



Tingyi Announces 2005 Interim Results

Increased Turnover

Increased Gross Margin

Maintained Market Leadership

(Hong Kong, 5:00pm, August 24, 2005) Tingyi (Cayman Islands) Holding Corp. (Stock Code: 0322) today announced its 2005 interim results. Benefiting from continuing growth in domestic demand, the Group enjoy a stable increase in sales. The continuous blooming financial results in the second quarter were attributable to the Group's firm control in its overall operation although the price of main raw materials for production maintained at a high level during the period.

Highlights of the Group's interim results for the six months ended 30th June 2005:

	2005 (Unaudited)	2004 (Unaudited)	Change
● Turnover	US\$846.651 million	US\$711.604 million	+18.98%
● Group's gross margin	31.56%	27.66%	+3.9ppt
● Profit attributable to equity holders of the parent	US\$56.310 million	US\$266.029 million	-78.83%
● Profit(loss) attributable to equity holders of the parent before the inclusion of the exceptional income arising from disposal of partial interests in subsidiaries	US\$56.310 million	(US\$6.926 million)	+US\$63.236 million
● Earnings per share	US1.01 cents	US4.76 cents	-US3.75 cents
● Earnings(loss) per share before the inclusion of the exceptional income arising from disposal of partial interests in subsidiaries	US1.01 cents	(US0.12 cents)	+US1.13 cents

In the first half of 2005, through the stable sales growth from existing products and the successful launch from new products such as the Local Taste series for instant noodle, Jasmine Tea and Savory Biscuit, the Group's turnover increased by 18.98% over same period last year to US\$846.651 million. The growth rates for turnover of instant noodle, beverage and bakery were 10.44%, 31.56% and 11.53% respectively. According to AC Nielsen, for the period of April to May 2005, by sales value, the Group was No.1 in the PRC instant noodle market and Ready-to-drink tea market and gained 38.73% and 44.4% market share respectively. No.2 in the PRC sandwich crackers market and gained 26.8% market share.

The profit attributable to equity holders of the parent for the period was US\$56.310 million, representing earnings per share of US\$1.01 cents. Profit has sharply increased by US\$63.236 million when compared to the loss of US\$6.926 million attributable to equity holders of the parent before the inclusion of the exceptional income arising from disposal of partial interests in subsidiaries in last year. The profit increase was because of (1) the Group's sales grew by 18.98%; (2) the Group's gross margin increased by 3.9pp. to 31.56% although the prices for the Group's core materials stood at high level. The growth of gross margin was mainly because of the improvement in product mix and cost control; (3) the improvement in the operation help to cut 3.27% of the distribution expense to US\$151.510 million and (4) the effective use of the cash from the shares transfer to repay most of the loans, the Group's finance cost sharply decreased by 45.22% to US\$5.268 million. A capital gain of US\$272.955 million in the first half of last year was from the disposal of partial interests in subsidiaries.

As of 30th June 2005, the Group's total liabilities amounted to US\$607 million and total assets amounted to US\$1,507 million. The leverage ratio calculated as total liabilities to total assets was 40.25%. The Group's long-term and short-term loans decreased by US\$26.839 million as compared to 31st December 2004. The Group's loans are mainly denominated in US dollars and the portion for US dollars and Renminbi in the Group's total borrowing was 86% and 14% respectively. In addition, the Group's transactions are mainly denominated in Renminbi, revaluation in the Renminbi may bring positive impact to the Group. As of 30th June 2005, the Group's cash on hand amounted to US\$174 million.

In third quarter, because of the continuous high price of the Group's core raw materials, the Group's gross margin will be squeezed and the Group's production cost will continue to be affected in the second half. Facing the pressure from market competition and the increasing production cost, the Group will continue to make use of the Group's advantages and to refine its overall operation. Under the "Profit Priority" policy, the Group will expand its total sales and further strengthen the leading position of each product in the PRC market.

For more information

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