the financial statements for the current or prior accounting periods as the Group has not entered into any business combination during the year.

HKAS 27 (Revised): Consolidated and Separate Financial Statements

The revised Standard requires accounting for changes in ownership interests in a subsidiary, while maintaining control, to be recognised as an equity transaction. It also requires, when the Group loses control of a subsidiary, any interest retained in the former subsidiary to be remeasured at fair value with the gain or loss recognised in profit or loss. This principle is also extended to a disposal of an associate through the consequential amendments to HKAS 28: Investments in Associates. The new accounting policies are set out in the notes to the financial statements. Consistent with the transitional provisions in HKFRS3, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

This change in accounting policy has affected the accounting for the discontinuation of equity accounting for an associate in 2010. The difference of US$68,653,000 between the carrying amount of the interest in an associate and its fair value has been recognised in profit or loss included in other net income for the year. Had the Group's previous accounting policy been followed, the carrying amount of the investment retained would have been regarded as cost for the purpose of subsequent accounting as an available-for-sale investment under HKAS 39 Financial Instruments: Recognition and Measurement and the movement in fair value would have been recognised in other comprehensive income. The profit reported for 2010 has therefore been increased by US$68,653,000, the investment revaluation reserve has been decreased by US$68,653,000 and an increase respctively in the basic and diluted earnings per share for the year by US1.22 cents and US1.22 cents respectively as a result of the change in accounting policy. This increase will be offset by a decrease in profits of an equivalent amount when the investment is disposed of in future accounting periods.

Amendments to HKAS 17: Classification of leases of land and buildings included in Improvements to HKFRSs 2009

The Amendments remove the specific guidance regarding classification of leases of land so that, following the amendment, leases of land are classified as either "finance" or "operating" using the general principles of HKAS 17.

The Group has re-evaluated the classification of its interests in prepaid lease payments as to whether, in the Group's judgement, the lease transfers substantially all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that the classification of such leases as operating leases and recognition as prepaid lease payments continues to be appropriate. The adoption of these amendments to the Standard has no impact on the financial statements.

3. ADOPTION OF NEW/REVISED HKFRS (Continued)

HK – Int 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Interpretation concludes that, if a term loan (i.e. a loan that is repayable on a specified date or in installments over a specified period, usually in excess of one year) has a demand clause (i.e. a clause that gives the lender an overriding right to demand repayment without notice or with notice period of less than 12 months at its sole discretion) in its term, the loan shall be classified by the borrower as a current liability in the statement of financial position. Similarly, the amounts repayable under such a term loan shall be classified in the earliest time bracket in the contractual maturity analysis as required to be disclosed under HKFRS 7: Financial Instruments: Disclosures. Since there is no such demand clause in the term loans borrowed by the Group, the adoption of this Interpretation has no material impact on the financial statements.

Amendments to HKFRS 5: Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations

The Amendments clarify that the disclosures required in respect of non-current assets or disposal groups classified as held for sale or discontinued operations are only those set out in HKFRS 5. The disclosure requirements of other HKFRSs only apply if specifically required for such non-current assets or discontinued operations.

Amendments to HKFRS 8: Disclosure of information about segment assets

The Amendments clarify that the disclosure of segment assets is required only if that measure is regularly reported to the chief operating decision-maker.

4. 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.

5. SEGMENT INFORMATION

The executive directors have been identified as the chief operating decision-maker of the Group. The Group has identified its operating segments and prepared segment information 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. The Company's executive directors consider the business principally from a product perspective as over 90% of the Group's sales and business are conducted in the PRC. Business reportable operating segments identified are instant noodles, beverages, bakery and others.

For the purposes of assessing the performance of the operating segments and allocating resources between segments, the executive directors assess segment net profit for the year without allocation of share of results of associates and gain on discontinuation of equity accounting for an associate, which is consistent with that in the financial statements.

Segment assets include all intangible assets, tangible assets and current assets with the exception of available-for-sale financial assets, deferred tax assets, financial assets at fair value through profit or loss and assets classified as held for sale. Segment liabilities include trade payables, and other payables, interest-bearing borrowings and advance payments from customers with the exception of employee benefit obligations, deferred tax liabilities and liabilities associated with assets classified as held for sale.

Inter-segment sales are priced at cost plus profit margin. The accounting policies of the reporting segments are the same as the Group's accounting policies as described in note 3.

