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康師傅控股

TINGYI (CAYMAN ISLANDS) HOLDING CORP.

康師傅控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0322)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

RMB'000	2020	2019		Change
• Revenue	67,617,835	61,978,158	↑	9.10%
• Gross margin (%)	33.17%	31.88%	↑	1.29 ppt
• Gross profit	22,432,155	19,759,455	↑	13.53%
• EBITDA	9,360,966	8,541,797	↑	9.59%
• Profit for the year	4,573,684	3,718,222	↑	23.01%
• Profit attributable to owners of the Company	4,062,263	3,330,981	↑	21.95%
• Earnings per share (RMB cents)				
Basic	72.23	59.25	↑	12.98 cents
Diluted	72.15	59.20	↑	12.95 cents

At 31 December 2020, cash and cash equivalents was RMB21,431.153 million, with an increase of RMB4,000.766 million when compared to 31 December 2019. Gearing ratio was -36.63%.

CHAIRMAN'S STATEMENT

In spite of the Novel Coronavirus Disease (COVID-19) outbreak in the beginning of 2020, our Group has pressed ahead by continually executing the business strategy of “Consolidate, Reform and Develop”. With the joint efforts from each and every one of our colleagues, our Group managed to realize a smooth and orderly transformation and upgrading, and thus surviving a tough year. We are particularly grateful for the support and help from the government, the community, our partners and customers, and also greatly appreciate the contributions of our colleagues who went to the front line and played an important part in the fight against the COVID-19 pandemic.

Currently, traditional forms of food and beverage industry are challenged and reshaped by the rampant global pandemic, rapidly-changing society and swiftly-iterating technologies. Under such a circumstance, Master Kong “Conforms to the industry trend” to carry out innovations while proactively exploring its positioning in the new era. We have embraced new technologies, promoted digital transformation, and built agile management to maintain our competitive edges. Apart from remaining true to the original aspiration of “Promoting Chinese Food & Beverage Culture”, our Group will keep on taking “Catering to Consumer Needs” as the first priority and offering delicious and innovative products under the “Quality First” principle, so that public demand for a better life can be met. In addition, we are well determined to “Fulfill Corporate Social Responsibility” and have been trying the utmost to pay back to the society by striving for higher scores on Environmental, Social, and Corporate Governance ratings.

I sincerely hope that Master Kong will forge ahead hand in hand with all the customers, employees, partners and shareholders, and remain focused and pragmatic in the pursuit of leading the industry in “sustainable development”, thus ultimately building itself as a comprehensive “Chinese Ethical Brand” of food and beverage with international influence.

I would like to take this opportunity to express my heartfelt gratitude to all fellow members of the Board, the management team, employees and customers for their support over the years.

Wei Hong-Ming

Chairman

Hong Kong, China

22 March, 2021

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 2020 together with the comparative figures for the corresponding period in 2019 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

		2020	2019
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	67,617,835	61,978,158
Cost of sales		<u>(45,185,680)</u>	<u>(42,218,703)</u>
Gross profit		22,432,155	19,759,455
Other revenue	5	667,617	541,222
Other net income	6	567,894	1,544,223
Distribution costs		(14,150,828)	(13,258,980)
Administrative expenses		(2,290,999)	(2,375,436)
Other operating expenses		(475,724)	(619,395)
Finance costs	7	(348,639)	(413,652)
Share of results of an associate and joint ventures		<u>130,436</u>	<u>234,159</u>
Profit before taxation	7	6,531,912	5,411,596
Taxation	8	<u>(1,958,228)</u>	<u>(1,693,374)</u>
Profit for the year		<u>4,573,684</u>	<u>3,718,222</u>
Profit attributable to:			
Owners of the Company		4,062,263	3,330,981
Non-controlling interests		<u>511,421</u>	<u>387,241</u>
Profit for the year		<u>4,573,684</u>	<u>3,718,222</u>
Earnings per share	10	<i>RMB</i>	<i>RMB</i>
Basic		<u>72.23 cents</u>	<u>59.25 cents</u>
Diluted		<u>72.15 cents</u>	<u>59.20 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	4,573,684	3,718,222
Other comprehensive income (loss):		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit obligations	(367)	(74,877)
Fair value changes in equity instruments designated as at fair value through other comprehensive income	<u>32,456</u>	<u>3,199</u>
	<u>32,089</u>	<u>(71,678)</u>
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on consolidation	<u>784,122</u>	<u>(131,046)</u>
Other comprehensive income (loss) for the year	<u>816,211</u>	<u>(202,724)</u>
Total comprehensive income for the year	<u>5,389,895</u>	<u>3,515,498</u>
Total comprehensive income attributable to:		
Owners of the Company	4,847,840	3,135,740
Non-controlling interests	<u>542,055</u>	<u>379,758</u>
	<u>5,389,895</u>	<u>3,515,498</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<i>Note</i>	2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Investment properties		1,771,700	1,771,500
Property, plant and equipment		21,934,571	23,013,991
Right-of-use assets		3,804,456	4,025,124
Intangible assets		165,668	183,409
Goodwill		97,910	97,910
Interest in an associate		94,802	139,537
Interest in joint ventures		627,031	889,065
Financial assets at fair value through profit or loss		1,329,479	1,153,541
Equity instruments designated as at fair value through other comprehensive income		140,444	115,614
Deferred tax assets		429,027	407,171
Long-term time deposits		2,435,000	725,000
		<hr/> 32,830,088 <hr/>	<hr/> 32,521,862 <hr/>
Current assets			
Inventories		3,347,676	3,445,075
Trade receivables	11	1,660,389	1,669,525
Tax recoverable		21,194	40,349
Prepayments and other receivables		2,240,898	2,852,469
Pledged bank deposits		37,832	32,830
Bank balances and cash		21,393,321	17,397,557
		<hr/> 28,701,310 <hr/>	<hr/> 25,437,805 <hr/>
Total assets		<hr/> 61,531,398 <hr/>	<hr/> 57,959,667 <hr/>

	<i>Note</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital		235,422	235,401
Share premium		730,075	724,384
Reserves		<u>20,147,227</u>	<u>18,618,789</u>
Total capital and reserves attributable to owners of the Company		21,112,724	19,578,574
Non-controlling interests		<u>3,626,659</u>	<u>3,467,533</u>
Total equity		<u>24,739,383</u>	<u>23,046,107</u>
Non-current liabilities			
Financial liabilities at fair value through profit or loss		—	9,674
Long-term interest-bearing borrowings		7,805,122	4,920,078
Lease liabilities		215,609	287,892
Other non-current liabilities		—	40,000
Employee benefit obligations		122,166	157,066
Deferred tax liabilities		<u>1,577,110</u>	<u>1,191,422</u>
		<u>9,720,007</u>	<u>6,606,132</u>
Current liabilities			
Financial liabilities at fair value through profit or loss		9,959	—
Trade payables	12	8,146,974	7,678,035
Other payables and deposits received		10,079,278	10,761,450
Current portion of interest-bearing borrowings		5,891,412	7,454,381
Other current liabilities		40,000	—
Lease liabilities		101,191	199,664
Advance payments from customers		2,360,954	1,809,935
Taxation		<u>442,240</u>	<u>403,963</u>
		<u>27,072,008</u>	<u>28,307,428</u>
Total liabilities		<u>36,792,015</u>	<u>34,913,560</u>
Total equity and liabilities		<u>61,531,398</u>	<u>57,959,667</u>
Net current assets (liabilities)		<u>1,629,302</u>	<u>(2,869,623)</u>
Total assets less current liabilities		<u>34,459,390</u>	<u>29,652,239</u>

Notes:

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These consolidated 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 (“Listing Rules”). All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2019 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed in note 3.

2. BASIS OF CONSOLIDATION

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

All intra-group balances, 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 ceases.

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

3. ADOPTION OF NEW/REVISED HKFRSs

The HKICPA has issued a number of new/revised HKFRSs that are first effective for the current accounting period of the Group. Of these, the changes in accounting policy relevant to the consolidated financial statements are as follows:

Amendments to HKASs 1 and 8: Definition of Material

The amendments clarify the definition of material and align the definition used across HKFRSs.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 39, HKFRSs 7 and 9: Interest Rate Benchmark Reform – Phase 1

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform (the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark). In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 3: Definition of a Business

The amendments, among others, revise the definition of a business and include new guidance to evaluate whether an acquired process is substantive.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

4. SEGMENT INFORMATION

The Company's 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 which forms a basis for business segment information as over 99% of the Group's sales and business are conducted in the The People's Republic of China ("PRC") from a geographical perspective. Business reportable operating segments identified are instant noodles, beverages, and others. The segment of others includes instant food, investment holding, properties investment for rental propose, logistics and supportive functions.

