



## Tingyi Announces 2005 Third Quarter Results

Both Turnover and Profit Broke the Single Quarter Record

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Gross Margin Expanded

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Market Share Increased

(Hong Kong, 5:00pm, November 14, 2005) Tingyi (Cayman Islands) Holding Corp. (Stock Code: 0322) today announced its 2005 third quarter results ended 30<sup>th</sup> September 2005. Benefiting from the growth in domestic demand and the Group's firm control in its overall operation, the Group experienced a continued blooming financial results in the third quarter. Furthermore, the Group's profit in the third quarter realized the highest record both in turnover and net profit in terms of a single quarter. During the period, the Group's total turnover and profit attributable to equity holders of the parent increased by 40.6% and 167.62% to US\$599 million and US\$52.65 million respectively. Earning per share was US 0.94 cents and the Group's gross margin expanded 2.77 ppt. when compared to last third quarter. According to AC Nielsen, for the period of August to September 2005 by sales value, market shares for Master Kong's instant noodle and Ready-to-drink tea have increased to 40.39% and 44.80% respectively and are No.1 in the PRC market.

In the third quarter, all items of the Group's instant noodles have been increased. Turnover for instant noodle business amounted to US\$295 million, grew by 30.26% from the same period last year. The growth was mainly attributable to continuing brand investment, leveraging on the strategy of overall improvement on the sense of value for high-end instant noodle products, enhance the development in low-end noodle market and the effective communication with media. During the period, the gross margin of instant noodle increased by 2.41 ppt. to 24.4% mainly because of the increase in sales portion of high margin high-end noodle, cost control and the refining production process. Profit attributable to equity holders of the parent grew by 70.48% to US\$27.26 million.

Third quarter is a beverage's peak season in the PRC, through the strategies of extended flavors and product differentiation, new products such as Jasmine Tea and Ice shock Tea kept best selling in the period. In addition, Master Kong Mineralized Water had a remarkable performance and all water production lines operated at full capacity. During the period, turnover for beverage business achieved a new record again in a single quarter and amounted to US\$257 million, grew by 61.13% from last third quarter. The Group's highly efficient production facilities and vertical integrated production process which have offset the pressure of rising prices in raw material and the fast growth of sales leading to the high utilization rate for beverage production lines. Gross margin for beverage was 42.08% and profit attributable to equity holders of the parent grew by 296.71% to US\$22.07 million, also broke the single quarter record.

In the third quarter, turnover for bakery business amounted to US\$27.82 million, grew by 24.81%

from the same period last year. Gross margin expanded 1.39 ppt. to 40.03% and profit attributable to equity holders of the parent was US\$1.60 million.

The profit attributable to equity holders of the parent for the period sharply increased by US\$32.98 million when compared to same period last year. The profit increase was because of (1) the Group's sales grew by 40.60%; (2) the Group's gross margin expanded 2.77ppt. to 33.36%. The growth of gross margin was mainly because of the increase of the sales portion from high margin product and cost control; (3) the improvement in the operation help to cut the distribution costs by 2.68ppt. as percentage of total sales which amounted to 17.84% in the third quarter 2005 as compared to 20.52% from a year ago; and (4) the finance cost sharply decreased by 55.40% to US\$1.77 million.

As of 30th September 2005, the Group's total liabilities amounted to US\$618 million and total assets amounted to US\$1,608 million. The leverage ratio calculated as total liabilities to total assets was 38.45%. The Group's long-term and short-term loans decreased by US\$45.09 million as compared to 31st December 2004. US dollars loan was 94% of the Group's total borrowing and the Group's transactions are mainly denominated in Renminbi, it is expected that there will be no significant impact on the Group arising from the exchange rate fluctuation. As of 30th September 2005, the Group's cash on hand amounted to US\$171 million.

**Based on the experience in tackling the high price for core raw materials during the past few quarters, management believes that the Group has ability to mitigate the pressure and 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 has confidence to expand its total sales and further strengthen the leading position of each product in the PRC market.**

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