5. **SEGMENT INFORMATION (Continued)**

The segment information for the years ended 31 December 2010 and 2009 are as follows:

Business segment analysis

	2010					
	Instant noodles	**Beverages**	**Bakery**	**Others**	**Inter-segment elimination**	**Group**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Turnover and revenue						
Revenue from external customers	2,931,555	3,531,911	161,383	56,633	—	6,681,482
Inter-segment revenue	78	1,855	45	87,217	(89,195)	—
Segment turnover and revenue	2,931,633	3,533,766	161,428	143,850	(89,195)	6,681,482
Segment results after finance costs	372,698	325,672	3,179	(30,098)	(3,308)	668,143
Share of results of associates	—	—	—	—	—	9,978
Gain on discontinuation of equity accounting for an associate	—	—	—	—	—	68,653
Profit before taxation	372,698	325,672	3,179	(30,098)	(3,308)	746,774
Taxation	(66,711)	(62,543)	(1,800)	(3,146)	—	(134,200)
Profit for the year	305,987	263,129	1,379	(33,244)	(3,308)	612,574
Assets						
Segment assets	1,969,050	2,554,156	136,484	634,322	(641,702)	4,652,310
Unallocated assets						239,102
Total assets						4,891,412
Liabilities						
Segment liabilities	746,089	1,511,496	54,680	405,788	(314,710)	2,403,343
Unallocated liabilities						118,882
Total liabilities						2,522,225
Other information						
Capital expenditures	213,713	732,666	5,002	8,331	5,921	965,633

5. SEGMENT INFORMATION (Continued)

Business segment analysis (Continued)

	2009					
	Instant noodles	Beverages	Bakery	Others	Inter-segment elimination	Group
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Turnover and revenue						
Revenue from external customers	2,307,513	2,541,962	155,232	76,406	—	5,081,113
Inter-segment revenue	160	2,829	1,352	81,563	(85,904)	—
Segment turnover and revenue	2,307,673	2,544,791	156,584	157,969	(85,904)	5,081,113
Segment results after finance costs	325,521	276,173	8,695	5,932	(763)	615,558
Share of results of associates	—	—	—	—	—	9,550
Profit before taxation	325,521	276,173	8,695	5,932	(763)	625,108
Taxation	(72,066)	(47,426)	(2,100)	(3,021)	—	(124,613)
Profit for the year	253,455	228,747	6,595	2,911	(763)	500,495
Assets						
Segment assets	1,436,047	1,743,479	119,682	1,068,872	(1,027,658)	3,340,422
Interests in associates						61,892
Unallocated assets						5,379
Total assets						3,407,693
Liabilities						
Segment liabilities	510,404	868,598	39,456	417,087	(483,195)	1,352,350
Unallocated liabilities						146,279
Total liabilities						1,498,629
Other information						
Capital expenditures	126,982	363,443	196	16,493	—	507,114

6. OTHER NET INCOME

	2010	2009
	US$'000	*US$'000*
Exchange gains, net	**7,792**	—
Interest income	**21,479**	15,579
Investment income	**1,701**	5,296
Gain on sales of scrapped materials	**19,770**	13,640
Government grants	**38,958**	33,395
Gain on discontinuation of equity accounting for an associate	**68,653**	—
Others	**25,020**	12,003
	183,373	79,913

7. PROFIT BEFORE TAXATION

	2010	2009
This is stated after charging:	***US$'000***	*US$'000*
Finance costs		
Interest on bank and other borrowings		
wholly repayable within five years	**8,077**	14,915
Less: Borrowing costs capitalised into property, plant and equipment	**(1,566)**	(2,271)
	6,511	12,644
Other items		
Depreciation	**275,054**	196,569
Amortisation:		
Prepaid lease payments	**2,544**	2,048
Intangible assets (included in other operating expenses)	**1,989**	2,778
Impairment loss (included in other operating expenses):		
Intangible assets	**4,966**	—
Property, plant and equipment	**35,520**	25,778

8. TAXATION

	2010	2009
	US$'000	*US$'000*
Current tax – PRC Enterprise income tax		
Current year	**135,188**	103,252
Under provision in prior year	**698**	430
	135,886	103,682
Deferred taxation		
Origination and reversal of temporary differences, net	**(31,236)**	4,696
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**29,550**	16,235
Total tax charge for the year	**134,200**	124,613

The Cayman Islands levies no tax on the income of the Company and the Group.

Hong Kong Profits Tax has not been provided as the Company did not have any assessable profit subject to Hong Kong Profit Tax for the years ended 2010 and 2009.

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 state-level 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.

Pursuant to the State Council Circular on the Implementation of the Transitional Concession Polices 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.)

For the PRC subsidiaries not entitled to a preferential PRC EIT, the applicable PRC EIT is at a statutory rate of 25% (2009: 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% (2009:15%).