For the purposes of assessing the performance of the operating segments and allocating resources between segments, the executive directors assess the performance of reportable segments based on profit (loss) for the year and profit (loss) before taxation, share of results of an associate and joint ventures and unallocated income (expenses), net.

Segment assets include all assets with the exception of interest in an associate and joint ventures and unallocated assets which include financial assets at fair value through profit or loss and investment funds and equity instruments designated as at fair value through other comprehensive income. Segment liabilities include all liabilities with the exception of employee benefit obligations.

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.

The geographical location of the Group's customers is based on the location at which the goods are delivered. Over 99% of the revenues from external customers of the Group are attributable to customers located in the PRC, the place of domicile of the Group's operating entities. Meanwhile, all of the Group's non-current assets, other than certain financial assets at fair value through profit or loss and equity instruments designated as at fair value through other comprehensive income, are located in the PRC.

No revenue from a single external customer amounted to 10% or more of the Group's revenue.

Business segment analysis

	2020				
	Instant noodles	Beverages	Others	Inter- segment elimination	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue					
Revenue from contracts with customers	29,501,133	37,265,751	769,429	—	67,536,313
Timing of revenue recognition:					
Recognised at a point in time	29,501,133	37,265,751	710,983	—	67,477,867
Recognised over time	—	—	58,446	—	58,446
	<u>29,501,133</u>	<u>37,265,751</u>	<u>769,429</u>	<u>—</u>	<u>67,536,313</u>
Revenue from other sources:					
Rental income from investment properties	—	—	81,522	—	81,522
Inter-segment revenue	8,777	14,172	1,207,928	(1,230,877)	—
Segment revenue	<u>29,509,910</u>	<u>37,279,923</u>	<u>2,058,879</u>	<u>(1,230,877)</u>	<u>67,617,835</u>
Segment result after finance costs	3,980,673	2,654,056	(184,740)	(6,970)	6,443,019
Share of results of an associate and joint ventures	(507)	141,383	(10,440)	—	130,436
Unallocated expenses, net	—	—	(41,543)	—	(41,543)
Profit (loss) before taxation	3,980,166	2,795,439	(236,723)	(6,970)	6,531,912
Taxation	(1,246,935)	(689,976)	(21,317)	—	(1,958,228)
Profit (loss) for the year	<u>2,733,231</u>	<u>2,105,463</u>	<u>(258,040)</u>	<u>(6,970)</u>	<u>4,573,684</u>

2019

	Instant noodles	Beverages	Others	Inter- segment elimination	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue					
Revenue from contracts with customers	25,295,434	35,580,490	1,016,062	—	61,891,986
Timing of revenue recognition:					
Recognised at a point in time	25,295,434	35,580,490	703,287	—	61,579,211
Recognised over time	—	—	312,775	—	312,775
	<u>25,295,434</u>	<u>35,580,490</u>	<u>1,016,062</u>	<u>—</u>	<u>61,891,986</u>
Revenue from other sources:					
Rental income from investment properties	—	—	86,172	—	86,172
Inter-segment revenue	4,988	19,131	1,515,469	(1,539,588)	—
Segment revenue	<u>25,300,422</u>	<u>35,599,621</u>	<u>2,617,703</u>	<u>(1,539,588)</u>	<u>61,978,158</u>
Segment result after finance costs	3,364,881	1,549,877	247,413	(6,202)	5,155,969
Share of results of an associate and joint ventures	483	242,752	(9,076)	—	234,159
Unallocated income, net	—	—	21,468	—	21,468
Profit before taxation	3,365,364	1,792,629	259,805	(6,202)	5,411,596
Taxation	(1,166,264)	(453,607)	(73,503)	—	(1,693,374)
Profit for the year	<u>2,199,100</u>	<u>1,339,022</u>	<u>186,302</u>	<u>(6,202)</u>	<u>3,718,222</u>

Segment assets and liabilities

	2020				
	Instant noodles	Beverages	Others	Inter- segment elimination	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets					
Segment assets	25,182,638	31,152,963	5,007,269	(2,003,228)	59,339,642
Interest in an associate	—	94,802	—	—	94,802
Interest in joint ventures	375	598,337	28,319	—	627,031
Unallocated assets					1,469,923
Total assets					<u>61,531,398</u>
Liabilities					
Segment liabilities	9,073,005	16,942,691	12,413,035	(1,758,882)	36,669,849
Unallocated liabilities					122,166
Total liabilities					<u>36,792,015</u>
Other information					
Depreciation and amortisation	<u>814,164</u>	<u>2,201,882</u>	<u>222,308</u>	<u>(90,322)</u>	<u>3,148,032</u>
Capital expenditures	<u>502,934</u>	<u>1,725,297</u>	<u>38,029</u>	<u>—</u>	<u>2,266,260</u>
Interest income	<u>433,587</u>	<u>284,319</u>	<u>17,015</u>	<u>(67,304)</u>	<u>667,617</u>
Interest expenses	<u>20,189</u>	<u>93,293</u>	<u>305,924</u>	<u>(70,767)</u>	<u>348,639</u>
Impairment loss of property, plant and equipment	<u>16,514</u>	<u>49,677</u>	<u>—</u>	<u>—</u>	<u>66,191</u>
Gain on disposal of subsidiaries	<u>—</u>	<u>117,941</u>	<u>128</u>	<u>—</u>	<u>118,069</u>

2019

	Instant noodles	Beverages	Others	Inter- segment elimination	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets					
Segment assets	22,790,688	29,095,483	4,010,878	(235,139)	55,661,910
Interest in an associate	—	139,537	—	—	139,537
Interest in joint ventures	882	849,424	38,759	—	889,065
Unallocated assets					<u>1,269,155</u>
Total assets					<u><u>57,959,667</u></u>
Liabilities					
Segment liabilities	9,294,961	15,805,462	10,482,964	(826,893)	34,756,494
Unallocated liabilities					<u>157,066</u>
Total liabilities					<u><u>34,913,560</u></u>
Other information					
Depreciation and amortisation	<u>777,990</u>	<u>2,324,077</u>	<u>211,848</u>	<u>(56,144)</u>	<u>3,257,771</u>
Capital expenditures	<u>440,974</u>	<u>1,355,033</u>	<u>278,984</u>	<u>—</u>	<u>2,074,991</u>
Interest income	<u>326,958</u>	<u>228,758</u>	<u>18,854</u>	<u>(33,348)</u>	<u>541,222</u>
Interest expenses	<u>3,967</u>	<u>136,873</u>	<u>310,551</u>	<u>(37,739)</u>	<u>413,652</u>
Impairment loss of property, plant and equipment	<u>35,097</u>	<u>112,555</u>	<u>4,398</u>	<u>—</u>	<u>152,050</u>
Gain on disposal of subsidiaries	<u>372,208</u>	<u>94,537</u>	<u>162,144</u>	<u>—</u>	<u>628,889</u>
Gain on disposal of a joint venture	<u>—</u>	<u>—</u>	<u>223,150</u>	<u>—</u>	<u>223,150</u>
Gain on disposal of an associate	<u>119,593</u>	<u>11,460</u>	<u>—</u>	<u>—</u>	<u>131,053</u>

5. OTHER REVENUE

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest income	<u>667,617</u>	<u>541,222</u>

6. OTHER NET INCOME

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Income (Expenses):		
Gain on sales of scrapped materials	171,762	160,451
Change in fair value of financial assets at fair value through profit or loss, net	(40,905)	20,774
Change in fair value of investment properties	200	3,674
Change in fair value of financial liabilities at fair value through profit or loss, net	(285)	188
Dividend income from financial assets at fair value through profit or loss	135	3,253
Gain on disposal of subsidiaries	118,069	628,889
Gain on disposal of an associate	—	131,053
Gain on disposal of a joint venture	—	223,150
Government grants	160,431	314,116
Loss on disposal of property, plant and equipment and right-of-use assets	(77,332)	(92,900)
Exchange gain, net	29,159	15,511
Others	206,660	136,064
	<u>567,894</u>	<u>1,544,223</u>

7. PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Finance costs		
Interest on bank and other borrowings wholly repayable within five years	315,096	363,850
Interest on bank and other borrowings wholly repayable over five years	15,144	27,944
Finance costs on lease liabilities	18,399	24,625
	<u>348,639</u>	<u>416,419</u>
Less: Borrowing costs capitalised into property, plant and equipment at weighted average capitalisation rate of nil (2019: 3.71%)	—	(2,767)
	<u>348,639</u>	<u>413,652</u>
Other items		
Depreciation:		
Property, plant and equipment	2,835,810	2,952,224
Right-of-use assets	305,819	299,141
Amortisation of intangible assets	6,403	6,406
Impairment loss of property, plant and equipment (included in other operating expenses)	66,191	152,050
	<u>66,191</u>	<u>152,050</u>

8. TAXATION

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current tax		
PRC Enterprise income tax		
Current year	1,460,775	1,245,211
Under provision (over provision) in prior year	26,443	(17,587)
	<u>1,487,218</u>	<u>1,227,624</u>
Hong Kong profits tax		
Current year	<u>206</u>	<u>—</u>
Deferred taxation		
Origination and reversal of temporary differences, net	(19,387)	(18,286)
Effect of withholding tax on the net distributable earnings of the Group's PRC subsidiaries	490,191	484,036
	<u>470,804</u>	<u>465,750</u>
Total tax charge for the year	<u><u>1,958,228</u></u>	<u><u>1,693,374</u></u>

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

For the year ended 31 December 2020, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax regime. Under the two-tiered profits tax regime, the first HK\$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

The statutory PRC Enterprise income tax for the PRC subsidiaries is 25% (2019: 25%). According to the Tax Relief Notice (Cai Shui [2011] no. 58) 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 the PRC (the "Western Region") with over 70% of principal revenue generated from the encouraged business activities are entitled to a preferential income tax rate of 15% from 1 January 2011 to 31 December 2020 (the "Preferential Tax Relief"). Accordingly, certain subsidiaries located in the Western Region are entitled to an income tax rate of 15% (2019: 15%). On 23 April 2020, the Ministry of Finance, the State Taxation Administration and National Development and Reform Commission jointly issued an announcement ([2020] no.23) to extend the Preferential Tax Relief from 1 January 2021 to 31 December 2030 for those foreign investment enterprises located in the Western Region with over 60% of principal revenue generated from the encouraged business activities.

9. DIVIDENDS

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of US5.54 cents (2019: US4.24 cents) per ordinary share	2,031,132	1,665,491
Special dividend proposed after the end of the reporting period of US5.54 cents (2019: US4.24 cents) per ordinary share	2,031,131	1,665,490
	<u>4,062,263</u>	<u>3,330,981</u>

At meeting held on 22 March 2021, the directors recommended the payment of a special dividend and a final dividend of US5.54 cents and US5.54 cents per ordinary share respectively. The proposed special dividend and final dividend have not been recognised as dividend payables in the consolidated statement of financial position.

10. EARNINGS PER SHARE

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

(a) Basic earnings per share

	2020	2019
Profit attributable to ordinary equity shareholders (RMB'000)	<u>4,062,263</u>	<u>3,330,981</u>
Weighted average number of ordinary shares ('000)	<u>5,624,061</u>	<u>5,622,019</u>
Basic earnings per share (RMB cents)	<u>72.23</u>	<u>59.25</u>

(b) Diluted earnings per share

	2020	2019
Profit attributable to ordinary equity shareholders (RMB'000)	<u>4,062,263</u>	<u>3,330,981</u>
<i>Weighted average number of ordinary shares (diluted) ('000)</i>		
Weighted average number of ordinary shares	5,624,061	5,622,019
Effect of the Company's share option scheme	6,187	4,831
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>5,630,248</u>	<u>5,626,850</u>
Diluted earnings per share (RMB cents)	<u>72.15</u>	<u>59.20</u>

11. TRADE RECEIVABLES

The majority of the Group's sales are cash-before-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 loss allowance), based on invoice date, at the end of the reporting period is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
0 – 90 days	1,579,741	1,568,425
Over 90 days	<u>80,648</u>	<u>101,100</u>
	<u><u>1,660,389</u></u>	<u><u>1,669,525</u></u>

12. TRADE PAYABLES

The trade payables to third parties, related parties, an associate and joint ventures are unsecured, interest-free and with credit period of 30 to 90 days. The ageing analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
0 – 90 days	7,243,120	6,789,795
Over 90 days	<u>903,854</u>	<u>888,240</u>
	<u><u>8,146,974</u></u>	<u><u>7,678,035</u></u>

13. COMMITMENTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Capital expenditure commitments		
<i>Contracted but not provided for:</i>		
Expenditures on property, plant and equipment	672,014	650,104
Investment funds	<u>—</u>	<u>12,296</u>
	<u><u>672,014</u></u>	<u><u>662,400</u></u>

Macro and Industry Environment

The year 2020 was an extraordinary one. Over the past year, China managed to contain the coronavirus pandemic within a short period of time and its economy gradually recovered and further developed, standing out as the only major economy worldwide to achieve positive growth. Despite such remarkable achievements, it was also undeniable that the year 2020 witnessed the blocked global supply chain, surging commodities prices, and shrinking international trade due to the rampant spread of the COVID-19 pandemic. The overall economic environment, under such a complicated and serious circumstance, was posed great pressures and challenges to.

Yet the instant noodle industry in the overall market demonstrated strong and vigorous development momentum when customers' needs for instant noodles increased sharply in the first half of 2020. It was not until the second half of 2020 that the sales of the instant noodle business returned to a normal level and the beverage segment rejuvenated after a slight decline in the first half of 2020. The new normal in the post-COVID-19 era accelerated the transition and restructuring of the business environment, manifested by increasing household consumption needs, the rise of O2O and community group buying, the emerging of consumption polarization and the like. All these changes presented both opportunities and challenges for the Group.

Business Review

In 2020, the Group, by executing the business strategy of “Consolidate, Reform and Develop”, further developed the mass consumer markets, laid out the high-end markets, and explored deeper into the markets in new rural areas. To fit the diversified needs of customers and clients, the Group sped up the digital transformation process as well as optimized the new retail business with further enhanced system construction.

The Group's total revenue in 2020 reached RMB 67.618 billion, a year-on-year increase of 9.10%. Specifically, revenue from the instant noodle segment increased by 16.64% and the beverage segment by 4.72% year on year. The gross profit margin of 2020 climbed to 33.17%, up by 1.29 percentage points compared with that of 2019. The ratio of distribution costs to revenue decreased by 0.46 percentage points to 20.93% year on year. EBITDA rose by 9.59% to RMB 9.361 billion year on year. Thanks to the growth in sales, expansion in gross profit margin and the reduction in distribution costs ratio, the profit attributable to shareholders of the Company increased by 21.95% to RMB 4.062 billion and basic earnings per share increased by RMB 12.98 cents to RMB 72.23 cents.

Instant Noodles Business

As shown in the Nielsen's data, the sales volume of overall instant noodles market in 2020 grew by 0.1% year on year, with a year-on-year increase of 4.7% in sales value. Over the past year, Master Kong held a market share of 43.7% and 46.3% respectively in sales volume and sales value, both registering continual growth and ranking first in the market.

2020 recorded a year-on-year increase of 16.64% in the Group's revenue from instant noodle segment to RMB 29.510 billion, which made up 43.64% of the total revenue. Due to product upgrading and production optimization, gross profit margin of instant noodles segment stood at 29.30%, up by 0.29 percentage points year on year. The profit attributable to shareholders of the Company in the instant noodle segment increased by 24.25% to RMB 2.733 billion as a result of the growth in revenue and expansion in profit margin, as well as the reduction in distribution costs ratio year on year.

Despite the COVID-19 outbreak in the Spring Festival, the instant noodles segment timely resumed production and applied big data to coordinate its production and sales, logistics service and the supply of commodities. Meanwhile, the segment prioritized public needs and launched products with various flavors, sizes and prices. The growing household consumption needs, as a new normal in the post-COVID-19 era, brought about the prosperity of online business. Against this background, the instant noodles segment focused on promoting creative cuisines and encouraging household consumption to both influence and satisfy consumers' needs. Besides, the segment managed to enhance its brand image of a healthy products provider by continually advancing cooperation with China Aerospace Foundation and the Winter Sports Management Center of the General Administration of Sport of China and by enforcing strict food safety standards together with organizing online food safety science popularization activities.

