



## Tingyi Announces 2006 First Quarterly Results

### **Both Turnover and Profit Broke the First Quarterly Record**

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### **Gross Margin Expanded**

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### **Market Share Increased**

(Hong Kong, 5:00pm, May 22, 2006) Tingyi (Cayman Islands) Holding Corp. (Stock Code: 0322) today announced its 2006 first quarterly results ended 31 March 2006. 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 first quarter. Furthermore, the first quarterly results have set new records in terms of the Group's sales and profit in the first quarter!

In the first quarter, the Group's total turnover and profit for the period increased by 29.37% and 36.91% to US\$548 million and US\$60.38 million respectively. Profit attributable to equity holders of the Company increased by 15.88% to US\$40.39 million and earnings per share amounted to US 0.72 cents. The Group's gross margin expanded 1.96 ppt. and EBITDA increased by 27.95% when compared to last first quarter. According to AC Nielsen, for the period of March 2006 by sales value, market shares for Master Kong's instant noodle and Ready-to-drink tea have increased to 38.6% and 52.1% respectively and are No.1 in the PRC market.

Turnover for instant noodle business amounted to US\$271 million, grew by 8.8% 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 1.18 ppt. to 25.13% 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 Company was US\$18.81 million. Due to the launch for new products and strategical advertising and promotion, the distribution cost was increased in the first quarter.

The first quarter is a beverage's low season in the PRC, due to the new product which launched in last year such as Jasmine Tea kept best selling in the period, in addition, Master Kong Mineralized Water had a remarkable performance, turnover for beverage business sharply increased by 71.99% to US\$235 million when compared to last first quarter. In spite of the fact that the prices of PET plastic resin and sugar continued to stand at a high level and the doubled sales of lower margin bottle water, the gross margin of beverage business only dropped by 0.76 ppt. from the same period last year and maintained at a high level of 39.69% due to the high utilization rate for the highly efficient production lines. Profit attributable to equity holders of the Company sharply increased to US\$20.86 million.

As of 31 March 2006, the Group's total liabilities amounted to US\$700 million and total assets amounted to US\$1,715 million. The leverage ratio calculated as total liabilities to total assets was 40.8%, increased by

6ppt when compared to 31 December 2005 mainly because (1) before the high season for beverage, the increase in advance payments from customers and the increase for raw materials led the growth in trade payables at the end of March; and (2) the increase for the loans in matching the capital expansion. As of 31 March 2006, the Group's cash on hand amounted to US\$272 million.

The growth for the PRC consumers' income and the new concept for consumption will benefit the growth for the Group's product directly. In the first quarter, although the core raw materials still stood at high level, management believes that the Group has ability to mitigate the pressure through cost control, and refining production process. In addition, the sales growth for the high margin beverage is continued to be faster than the noodles sales growth, the Group's gross margin may be further expanded. 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.

For more information

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# TINGYI (CAYMAN ISLANDS) HOLDING CORP.

## Condensed Consolidated Income Statement For the Three Months Ended 31 March 2006

	For the three months ended 31 March	
	2006 (Unaudited) US\$'000	2005 (Unaudited) US\$'000
Turnover	547,843	423,472
Cost of sales	(369,858)	(294,203)
Gross profit	177,985	129,269
Other revenue	—	743
Other net income	5,786	5,325
Distribution costs	(93,952)	(66,863)
Administrative expenses	(14,164)	(12,144)
Other operating expenses	(8,209)	(6,516)
Finance costs	(3,179)	(2,799)
Share of profit of associates	2,226	2,263
Profit before taxation	66,493	49,278
Taxation	(6,116)	(5,178)
Profit for the period	60,377	44,100
Attributable to		
Equity holders of the Company	40,394	34,857
Minority interest	19,983	9,243
Profit for the period	60,377	44,100
Earnings per share		
Basic	0.72 cent	0.62 cent
Diluted	N/A	N/A