9. DIVIDENDS

Dividends payable to owners of the Company attributable to the year:

	2010	2009
	US$'000	*US$'000*
Final dividend proposed after the end of the reporting period of US4.27 cents (2009: US3.43 cents) per ordinary share	**238,556**	191,627

At meeting held on 21 March 2011, the directors recommended the payment of final dividend of US4.27 cents per ordinary share. The proposed final dividend has not been recognised as dividend payables in the statement of financial position, but will be reflected as an appropriation of retained profits for the year ending 31 December 2011.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is as follows:

(a) Basic earnings per share

	2010	2009
Profit attributable to ordinary shareholders (US$'000)	**476,787**	383,207
Weighted average number of ordinary shares ('000)	**5,586,793**	5,586,793
Basic earnings per share (US cents)	**8.53**	6.86

(b) Diluted earnings per share

	2010	2009
Profit attributable to ordinary shareholders (US$'000)	**476,787**	383,207
Weighted average number of ordinary shares (diluted) ('000)		
Weighted average number of ordinary shares	**5,586,793**	5,586,793
Effect of the Company's share option scheme	**20,402**	10,202
Weighted average number of ordinary shares for the purpose of calculated diluted earnings per share	**5,607,195**	5,596,995
Diluted earnings per share (US cents)	**8.50**	6.85

11. 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 ageing analysis of trade receivables (net of impairment losses for bad and doubtful debts), base on invoice date, as at the end of the reporting period is as follows:

	2010	2009
	US$'000	*US$'000*
0 – 90 days	**121,849**	105,985
Over 90 days	**5,881**	9,606
	127,730	115,591

12. TRADE PAYABLES

The ageing analysis of trade payables, base on invoice date, as at the end of the reporting period is as follows:

	2010	2009
	US$'000	*US$'000*
0 – 90 days	**1,066,760**	586,944
Over 90 days	**17,153**	35,253
	1,083,913	622,197

13. CAPITAL EXPENDITURE COMMITMENTS

	2010	2009
	US$'000	*US$'000*
Contracted but not provided for	**260,662**	168,497

BUSINESS REVIEW

In 2010, the Group's turnover was US$6,681.482 million, an increase of 31.50% over 2009. The growth rates for turnover of instant noodles, beverages and bakery were 27.04%, 38.94% and 3.96% respectively. In the fourth quarter, the Group's turnover was US$1,372.045 million, 31.58% higher than the same period last year. The increase was mainly from sales growth in instant noodles and beverages. During the year, the continuous price increase of raw materials such as flour, palm oil, sugar and PET resin, placed considerable cost pressure on the industry and gross profit of the industry decreased significantly in general. The Group was able to alleviate the negative impact arising from the rise in production costs by optimizing organizational efficiency, adjusting its product structure, enlarging economies of scale and effectively controlling various expenses. In 2010, the Group's overall gross margin decreased by 6.2 ppt. to 28.43% and Group's gross profit increased by 7.96% year-on-year.

Prior to the annual general meeting of Wei Chuan Foods Corporation limited ("Wei Chuan") held in June 2010, the Group exercised significant influence through its four representatives seated on the board of directors of Wei Chuan. After the annual general meeting, the Group has no representative on the board of directors of Wei Chuan. Two members of the board of supervisors were appointed by the Group and this will constitute the Group's long term arrangement. After the Group ceased to have significant influence over Wei Chuan, in accordance with Hong Kong Accounting Standard 28 "Investments in Associates", the Group's equity interest of 17.16% in Wei Chuan, without other significant influence, clearly demonstrated that the holding should not classified as an investment in an associate. The Group should discontinue the use of the equity method of accounting and disclose the balance under other investments. The Group discontinues the use of the equity method of accounting and the investment in Wei Chuan is accounted for in accordance with the requirements of HKAS 39 Financial Instruments: Recognition and Measurement. The carrying amount of the Group's interest in Wei Chuan was measured at a fair value of US$98.143 million calculated based on the closing price of Wei Chuan's stock in June 2010. Upon the reclassification to available-for-sale financial assets, a gain on the discontinuation of equity accounting for the investment in Wei Chuan of US$68.653 million, was recognized.

In 2010, the Group effectively controlled its expenses by means of strategic advertisement, which strengthened its sales network to enhance its brand as the leader in the PRC market. Consequently the distribution costs as percentage of total sales at 16.78%, had decreased by 3.55 ppt, when compared to 2009's 20.33%. Other operating expenses increased by US$ 10.431 million to US$ 92.081 million mainly due to the increase in impairment loss of US$ 9.742 million resulted from the progressive replacement of older equipment. Finance costs decreased by 48.51% to US$ 6.511 million mainly due to loans restructuring and the decrease in financing cost. During the year, the Group maintained a stable and healthy finance structure with strong cash flows. In 2010 earnings before interest, tax, depreciation and amortization (EBITDA) was US$ 1,011.393 million and the profit attributable to owners of the Company was US$ 476.787 million, which increased by 22.81% and 24.42% respectively when compared to last year. Earnings per share was US 8.53 cents.