Substantial sales growth in the instant noodles segment was ensured across all channels. Amid the COVID-19, the segment gave priority to the supply of products for e-commerce platforms and other modern channels so that products could reach the consumers in the shortest possible time. Significance was attached to strengthening inventory management and improving delivery efficiency based on system tools for win-win cooperation with distributors of all channels.

The instant noodles segment spared no efforts to meet market needs by updating its supply chain on the premise of ensuring product quality and food safety. In addition, the segment continued to optimize production distribution and improve supply chain efficiency through a series of measures including upgrading automation, saving energy and reducing consumption.

High-priced and Premium Noodles

High-priced and premium noodles represented Master Kong's flagship products, which met customers' needs with multi-flavors and multi-sizes. Since the outbreak of COVID-19, the instant noodles segment has ensured the supply of these core products at a fastest pace and later managed to offer products with various flavors and sizes in the stably supplied market to satisfy the diverse needs of consumers. Due to the increasing household consumption needs and public's preference to cost-effective products during the COVID-19, the sales of packet and large-sized products particularly achieved considerable growth.

The instant noodles segment made constant efforts to inject more vigor into its brand. "Roasted Beef Noodles", as its most well-known brand leading the market, cooperated with the hottest online debate variety show "I CAN I BB" to establish closer communications with the younger groups, which not only reflected Master Kong's call for "Dream Big and Start Small" but also boosted its sales growth. In addition, the segment also strengthened a series of IP cooperation to make Master Kong a well-received name among young consumers, such as "Old Altar Pickled Beef Noodles" with Kung Fu Panda, "Hot Beef Noodles" with Game for Peace and "Rattan Pepper Beef Noodles" with Douro Mainland.

The instant noodles segment launched its new product "Handmade Noodle", the upgraded edition of "Dried Noodle" and packet instant noodles in new sizes in May, 2020, as a move to fit the needs for household consumption scenarios and for quality from the new generation and the middle class. The cooked "Handmade Noodle" series featured chewy texture and tasty broth. The "Dried Noodle" series, apart from an innovation in the more consumer-friendly water filters, improved the noodle bodies, seasonings and packages and promoted packet noodles, which both better satisfied household consumption needs and led to an upgrade in the dried noodles market.

The "Soup Chef" series boasted four kinds of high-end flavorful broths, each serving as a best representative of Chinese-style, Japanese-style and Hong-Kong-style cuisines. Therefore, customers' needs for high-quality soups were met. To offer instant noodles with more sizes, the segment launched the "Soup Chef Cup Noodles" and the "Soup Chef Packet Noodles". The segment innovatively placed a container for the noodles in each packet, which made the packaging much more creative and eye-catching. Moreover, digital tools were employed to help handing out free samples to customers for their feedback at retail stores. By doing so, an increasing number of consumer groups including the middle class, white-collar workers, and students were reached and the sales of the series remained on the rise.

Super-premium Noodles

To cope with the upgraded consumption needs of the middle class, the instant noodles segment launched the “Express Chef’s Noodles” series, whose tastes were almost the same as those in noodle shops. Therefore, the “Express Chef’s Noodles” became a first choice for customers who had a demand for both speed and taste, and also fitted different consumption scenarios with three major genres of products: “Express Cooked Noodles”, “Express Bowl Noodles” and “Express Self-heating Noodle”. To be more specific, the family pack of “Express Cooked Noodles” perfectly suited the household needs and was so well-received that its sales value jumped to a record high of more than a million yuan over one night. “Express Bowl Noodles” was specifically designed for the consumption scenario of work resumption. While in terms of “Express Self-heating Noodles”, it was in line with the trend of self-heating food market and satisfied the need of dining out, thus reporting pretty high sales volume.

Mid-priced Noodles/Snack Noodles

Facing the increasingly polarized consumption trend after the COVID-19, the instant noodles segment resorted to mid-priced products to meet the need for cost-effectiveness among consumers in township and rural areas. By upgrading the packaging of “Jinshuang Ramen” and “Super Fumanduo” and also by launching the large-sized product “50% Plus Hunger-feed”, the Group increased sales and gained more market shares in the segmented markets of mid-priced and large-sized instant noodles. The snack noodles “Flavored and Crunchy” attracted a large number of students-based consumer groups owing to its new packaging after IP cooperation with “Luo Tianyi”, the debut of new-flavored products such as “Chicken Broth Snack Noodles” and “Hot & Spicy Crab Snack Noodles” and social media marketing.

Beverage Business

Nielsen’s data suggested that the sales volume and sales value of China’s beverage industry in 2020 declined 6.2% and 7.1% respectively year on year. In terms of sales volume, Master Kong had the largest market share of 43.6% in ready-to-drink (RTD) tea segment (including milk tea), a second largest market share of 17.3% in juice segment, a market share of 5.7% in bottled water segment and a second largest market share of 12.0% in RTD coffee segment. According to data from a third party research company, the sales volume of Pepsi’s carbonated soft drinks occupied the second place in the market with a proportion of 33.4%, up by 0.5 percentage points.

In 2020, the overall revenue of the Group from the beverage business reached RMB 37.280 billion, a year-on-year increase of 4.72%, which accounted for 55.13% of the Group’s total revenue. During the period, the gross profit margin of the beverage business increased by 2.25 percentage points to 35.94%, mainly due to the product-mix optimizing and product upgrading, along with the declining prices of some raw materials. Thanks to the increased gross profit margin, the reduction of other operational costs and the decreasing proportion of minority shareholders’ equity, the profit attributable to shareholders of the Company for beverage business reached RMB 1.594 billion, up by 68.51% year on year.

During the COVID-19, the beverage segment continued to focus on core categories and developed new retail channels. In particular, the segment stressed on interacting with consumers through online channels as consumers' mobility was significantly restricted then. Steady sales growth resumed as the coronavirus tension eased later. In addition to laying high emphasis on the core products, the business continued to adjust its product-mix and launched new categories of premium products to meet the upgraded needs for nutrition and health amidst the COVID-19. Concentrated efforts were also directed at the establishment of multiple channels by tapping into the indoor consumer market, developing catering channels and offering home delivery service. Moreover, the segment expanded its physical store network in core cities as well as the scope of service to simplify the channel system. As to lower-tier cities, the focus was placed on facilitating win-win partnerships with distributors. In order to build an intelligent manufacturing system and logistics system and to enhance supply chain efficiency, the beverage business continually optimized the layout of production capacity, appropriately released household products with varying sizes, and increased capital expenditure on outdoor consumption.

RTD Tea

The RTD tea segment focused on the core products to maintain its competitive edges and launched products with various flavors and sizes to fit diverse consumer needs, thus ensuring Master Kong's leading position in the RTD tea market. By conducting the "One QR Code One Bottle" campaign and strengthening the marketing of music and sports scenarios, the "Master Kong Ice Tea" series became synonymous with youth and fashion and denoted a brand concept of "Enjoying Ice and Fun" together with its spokesperson Kris Wu. The "Jasmine" series built a fragrant and refreshing brand image resembling a jasmine through a microfilm "Flowers and Tea Made for Each Other", cast by Li Xian and Chun Xia. With this microfilm, Master Kong's brand story was publicized and a growing number of younger groups were attracted. Via selecting Jackson Yee as the spokesperson and advancing cooperation with the hottest IPs, the "Green Tea" series continued to enhance its brand image of "Fresh, Vigorous and Rich in Tea Polyphenol" and capitalized on the fan economy to stimulate sales growth. The newly-launched "Master Kong Oolong Tea", by strengthening an aromatic and palatable brand image and increasingly advertising on the selling points of health and low sugar, fittingly fed the thirst for health of the new generation of urban consumers. The upgraded high-end "Sugar-free Tea" series, represented by "Sugar-free Green Tea" and "Sugar-free Jasmine Tea", catered to the middle class's needs for health and exquisiteness by making cold brew sugar-free tea with no added artificial flavor.

Carbonated Soft Drinks

To adapt to the stay-at-home economy and consumers' growing needs for health amid COVID-19, the Pepsi bottled carbonated soft drink segment deepened efforts to enhance its brand image by offering multi-sizes and multi-flavors products that satisfied various consumption scenarios. In addition, the segment continued to diversify its Zero-Sugar series to increase overall sales value. It continued to develop "Pepsi Concept Store" and energized its brand through integrating diverse cultures and trendy items. In the first quarter, the segment kicked off its year-round brand marketing by launching "Pepsi 2020 See How Much I Love It" campaign. In the second quarter, the first traditional Chinese style product "Pepsi Osmanthus Flavor" was launched and attracted public attention, which resulted in ever-increasing sales and popularity. In the third quarter, the segment promoted the "Celebrate Together with Pepsi" activity to satisfy consumers' needs for catering and food delivery service, where a series of actions were taken, including building a platform for the meal complement market, upgrading its O2O model and enhancing in-depth cooperation with major clients and independent food and beverage outlets. When it came to the fourth quarter, the segment initiated a Chinese-New-Year-themed campaign of "Drink Pepsi to Bring Happiness Home". Committed to the brand attitude of "Intense Taste No Sugar, Go All in for What You Love", the Zero-Sugar series rolled out "Pepsi Lime", "Pepsi Mini" and "Pepsi Golden Ox Limited" apart from Pepsi of original and raspberry flavors, achieving sustained increase in sales. "Mirinda" undertook exclusive title sponsorship for Mango TV's online variety show "Great Escape Season 2". At the same time, various activities themed on "Great Escape" were carried out to increase consumers' loyalty to the brand, including the offline publicity activity "The Great Fruit Explodes after Having a Sip" and QR code promotion activity "100% Win Room Escape Related Gifts". Besides, multi-flavors products were released to add more vitality and fun to its brand image. The first mix-flavored juice "Passion Fruit & Pineapple Mix Flavor", upon its launch, took off among the public for its remarkable packaging design and diverse flavors. The "7-Up" series carried out annual marketing activities based on the theme of "Feels Good to Be You" and upgraded the packaging of FIDO DIDO into all sizes, among which the mini cans were released to fit specific consumption scenarios. The "7-Up" series continued to promote its mixing-style drink "7-Up Mixology" together with "7-Up Moji7o Grapefruit Flavor" to attract young consumers.

Juices

In 2020, the leading position of Chinese juice drinks was further consolidated and the sale of Western-style juices continued to grow. As consumption in food and beverage recovered, the segment managed to expand relevant consumption scenarios through the multi-sizes and multi-flavors strategy and made it to develop juices of Chinese and Western styles yet underlying traditional Chinese food culture. The “Rock Candy Pear” series remained to be characterized by a therapeutic brand image of constant moisture provider. Moreover, its consumption scenarios, mainly for soothing and moistening the throat, were also elaborated through cooperating with prestigious musicians. The “Traditional Drink Sweet-Sour Plum Juice” integrated modern juice-making process into Chinese classic drink making. With distinguished hosts as its spokespersons, its effects of quenching thirst and cleansing palate were magnified, which bolstered strong sales growth. The “Juice Master”, a well-received category of the Western-style “Master Kong Juices”, stepped up comprehensive upgrading and brand marketing, and strove to build an optimistic and joyful brand image. In its promotion, the strategy of multi-sizes was adopted to boost sales and consumers were encouraged to enjoy drinking it under various consumption scenarios. “NutriLight Fruits”, based on its main flavor of “honey and citron”, went with other flavored products including “Mango Flavor Drink” and “Peach Flavor Drink” and collaborated with acclaimed TV stars through new media channels to draw the attention of young consumer groups. The “Tropicana 100%” series actively seized the 100% normal temperature market and built brand awareness among customers by means of both product placement in TV series and movies with AI technology and intensive recommendations on social media. The “Tropicana” series stuck to the diluted juice market and promoted its feature of mixed juice through the “Happy Mixed Fruit Brothers” activity. In the meanwhile, scenario-based education was implemented on the O2O platform of the meal compliment market in collaboration with major clients to attract young consumers.

Bottled Water

The bottled water segment in 2020 continued to satisfy different consumers’ needs with products of various sizes and prices. In addition, it placed a high emphasis on cultivating consumers’ indoor drinking habits, preferentially offering large packages to the market, exploring new channels concerning food and beverage business and stimulating more household consumption demands. The economical product “Master Kong Bottled Drinking Water”, with the world-renowned volleyball player and coach Lang Ping as the spokesperson, conveyed a brand image of “The Best Choice for Reassurance and Health” and thus established itself as a national brand featuring affordable prices. In terms of the mid-priced ones, the newly-released “Drink Boiled Water” built a trustworthy brand image by offering sweet, mild and well-absorbed water, which was sterilized at an ultra-high temperature of 135° C, and went popular in the market soon after its launch with a target at young consumers. Besides, the high-end water “Han Yang Quan” was relaunched with an upgraded packaging and managed to strengthen its positioning of “Being Natural, Precious, and Nutritious”. The series focused on core cities and built a brand image of high-end products that met the middle class’s demands for mineral water. Notably, the 4.5-liter package of bottled mineral water reported ultra-high-speed sales growth.

Coffee Drinks/Functional Drinks/Probiotics

In the market of RTD coffee, the Group attached great importance to the medium and high-priced coffee and registered sales growth after adapting to the upgraded consumption needs and consumers' pursuit to health during the COVID-19 pandemic. The "Bernachon Coffee" series focused on the markets of the Yangtze River Delta, the Pearl River Delta and other core cities represented by Beijing and enhanced its popularity through modern channels as well as online and offline marketing. In terms of the high-priced RTD coffee market, through a more diversified and comprehensive product line, the "Starbucks RTD Coffee at Room-temperature" series upgraded their flavors and packaging to offer better consumption experience to consumers, leading to increasingly higher market share.

The "Wei Chuan Ambient Probiotics Drink" series gained a strong foothold in the Yangtze River Delta. By responding to consumers' needs for nutrition and health as well as extending collaborations with the catering and supermarket industries, the product not only successfully increased its popularity, but also facilitated sales growth. The lactobacillus beverage "Xiao Lao Duo Duo" focused on palate cleansing and hydrating while dining or under indoor scenarios, and established a fresh, fat-free and healthy product image, which satisfied the needs of the new generation of urban and young consumers.

"Gatorade", a functional drink, promoted its brand theme of "Every Drop of Sweat Counts" in 2020 through cooperating with ordinary sports enthusiasts. By doing so, the brand got closer with sports enthusiasts and managed to offer specialized sports drinks to general consumers. The fire-new "Workout at Home" online scenario marketing approach was put forward when outdoor sports were impacted during the pandemic. Later, as the pandemic was well under control across China and it became normal to conduct sports activities, QR code promotion activities such as "Open Caps for Gifts" and "Open Boxes for Gifts" were carried out far and wide to drive sales growth as well as to reward the Group's loyal consumers. Moreover, the Group also focused on enhancing its brand awareness in sports venues via sponsoring professional sports events in cooperation with national sports associations, and reaching more sports lovers under the influence of sports and fitness KOLs in hopes that Master Kong's brand image as a leading sports drink provider would be strengthened effectively.

Financing

The Group, with “Cash Is King” as its long-held overall strategy, has been characterized by proficient control of capital expenditures and effective promotion of asset-light and asset activation, which would generate stable net cash inflows. During 2020, the net cash inflow from the Group’s operating activities amounted to RMB 8.554 billion, and the net cash outflow from investing activities reached RMB 2.889 billion. Over the past years, the Group promoted asset revitalization and disposal of non-core businesses. A net cash inflow of RMB 177 million was recorded in the Group through selling entire or partial equity of two subsidiaries to an independent third party and to a connected party respectively.

The Group continued to maintain a sound financial structure through effective control on the balances of trade receivables, trade payables, bank balances and cash as well as inventories. As at 31 December 2020, the Group’s total cash and bank balances arrived at RMB 21.431 billion, an increase of RMB 4.000 billion compared with that of 31 December 2019, featuring abundant cash in hand. As at 31 December 2020, the Group’s long-term time deposits amounted at RMB2.435 billion, increased by RMB1.710 billion compared with that of 31 December 2019, as to earn interest income with a better return rate. The Group’s interest-bearing borrowings reached RMB 13.697 billion, a growth of RMB 1.322 billion from 31 December 2019 to 31 December 2020. Net cash totaled RMB 7.735 billion increased by RMB 2.678 billion compared with that of 31 December 2019. On 24 September 2020, the Company issued notes with an aggregate principal amount of USD 500 million (the “US Notes”). The issue price of the US Notes was 99.466% of the principal amount. The US Notes will bear interest from and including 24 September 2020 at the rate of 1.625% per annum, payable semi-annually in arrears on 24 March and 24 September of each year, beginning on March 24, 2021. The US Notes will be matured on 24 September 2025. The US Notes is an unsecured debt of the Company. The primary objective for the Group to issue the overseas US Notes was to refinance certain existing indebtedness and for other general corporate use. The Group’s proportion of the total borrowings denominated in foreign currencies and Renminbi, at the end of 2020, reported a change from 76% against 24% at the end of 2019 to 89% against 11%. And the proportion between the Group’s long-term borrowings and short-term borrowings reached 57% against 43%, compared with 40% against 60% at the end of 2019.