Instant Noodle Business

In 2010, the PRC economy continued to develop in general. GDP in the fourth quarter grew 9.8% year-on-year while the CPI reached 4.6%. Freight expenses in relation to logistics and distribution increased due to the extreme weather. Prices of raw materials such as flour and palm oil continued to increase, placing pressure on profit so that gross margin of instant noodles decreased by 2.62 ppt. to 28.83% compared with last year. Undeterred by the difficult environment, Master Kong took advantage of peak season sales and adjusted its production plans. By actively expanding per capita sales, adjusting product structure and increasing efficiency, our single-quarter sales grew by 35.56%. Market shares for the Group's bowl noodle and high-end packet noodle were almost 70% in terms of sales value. In 2010, turnover for instant noodle business amounted to US$ 2,931.555 million, an increase of 27.04% from the previous year and represented 43.88% of the Group's total turnover. Turnover for bowl noodles and high-end packet noodles increased 38.01% and 22.56% respectively. Profit attributable to owners of the Company from the instant noodle business increased by 20.32% from last year to US$ 304.555 million.

Master Kong's five classic instant noodle products, namely "Noodles with Braised Beef ", "Noodles with Spicy Beef ", "Noodles with Stewed Mushroom and Chicken", "Noodles with Fresh Shrimp and Fish" and " Pickled Mustard Beef ", are well recognized by customers all over the country. Among the above flavors, "Noodles with Spicy Beef" had appealed to the vigorous and enthusiastic young group of consumers, with its " vitality and charm of spices", which created a new orange sensation. We added the new pickled mustard chicken flavour to our pickled mustard series launched in September. Its continued promotion in 2010 took away the market share from competing products and improved its brand awareness and consumer penetration rate. In order to continue to increase brand awareness and satisfy the taste buds of our consumers around the country, in the first half of the year, we continued to increase marketing efforts on the 12 new flavors (including "Dong Bei Dun", "Da Lu Xiang Yan", "Jiangnan Delicacy", "Ben Bang Shao" and "Chen Pao Feng Yun") launched in 2010 among our end-consumers. Benefits from the promotion of these new flavors, were evident as the annual sales trend was satisfactory. The new flavors were also well liked and accepted by local consumers. The Group's auxiliary brands, "Shimianbafan" continued its promotion under "The journey for Fried Noodle delicacy", and through marketing by means of box and bag packaging, it further consolidated Master Kong's leading position in the mixed fried noodle market segment. In the meantime, "Soup Noodle", our new product launched under the theme "refreshing tastiness" targets the needs of pink-collar workers in cities. "Jin Shuang La Mian", "Hao Zi Wei" and "Super Fumanduo" have also made their foray in the medium/low-end market segments. Thus, through the careful planning of product introductions, our noodle business continued to flourish. In the low-end 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 continually strengthening brand awareness . "Super Fumanduo" bowl noodles were mainly promoted as a regional top flavor, communicating the theme of "the New

Power of Flavor", enhancing sales contribution and maintaining the good momentum of high growth. Profits from our RMB1.0 low-end noodles products also continued to improve while snack noodles, which has a dedicated production line to ensure quality, continued to upgrade product quality.

According to ACNielsen's latest survey on retails in December 2010, Master Kong's sales volume and value of instant noodles sales, reached 41.6% and 55.8% respectively of their market share, of which noodles with high-end consumers represented 69.7% of the market turnover and high-end packet noodles had 70.0% of the market turnover, steadfastly securing their leading positions for more than 10 years.

On the production front, by constructing new generation II factories and generation II workshops which were optimized speed and automation, and by increasing the level of implementation of the systems TPM, ISO9000, ISO14000, WMS and EMS, the production resources could be continuously optimized, systematized and standardized. Staged results had been achieved in terms of cost savings and cost enhancement projects, stabilizing the cost per box among numerous adverse external factors. Meanwhile, the Group introduced new technologies to further improve quality and reduce costs, to actively improve internal logistics and thus increase shipping efficiency. The Group also implemented a new mode of logistics operation, which could maintain freight expenses at a stable rate even when oil price increased. Production volume continued to increase rapidly at a rate of over 20%. The effective utilization and planning of production capacity ensured overall Operational performance.