As at 31 December 2020, the Group’s total assets and total liabilities reached RMB 61.531 billion and RMB 36.792 billion respectively, up by RMB 3.572 billion and RMB 1.878 billion respectively from 31 December 2019. Meanwhile, the debt ratio of the Group decreased by 0.45 percentage points to 59.79% compared with that of 31 December 2019. The gearing ratio dropped from -25.82% as of 31 December 2019 to -36.63% as of 31 December 2020.

During 2020, the exchange rate of US dollars against Renminbi fell by 6.59%. This fluctuation resulted in the generation of realized and unrealized exchange gain, amounting to RMB 29.159 million in the Group’s income statement.

Financial Ratio

	As at 31 December 2020	As at 31 December 2019
Finished goods turnover	17.73 days	16.61 days
Trade receivables turnover	8.99 days	9.97 days
Current ratio	1.06 times	0.90 times
Debt ratio (Total liabilities to total assets)	59.79%	60.24%
Gearing ratio (Net debt to equity attributable to owners of the Company)	-36.63%	-25.82%

Human Resources

The Group had 60,654 employees as of 31 December, 2020. In the year of 2020, the Group, in line with the guiding principle of “All for Business and Growth”, continued to advance organizational reform with a fundamental strategy of pushing businesses forward, and optimize its staffing structure by enhancing its organizational efficiency. In the meantime, the Group managed to plan the distribution of strategic talents, streamline operational processes, digitize human resources and prepare for the establishment of the management training center, thus providing talent support for the Group to realize its strategic objectives.

With the comprehensive implementation of payroll outsourcing strategy, human resources in the Group have been gradually liberated from some routine administrative work and were able to focus more on HR strategies and value-added services. Considering its management and business needs, the Group sped up the transformation of digital human resources by working on HR program design, process re-engineering, technology application and data analysis.

In addition, the Group continued to improve its organizational competence by optimizing the talent structure and talent efficiency. To sustain its long-term talent advantages, the Group made constant efforts to strengthen talent echelon building from retails to headquarters, and deepen the management of the reserve of talents. Also, the Group promoted the development and recruitment of domestic talents and formulated detailed succession plans to ensure a smooth handover process within the Group.

Taking advantage of its recognition and achievements accumulated over the past two decades, the Group, as a resolute move to implement the spirit of the 19th CPC National Congress on “Improving the System of Vocational Education and Training, and Promoting Integration between Industry and Education and Cooperation between Enterprises and Colleges”, explored a model that could “Promote Integration of Industry and Education and Cultivate Talents through Cooperation between Schools and Enterprises” in collaboration with 32 higher education institutions and 51 vocational schools nationwide. The research focuses were placed on food safety, production processes and technologies, and application development. Through these collaborations, Master Kong managed to support the innovations of universities and the industrialization of core technologies. While in terms of vocational education, the Group continued to seek new ideas and approaches to students training and employment for both schools and enterprises, and established a long-term education mechanism in the charge of two main parties, which was selected in the third batch of pilot projects of modern apprenticeship system by the Ministry of Education. Moreover, the Group was awarded as an Enterprise Integrating Industry and Education in Liaoning Province and a Demonstration Enterprise Integrating Industry and Vocational Education in Jiangsu Province.

The Group attached great importance to conducting strategic cooperation with both domestic and foreign universities, with an aim to cultivate future entrepreneurial talents for China and promote international communications. Domestically, the Group continued to support the Digital Healthcare Research Project of Peking University Health Science Center, and remained committed to providing better healthcare services to more Chinese families. In addition, the Group joined hands with the School of Agriculture and Biology of Shanghai Jiaotong University on food safety and food technology to carry out scientific research and set up research groups to foster talents.

Internationally, the Group, following the release of the new *2021-2030 Master Kong-Waseda University Strategic Cooperation Agreement Plan*, continued to focus on talent development and employee training, and learned from Japan in depth for its craftsmanship, management methods and production details. Thanks to Master Kong’s cooperation with Hasso Plattner Institute of Design at Stanford University, the “Design Thinking and Innovation Workshop” was launched to provide training in innovation and thinking for cross-functional employees. Besides, the Group initiated a big data co-construction project in collaboration with the Wharton School to draw on its advanced ideas and practices in statistics and data analysis, helped the Wharton School to establish cooperative relations with Chinese e-commerce platforms such as JD, and encouraged foreign students to know more about China through organizing data competitions.

The Group serves as a summer social practice base for the Yuanpei College of Peking University. In 2020, the Second Summer Social Practice Team, comprising 50 students and faculties and led by the Dean, visited the Group’s retail markets, the IRD Center and the Taste Pavilion, and communicated with the executives and frontline business representatives, from which they got to know the challenges and opportunities facing traditional and new retailing. Notably, the “Social Practice Team to Master Kong” in the Yuanpei College has won school-level rewards for two consecutive years. Besides, in 2020, the “Master Kong Hall (Kang-De-Ting)” funded by the Group, was opened and put into use at the university.

Corporate Social Responsibility

With a firm belief that “Development Is Meaningful Only When It Is Inclusive and Sustainable”, the Group held a vision of “Becoming a Well-received Company” and adhered to the principle of “Sustainable Operation, Contribution to Society”. The Group spared no efforts to provide safe, convenient and delicious products for customers, make contributions to facilitate national and social sustainable development and enhance its CSR performance. In 2020, in line with China’s “New Development Principles” and “the 14th Five-Year Plan”, the Group devoted itself in the fields of food safety, nutrition and health and energy saving and emission reduction with the concepts of “Healthy China”, “Food Safety First” and “Sustainable Development” as its core.

The Group always took food safety as the foundation with a zero-tolerance attitude towards food safety hazards. With professional competence and advanced equipment, the Group ensured the quality of products from farms to families in conformity with the aerospace standards. Learning from the management models of world-class food companies and after analyzing the industry trends, the Group extended the supervision and control responsibilities of the Food Safety Center, and established a Food Safety Research and Management Center to enhance food safety management and quality assurance through organizational restructuring. As of December, 2020, the Group’s professional food safety and quality control team grew to contain over 1,800 members. Master Kong organized a number of food safety education and publicity activities, including “Food Safety Promotion Month”, and increasingly raised public awareness about food safety in an innovative manner, including “Cloud Classroom” and “Cloud Popularization Exhibition” with 5G network over the past year.

Based on a deep understanding of the notion that “Prosperity for All Is Impossible without Health for All”, the Group actively conformed to China’s nutrition and health policies including *National Nutrition Plan (2017-2030)*, and incorporated the concept of nutrition and health into its research and development activities, such as product formula design, product innovation and technical cooperation. In 2020, Master Kong continued to satisfy customers’ needs for nutrition with new products developed, which included the chewy “Handmade Noodles”, the rich broth “Soup Chef”, and the zero-sugar and zero-calorie series represented by “Sugar-free Green Tea” and “Sugar-free Jasmine Tea”. The Group continued to advance science and research collaborations on health and nutrition with a number of renowned institutions like Winter Sports Center of the General Administration of Sport of China, Peking University, Nankai University and Shanghai Jiaotong University throughout 2020. With these partners and via offering relevant products as well as conducting science popularization activities, the Group significantly advocated the concept of health and nutrition among the public and had a positive impact on addressing people’s needs for a better life.

The Group initiatively shouldered the responsibility to protect the environment and managed to minimize its environmental impacts. In terms of energy conservation, the Group implemented a variety of waste heat recovery projects, optimized energy efficiency in the workplaces, and reused the condensate water. As for emission reduction, the Group upgraded its exhaust system and improved the workers’ ability to operate and maintain relevant equipment. With regards to plastic lessening, the Group optimized the packaging materials used, reduced net weight of bottles and launched a pilot project on the utilization of recycled PET(R-PET). Besides, the Group also enhanced its production and operation efficiency and gradually increased its comprehensive management capabilities by way of digitalization, intelligence and automation.

The Group responded actively to the call of the Central Government to bear more social responsibilities and dedicated itself to providing relief supplies, carrying out community investing as well as offering greater support to the cause of sports. Master Kong kept on visiting the nursing homes, kindergartens, schools, police stations, military units and remote areas to extend its regards and care. For example, by conducting activities such as “Cooler Summer” and “Warmer Winter”, the Group showcased its support and concern to the front-line workers under harsh working conditions across China, including traffic policemen and sanitation workers.

Facing the severe COVID-19 pandemic, the Group took the initiative to respond to the State Administration for Market Regulation's call on the "Three Guarantees" of "Stabilizing Prices, Maintaining Quality and Ensuring Supply" and orderly resumed work and production to address market needs as required by the government. Meanwhile, in an attempt to ensure the employees' health and safety, all businesses in the Group developed proper measures for epidemic prevention and control timely. Through carrying out activities themed on "Offering Material Support to Free the 'Warriors' from Worries", the Group mobilized its employees from nationwide factories to voluntarily provide and deliver necessary supplies for health workers at the front line, covering 837 medical teams in 299 cities of 26 provinces across China. At the Eighteenth China Food Safety Conference, the Group, as a result of its efforts and contributions, was honored as a Socially Responsible Enterprise under the title of "Food Industry Playing Big Roles in Pandemic Containment".

Moreover, the Group stood out for its remarkable practices of Sustainable Development Goals (SDG) implementation among around a hundred Chinese companies (including foreign-owned companies operating in China), and was included and praised as an excellent business case in the *Private Sector Awareness of the Sustainable Development Goals: A Survey Report on Business and Sustainability in China* issued by the United Nations Development Programme (UNDP). Later, Master Kong was invited to attend 2020 China International Fair for Trade in Services and presented as a special guest in the interpretation meeting of the Report. Taking a lead in Chinese Ethical Brands, the Group proposed a development pattern of "Doing Well by Doing Good" and was dedicated to widely promoting such a concept underlying the sustainable development philosophy. In cooperation with the Xinhua News Agency, the Group initiated the "Online Forum on Sustainable Development" and held an in-depth discussion with representatives from the academic and business sectors on how enterprises could implement the UN SDGs to facilitate business sustainable development.

Master Kong was highly recognized for its prominent CSR performance, which won itself a series of awards and honorary titles over the past year, such as "the Golden Chopsticks Award & 2020 China Benchmarking Food Enterprises", "2020 Top Ten Enterprises in Food Safety Management", "2020 Outstanding Chinese Enterprise in CSR", "2019-2020 Best Instant Food Innovation Grand Award", "China's Outstanding Beverage Enterprises in Energy Saving" and "China's Outstanding Beverage Enterprises in Water Saving".

Prospects

Overall business environment in 2021 is expected to be full of opportunities and challenges. The steady recovery and growth of China economy, together with diversified needs of consumers, offered great opportunities for the Group to better serve our consumers. While we will be inevitably faced with the challenges and risks from the uncertainties brought by global pandemic and the fluctuation of international commodity prices.

Looking ahead, the Group, by adhering to its “Consolidate, Reform and Develop” strategy, will continue to strengthen its competitive edges in brand, channels and products in 2021. Moreover, the Group will make the most of its competitive advantages to further serve the needs for a better life of middle class, as well as those consumers in township and rural areas.

With the mission of “Promoting Chinese Food & Beverage Culture” and an aim to stand firm in China’s food and beverage markets, the Group will continue to follow the concept of “Cash Is King” for sustainable operation. Building win-win partnerships through client service as cornerstone for success, the Group will make constant efforts to sustainable development, thus building itself as a Chinese Ethical Brand trustworthy for the government, partners and consumers.

CORPORATE GOVERNANCE

We have, throughout the year ended 31 December 2020, complied with the code provisions of the Corporate Governance Code (the “CG 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 for the deviations from code provisions A.4.1 and A.4.2. The reasons for these deviations are explained below.

Code provision A.4.1

Code provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. Our Company deviates from this provision because the independent non-executive Directors of our Company do not currently have specific terms of appointment. However, the articles of association of our Company provide that all the Directors are subject to retirement by rotation at least once every three years and at each annual general meeting, one-third of the Directors for the time being or, if the number is not a multiple of three, then, the number nearest to but not less than one-third, shall retire from office by rotation and may offer themselves for re-election. As such, the Board considers that sufficient measures have been put in place to ensure our Company’s corporate governance practice in this aspect provides sufficient protection for the interests of shareholders to a standard commensurate with that of the CG code.

Code Provision A.4.2

According to code provision A.4.2, each director (including those with a specific appointment period) shall be subject to retirement by rotation at least once every three years. According to the Company’s articles of association, the chairman of the Board is not subject to retirement by rotation. He is not included in the number of directors who are required to retire each year. The Board believes that the continuity of the leadership of the chairman of the Board is critical to the stability of the Group’s development and the planning, formulation and implementation of long-term strategies and business plans. Accordingly, the Board considers that although the provisions of the above rules deviate from Code Provision A.4.2, it is in the best interests of the Company.

We will periodically review and improve our corporate governance practices with reference to the latest corporate governance developments.

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 Chief Financial Officer 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.

Scope of Work of Mazars CPA Limited

The figures contained in the preliminary announcement of our Group's results for the year have been agreed by our Group's auditor, Mazars CPA Limited, to the amounts set out in our Group's consolidated financial statements for the year ended 31 December 2020. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Mazars CPA Limited on the preliminary announcement.

Audit Committee

The Audit Committee currently has three Independent Non-executive Directors, Mr. Lee Tiong-Hock, Mr. Hsu Shin-Chun and Mr. Hiromu Fukada. Mr. Lee Tiong-Hock is the chairman of the Committee. The latest meeting of the Committee was held to review the results of the Group for the year ended 31 December 2020.

Risk Management and Internal Control

The principal spirit of the internal control and risk management procedures established by the Group is in compliance with five elements in the COSO structure, i.e. control environment, risk assessment, control activities, information and communication, and monitoring. The goal of risk management is to keep the overall risk of the Group within acceptable levels and to lay a good foundation for the Group's long-term development. Meanwhile, it can achieve the goal of defining the management structure and authorization so as to enhance the operational performance and efficiency as well as asset safety protection, which ensures the reliability of financial reports while complies with the requirements of national regulations.

Under the supervision of the Board, the Group has established an organization structure, responsibility and authority in the construction of three lines of defense for risk management. The Audit Committee will assist the Board to review the design and operation effectiveness of the risk management and internal control system of the Group. As of 31 December 2020, the Group has been carrying out self-assessment of internal control where a prudent and effective self-inspection system has been established to achieve full coverage of external and internal inspection on each aspect thought the management circle. Meanwhile, more efforts have been put in supervision over subsidiaries where management regulations have been formulated with a priority to processes of higher risk and streamlined and implementable limits of authority have been defined for approval of expenditures and human resource affairs. In addition, the Group has been promoting the monitoring work in respect of laws and regulations. According to the internal audit of the internal inspection department, we have not identified any material deficiency in risk management and internal control. Therefore, the Board and the Audit Committee believe that the Group's risk management and internal control system are effective.

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 SECURITIES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year.

SHARE OPTION SCHEME

At the extraordinary general meeting (the "EGM") of the Company held on 20 March 2008, the shareholders approved the adoption of the share option scheme (the "2008 Share Option Scheme"), with a term of ten years from the date of adoption.

In view of the expiry of the 2008 Share Option Scheme, the shareholders of the Company adopted the new share option scheme (the "2018 Share Option Scheme") at the EGM held on 26 April 2018, with a term of ten years from the date of adoption.

(a) 2008 Share Option Scheme

During the twelve months ended 31 December 2020, no share options were granted by the Company in accordance with the terms of the 2008 Share Option Scheme.