Under the strategies of "tasty products, well-known branding and quality services" and through its production and operation optimization activities aimed at the improvement of production quality, optimization of product mix, construction of highly-efficient factories and implementation of "one project serving one purpose" strategy, and through reasonable performance appraisal, Master Kong was able to enhance its management function. and effectively respond to the challenges in its surrounding environment. Master Kong took good opportunities to further stabilize its costs and quality, which ensured its leading position in the instant noodles market and allowed consumers to enjoy our high-quality products with peace-of-mind.

According to the prediction by the Macroeconomic Report of China 2011, the GDP and CPI of China is expected to grow at a rate of 9.5% and 4.3%, respectively. Prices will remain high in the first half of the year and lower in the second half of the year. The overall economic and industrial outlook for the first quarter predicts possible large fluctuations. This, together with the increase in the price of agricultural products and transportation costs due to rain and snow disasters during winter, will push up production costs. After a comprehensive assessment of the production and transportation costs environment, the Group will appropriately adjust the price of some of its instant noodles to maintain profit growth. In the coming year, Master Kong will continue to develop new flavors and products with new specifications to stimulate the spending power of consumers. It will increase its investment in the sustainable development of the industry, promote the forming and establishment of an association of instant noodles in China and lead the way towards the healthy development of the industry.

Beverage Business

Despite the complicated economic environment in both the domestic and international economies during 2010, China still maintained its "stable and faster development" economic trend, reflected by the domestic economy which entered into a stable growth period after an early recovery in 2010. Even under these challenging circumstances, the food and beverage industry underlined its resistance level against risk, following the previous year and was able to maintain a double-digit fast development pace during the year. As many new brands entered into the market, the beverage market segments were more clearly delineated. After decades of development, the size of the beverage enterprises kept expanding and China was ranked the second largest beverage sales market in the world. However, the prices of raw material PET resin, sugar and energy remained at high levels, driving production and transportation costs higher, together with increasing labour costs, the beverage industry was facing higher cost pressures in 2010 and the profit margin was squeezed.

RTD tea, bottled water and fruit juice were still the major competitive products of the Group in 2010. Under the intensive competitive environment, through stricter cost controls, enhanced production techniques, highly efficient management, precise marketing strategies and optimized product mix. While maintaining a rapid growth trend, we had also created 5 brands of RMB1 billion each. In 2010, turnover for beverage business increased by 38.94% to US$ 3,531.911 million as compared to last year, representing 52.86% of the Group's total turnover. During the year, gross margin of beverage business decreased by 8.39 ppt. to 28.48% and gross profit increased by 7.34%. Profit attributable to owners of the Company from the beverage business was US$ 128.581 million, an increase of 12.78% from last year.

RTD tea, on reviewing the beverage market in 2010, Master Kong's tea drinks accounted for half of the RTD tea market in China and became a major player in the beverage market, while much progress was made towards the direction of becoming "dominating players". The excellent performance of tea drinks during 2010 indicated the future development direction for beverage enterprises. All major PRC and international enterprises as well as multinational enterprises were striving to enter this segment. Under such circumstances, Master Kong did not slow down its pace, Master Kong's RTD tea accounted for 54.1% market share and emerged as a market leader at the top position in the tea segment. This was mainly attributable to the focused efforts on the research and development of tea beverages by Master Kong, rendering the iced tea, green tea and jasmine tea series to become billion dollar brands.

Bottled water, as competition intensified in this sector, brands were more focused. Enterprises participated in market competition with sizable operations. Master Kong had been expanding its production scale continuously with effective nationwide networks in order to satisfy market demand more readily and quickly, and capture market demand opportunities through economies of scale, bringing more healthy, safer, beneficial and convenient products to consumers. In the China Bottled Water Industry Awards 2010 organized by the China Beverage Industry Association, Master Kong's natural water won the Excellent Package Design Award and the Excellent TV Advertising Award for its outstanding performance in promoting the continuous, healthy and stable development of the bottled water industry in China, its leadership role in enhancing package design and advertising production standards in the industry and the sharing of excellent design and creative ideas.

Fruit juice, as consumers became more mature in their awareness of health knowledge and product information, the consumption pattern, health ideas and consumer behavior were more rational. In order to provide more and delicious and healthier fruit juices for consumers, Tingyi had been devoting efforts in the research and development of new products and to increase the types of products. Favorite new products for consumers were launched each year to satisfy the customized requirements of diversified consumers. The Wild Jujube Juice, Daily C Red Guava Juice and Master Kong Pineapple Juice launched in 2010 were highly popular among consumers and contributed to the continuous increase in the market share of Master Kong juices. Master Kong's new product range "World favourite new drinks" increased rapidly and a new star was born. When the Wild Jujube Juice of the "New taste for traditional drink" series was launched, it was well received by consumers. This had not only further enhanced the product line of "World favourite new drinks", but would also strengthen its market leadership status by creating a sole new area in the juice market amidst intensive market competition.

The "One More Bottle" lucky draw campaign launched by major beverage manufacturers in 2010 became the most popular promotion and sales method in the beverage industry. Meanwhile, consumers' awareness and preference of the "One More Bottle" campaign continued to increase and Master Kong remained in its leading position and received superb market response. Master Kong had enhanced its branding and communication with consumers through the intensive "One More Bottle" campaign in two consecutive years and the continuous effective follow-up activities on new products. The overwhelming response from consumers reflected the impressive effects of the branding image and good quality of Master Kong on the consumers.

According to the latest retail study by ACNielsen in December 2010, which showed that the sales volume of Master Kong's RTD tea products had a market share of 54.1%, which again is the leader in the market. Benefited by the economic scale, the Group's bottled water shared 24.1% of the market and ranking it the number one brand in the country. In respect of fruit juice, the duo brands – "Fresh Daily C" and "Master Kong" with their diversified product offerings have built a broad market for Master Kong and commanded a market share of 19.7%, ranking second in the diluted fruit juice market.

On 14 December 2010, the China Beverage Industry Association released its first "China Beverage Industry Sustainable Development Report 2010" and proposed that in order to pursue continuous and rapid development of the China beverage industry, major enterprises should incorporate the concept of social responsibility into the mission objective of the industry to form social responsibility values with beverage industry characteristics, and use sustainable development as the internal requirement and driving force for industry development. Tingyi understands the importance of implementing sustainable development for the industry and has been looking for its own breakthrough points in the areas of energy management, environmental protection, water conservancy, energy saving, consumption reduction and emission reduction, etc. In addition, Tingyi adopted the most advanced production line in the world, food safety was ensured in every production segment. A sum of US$300 million were invested on the maintenance and replacement of production equipment during the year. Regarding the weight of the beverage bottle, Tingyi adhered to use the lighter bottles and reduced the use of plastics in order to promote energy saving and emission reduction. At the annual general meeting of the China Beverage Industry Association, 4 companies of Tingyi were awarded the honour of "Excellent Water Conservancy Enterprise in the China Beverage Industry" and 1 company was awarded the honour of "Excellent Energy Saving Enterprise in the China Beverage Industry". The awards of honours imply more obligations on the part of the enterprises and Tingyi will make positive efforts to conserve water resources, sustainable packaging, environmental protection and energy saving and continue to enhance the sustainable development levels in respect of energy saving, consumption reduction and emission reduction by the Company.

Bakery Business

Turnover of the bakery business segment in 2010 amounted to US$ 161.383 million, representing an increase of 3.96% compared to last year and 2.42% of the Group's total turnover. Gross margin for Bakery business decreased by 3.82 ppt. to 36.86% and profit attributable to owners of the Company was US$ 1.966 million, which resulted in a decrease of US$ 5.068 million. The decline was mainly due to the increase for raw material price and labor cost. Meanwhile the investment for advertising and promotion was below expectation.

According to ACNielsen's survey in December 2010, Master Kong ranked second in the sandwich cracker market with market share of 22.7% in sales value. Master Kong's egg rolls has market share of 28.50% and ranked number one in the market. The bakery business will continue to expand with growth of sandwich crackers, muffins and egg rolls, enhance the efficiency of bakery equipment and will actively control marketing expenses. Strengthening of core production technologies and investments through different modes of co-operations.

FINANCING

The Group continued to maintain a stable and healthy finance structure through the effective control of trade receivables, trade payables and inventories. In the volatile financial market, the Group felt it to be appropriate to maintain sufficient cash balances. At 31 December 2010, the Group's cash and bank deposits totalled US$ 893.340 million, an increase of US$ 373.151 million from the previous year. The Group's total assets and total liabilities amounted to approximately US$ 4,891.412 million and US$ 2,522.225 million respectively, representing increases of US$ 1,483.719 million and US$ 1,023.596 million respectively when compared to 31 December 2009. The debt ratio increased by 7.58 ppt. to 51.56% as compared with the same period in 2009.

At the end of 2010, the Group's total borrowings increased by US$ 299.065 million to US$ 634.135 million. The borrowings were mainly used for production facilities and working capital. The Group's proportion of the total borrowings denominated in foreign currencies and Renminbi were 98% and 2% respectively, as compared with 87% and 13% respectively last year. The proportion between long-term loans and short-term loans was 28%: 72%, as compared with 35%: 65% for 2009. The Group's transactions were mainly denominated in Renminbi. During the year the appreciation in Renminbi against the US Dollar of 3.26% brought an exchange gain of US$85.161 million, US$7.792 million and US$77.369 million of exchange gain have been included in the income statement and reserve from exchange translation respectively.

Financial Ratio

	For the year ended 31 December	
	2010	2009
Net Profit margin (Profit attributable to owners of the Company)	**7.14%**	7.54%
Finished goods turnover	**8.62 Days**	10.22 Days
Trade receivables turnover	**6.65 Days**	8.82 Days
Gearing ratio (Net debt to shareholders' equity)	**-0.14 Times**	-0.13 Times
Debt ratio (Total liabilities to total assets)	**51.56%**	43.98%

QUALITY ASSURANCE

By adhering to the basic principles of providing high quality, healthy, safe and delicious food to consumers, Tingyi continued to strengthen the quality control system and optimize food production safety alerts in 2010 such that food safety was ensured from source to end.

During the year, the Group strengthened controls over the supply segments of raw materials and ancillary facilities, conducted appraisals on suppliers and implemented source management in order to supervise quality and safety from the source. Meanwhile, 5S and TPM systems were be implemented in all production plants to ensure product safety and high standards of health in all stages of production. In addition, through the provision of quality guidance, taking actions against counterfeit goods and rehearsing product tracing through exercise with distributers, product safety will be realized for end user products.

Currently, 5 factories of the Group's instant noodle business have been awarded the TPM Awards in Japan, 6 factories have passed the ISO9001:2000 Certificate of International Quality Management System, ISO22000:2005 Certificate of International Quality Management System. International certifications relating to quality/ food safety have been obtained by 15 beverage synthetic factories under the beverage business, including ISO9000:2000 Certificate of International Quality Management System, HACCP certification, ISO22000:2005 Food Safety Management Systems, etc.

In addition, the Group's Research and Development Centre has divisions for food safety research and testing and analysis to support the food safety assurance and product development fundamental research work of the Group. Externally, the food safety division has participated in the formulation of the relevant legal and regulatory criteria on food safety both at the industry and national levels, participated in the collection of information of the latest research progress on food safety controls and food safety alerts, and participated in the discussions at the expert assessment committee under the Ministry of Health for the amendment bill on "national food safety criteria for instant noodles" last year. Internally, it has coordinated the consistent implementation of the relevant legal and regulatory criteria, conducted assessment on the application and food safety risks of new technology on the Group. The testing and analysis division has obtained the CNAS certificate issued by the China National Accreditation Service for Conformity Assessment in February 2011. Over 100 food safety related test reports were highly recognized not only among domestic laboratories but also recognized by 61 institutions in 46 countries around the world.

Such series of accreditation and awards are sufficient to prove not only the possession of excellent production technology by Tingyi but also the stable high quality of products.

PRODUCTION SCALE

In 2010, Tingyi has been expanding production scale and renewing production equipment continuously in order to realize fast, automatic and labour saving production and support the leadership position of the Group in the domestic food industry in terms of production efficiency. As of December 2010, Tingyi had 81 production plants and 457 production lines in operation.

In respect of the instant noodles business, in 2009, we established a new production base in Tianjin, the first three phases have commenced with production, the final phase will be completed in 2011, while expansion of new plants and equipment continued in Nanjing, Chengdu, etc. during 2010. Moreover, the beverage business started identifying sites for building operation plants in Nanjing and Wujiang, etc. to expand the production base continuously. The bakery business improved automation in egg rolls production by increasing the number of automatic egg rolls equipment.

HUMAN RESOURCES

As at 31 December 2010, the Group employed 64,436 (2009: 50,023) employees.

Tingyi has been devoting efforts to implement the human resources development objective of creating human value and accumulation of long-term competitiveness, improve the talent development strategies in the selection, training, deployment and retention of talents in order to create a reserve of talents for the sustainable development of the Group.

Meanwhile, we have been improving our recruitment and training mechanism for reserve talents and coordinating all functions to be well-prepared for the selection and training of reserve talents who will become the central force for driving the future development. Planning of the Group through organizing various training courses actively to enhance the professional quality of our staff continuously; adjusting the salaries and wages structure to formulate a more competitive system for Group salaries and staff promotion; adopting performance-related criteria to improve the equity and fairness of the Group's appraisal system; establishing the "Ting Hsin International Group - Master Kong Waseda Scholarship; and through the performance of social responsibilities to enhance our corporate image.

By placing sufficient emphasis on training, developing and retaining talent who are taken to be the corner stone of corporate development will be one of the core competitiveness for the rapid growth of Tingyi.

CORPORATE GOVERNANCE REPORT

Compliance with the Code on Corporate Governance Practices

Throughout the year ended 31 December 2010, 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 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.

The Company has taken steps towards the adoption of appropriate measures to ensure that the Company's corporate governance practices comply with the Code.

Audit Committee

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, the preperation of financial statements and internal control procedures. It also acts as an important link between the Board and the Company's auditor in matters within the scope of the group audit. Four meetings were held during the financial year ended 31 December 2010.

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 standards as set out in the Model Code throughout the review period.

PROSPECTS

2011 is the commencement year of the Twelfth Five-Year Plan. In the medium to long term period, the Chinese economy will remain powerful in future. The changing economic structure in China to a more consumption oriented direction will be the future general trend, enormous development potential still exists in the market of fast moving consumer products in China. Moreover, the changes in the income and allocation structure and the acceleration of urbanization will increase the food consumption levels of all the high, medium and low income groups. The percentage of industrialized food consumption will increase further. Instant food products, leisure food products and beverage consumption amounts will continue to increase at higher growth rates. However, abnormal climate may increase the uncertainties in the supply of raw materials and may bring about continuous rising prices. Besides, the rising labour costs in future may drive up the prices of agricultural products and non-food products. Since cost-push inflation follows a spiral rising process, the food industry may be facing more stringent cost pressures in future.

By strengthening the Group's strong leading position in the China market, Tingyi will ascertain the medium to long term development targets of the Group and continuous stimulation of the working spirit of all our staff to continue the sustainable high growth of our Group in the long term. In the coming year, on the instant noodle business, the Group will maintain its leading position in the high-end noodles market while strengthening the launching and promotions of innovative products, expanding the market shares and through precise operations and reasonable planning in the medium-end market to increase the market share in a systematic and focused manner. On the beverage business, facing the intensive competition in the market, the Group will adjust product mix actively to satisfy market demand and develop products with competitive advantages continuously. Connecting road networks will be strengthened with improved distribution in order to expand sales and market shares, in addition, more new products will be launched in order to enhance the competitive advantages of Master Kong continuously in the soft drinks market. On the bakery business, the Group will continue to promote modernization of the traditional food culture, strengthen product research and development, enhance marketing, seek strategic alliance timely and introduce production technology and experience in order to promote the development of the bakery business.

On the food industry, the prices of raw materials for food production may continue to rise in 2011. Facing such inflationary pressure, the Group will continue to optimize the business operation system, improve supply chain management, continue to refine production technology, adjust and control unit cost reasonably and maintain a stable gross profit margin. At the same time, to meet the challenge of higher consumption on food products in China, the Group will strengthen product research and development and innovations in product categories and tastes in order to create more healthy food to satisfy consumer needs so that to drive and increase sales. With the changing economic structure in China to a more consumption oriented trend and the overall robust growth in the consumer market in China, we have full confidence in 2011. In the first two months of 2011, the Group's turnover maintained strong growth by more than 40% year-on-year. With the concerted efforts of our excellent operation team and all our staff, the Group will continue to promote the awareness and recognition of the brand of Master Kong, continue to expand its brand influence, further strengthen the leading positions of its various products in the market of the PRC and drive a continuous and steady growth in the future, in order to bring better results and return to shareholders.

Due to the increases of the prices of instant noodle raw materials in 2011, the Group's gross margin has been affected seriously. In order to keep improving the product quality and maintaining a reasonable margin, the Group will increase the price of most of the container noodle starting from 1 April 2011. Per unit retail price will increase RMB 0.5 yuan, an increase of about 14%. The container noodle accounts for approximately 30% of the Group's instant noodle sales volume. It is believed this can balance the continuous quality improvement of instant noodle and the healthy development of the Group.

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 year.

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

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the "Annual General Meeting") be held on 10 June 2011. The notice of the Annual General Meeting will be published on the Company's website and sent to the shareholders of the Company in due course.

PROPOSED FINAL DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended the payment of a final dividend of US4.27 cents per ordinary share of the Company in respect of the year ended 31 December 2010. Subject to the approval of shareholders at the Annual General Meeting, the final dividend will be paid on or about 13 July 2011 to shareholders whose names appear on the register of members of the Company on 10 June 2011. The register of members of the Company will be closed from 8 June 2011 to 10 June 2011 (both dates inclusive). In order to determine the identity of the shareholders who are entitled to attend and vote at the Annual General Meeting and to qualify for the abovementioned proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30pm on 7 June 2011.

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, the PRC, 21 March 2011

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