The terms of the 2008 Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. Detailed arrangement for the 2008 Share Option Scheme is shown as below: (Table A)

Date of grant	Number of share options granted	Exercisable period	Exercise price (HK\$)
20 March 2008	11,760,000	21 March 2013 to 20 March 2018 (1)	\$9.28
22 April 2009	26,688,000	23 April 2014 to 22 April 2019 (2)	\$9.38
1 April 2010	15,044,000	1 April 2015 to 31 March 2020 (3)	\$18.57
12 April 2011	17,702,000	12 April 2016 to 11 April 2021 (4)	\$19.96
26 April 2012	9,700,000	26 April 2017 to 25 April 2022 (5)	\$20.54
27 May 2013	11,492,000	27 May 2018 to 26 May 2023 (6)	\$20.16
17 April 2014	12,718,500	17 April 2019 to 16 April 2024 (7)	\$22.38
5 June 2015	17,054,000	5 June 2020 to 4 June 2025 (8)	\$16.22
4 July 2016	10,148,000	4 July 2021 to 3 July 2026 (9)	\$7.54
21 April 2017	11,420,000	21 April 2022 to 20 April 2027 (10)	\$10.20

The summary below sets out the details of movement of the share options during the twelve months ended 31 December 2020 pursuant to the 2008 Share Option Scheme: (Table B)

Name	Date of grant	Exercise price HK\$	Closing price of the shares on the date of grant HK\$	Balance as at 1 January 2020	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Balance as at 31 December 2020	Weighted average closing price immediately before exercise HK\$	Note
Executive Director										
Tseng Chien	1 April 2010	18.57	18.42	176,000	—	—	176,000	—	—	Table A (3)
	12 April 2011	19.96	19.96	206,000	—	—	—	206,000	—	Table A (4)
	26 April 2012	20.54	19.88	112,000	—	—	—	112,000	—	Table A (5)
	27 May 2013	20.16	20.05	140,000	—	—	—	140,000	—	Table A (6)
	17 April 2014	22.38	22.35	164,000	—	—	—	164,000	—	Table A (7)
	5 June 2015	16.22	15.92	232,000	—	—	—	232,000	—	Table A (8)
Wei Hong-Ming	21 April 2017	10.20	10.20	1,000,000	—	—	—	1,000,000	—	Table A (10)
Wei Hong-Chen	21 April 2017	10.20	10.20	1,000,000	—	—	—	1,000,000	—	Table A (10)
Chief Executive Officer										
James Chun-Hsien Wei	27 May 2013	20.16	20.05	904,000	—	—	—	904,000	—	Table A (6)
	17 April 2014	22.38	22.35	1,148,000	—	—	—	1,148,000	—	Table A (7)
	5 June 2015	16.22	15.92	2,006,000	—	—	—	2,006,000	—	Table A (8)
	4 July 2016	7.54	7.54	4,300,000	—	—	—	4,300,000	—	Table A (9)
	21 April 2017	10.20	10.20	4,000,000	—	—	—	4,000,000	—	Table A (10)
Substantial Shareholder										
Wei Ing-Chou [#]	1 April 2010	18.57	18.42	2,200,000	—	—	2,200,000	—	—	Table A (3)
	12 April 2011	19.96	19.96	2,264,000	—	—	—	2,264,000	—	Table A (4)
	26 April 2012	20.54	19.88	1,368,000	—	—	—	1,368,000	—	Table A (5)
	27 May 2013	20.16	20.05	1,390,000	—	—	—	1,390,000	—	Table A (6)
	17 April 2014	22.38	22.35	1,486,000	—	—	—	1,486,000	—	Table A (7)
	5 June 2015	16.22	15.92	1,726,000	—	—	—	1,726,000	—	Table A (8)
Other employees in aggregate										
	1 April 2010	18.57	18.42	6,261,000	—	—	6,261,000	—	—	Table A (3)
	12 April 2011	19.96	19.96	7,822,000	—	—	512,000	7,310,000	—	Table A (4)
	26 April 2012	20.54	19.88	5,186,000	—	—	370,000	4,816,000	—	Table A (5)
	27 May 2013	20.16	20.05	5,756,000	—	—	424,000	5,332,000	—	Table A (6)
	21 April 2017	22.38	22.35	6,657,000	—	—	494,000	6,163,000	—	Table A (7)
	21 April 2017	16.22	15.92	10,728,000	—	—	1,158,000	9,570,000	—	Table A (8)
	4 July 2016	7.54	7.54	4,092,000	—	600,000	120,000	3,372,000	14.74	Table A (9)
	21 April 2017	10.20	10.20	4,770,000	—	—	200,000	4,570,000	—	Table A (10)
Total				77,094,000	—	600,000	11,915,000	64,579,000		

[#] Wei Ing-Chou was the former Chairman of the Board and a former Executive Director. He is a beneficiary of two trusts which holds 25% interests in Profit Surplus Holdings Limited and Profit Surplus 3 Holdings Limited, respectively. Profit Surplus Holdings Limited is indirectly interested in 75.064% of Ting Hsin (Cayman Islands) Holding Corp. Profit Surplus 3 Holdings Limited is indirectly interested in 17.835% of Ting Hsin (Cayman Islands) Holding Corp. Ting Hsin (Cayman Islands) Holding Corp. directly holds 1,882,927,866 shares of the Company.

For the period of twelve months ended 31 December 2020, 600,000 options had been exercised under the 2008 Share Option Scheme. Weighted average exercise price was HK\$7.54 and the weighted average market closing price before the date of exercise was HK\$14.74.

(b) 2018 SHARE OPTION SCHEME

The terms of the 2018 Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. Detailed arrangement for the 2018 Share Option Scheme is shown as below: (Table C)

Date of grant	Number of share options granted	Exercisable period	Exercise price (HK\$)
27 April 2018	2,478,000	30 April 2021 to 26 April 2028 (1a)	\$16.18
27 April 2018	5,626,000	30 April 2021 to 26 April 2024 (1b)	\$16.18

The summary below sets out the details of movement of the share options during the twelve months ended 31 December 2020 pursuant to the 2018 Share Option Scheme: (Table D)

Name	Date of grant	Exercise price HK\$	Closing price of the shares on the date of grant HK\$	Number of share option				Balance as at 31 December 2020	Weighted average closing price immediately before exercise HK\$	Note
				Balance as at 1 January 2020	Granted during the period	Exercised during the period	Cancelled/lapsed during the period			
Executive Director										
Wei Hong-Ming	27 April 2018	16.18	15.02	385,000	—	—	—	385,000	—	Table C (1a)
	27 April 2018	16.18	15.02	98,000	—	—	—	98,000	—	Table C (1b)
Wei Hong-Chen	27 April 2018	16.18	15.02	385,000	—	—	—	385,000	—	Table C (1a)
	27 April 2018	16.18	15.02	98,000	—	—	—	98,000	—	Table C (1b)
Chief Executive Officer										
James Chun-Hsien Wei	27 April 2018	16.18	15.02	1,708,000	—	—	—	1,708,000	—	Table C (1a)
	27 April 2018	16.18	15.02	797,000	—	—	—	797,000	—	Table C (1b)
Substantial Shareholder										
Wei Ing-Chou [#]	27 April 2018	16.18	15.02	470,000	—	—	—	470,000	—	Table C (1b)
Other employees in aggregate										
	27 April 2018	16.18	15.02	2,322,000	—	—	—	2,322,000	—	Table C (1b)
Total				<u>6,263,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,263,000</u>	<u>—</u>	

- # Wei Ing-Chou was the former Chairman of the Board and a former Executive Director. He is a beneficiary of two trusts which holds 25% interests in Profit Surplus Holdings Limited and Profit Surplus 3 Holdings Limited, respectively. Profit Surplus Holdings Limited is indirectly interested in 75.064% of Ting Hsin (Cayman Islands) Holding Corp. Profit Surplus 3 Holdings Limited is indirectly interested in 17.835% of Ting Hsin (Cayman Islands) Holding Corp. Ting Hsin (Cayman Islands) Holding Corp. directly holds 1,882,927,866 shares of the Company.

During the twelve months ended 31 December 2020, no share options were exercised under the terms of the 2018 Share Option Scheme.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the “Annual General Meeting”) be held on 7 June 2021. 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, SPECIAL DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended the payment of a final dividend of US\$5.54 cents per ordinary share of the Company and the payment of a special dividend of US\$5.54 cents per ordinary share of the Company in respect of the year ended 31 December 2020. Subject to the approval of shareholders at the Annual General Meeting, the final dividends and the special dividends will be paid on or about 14 July 2021.

(1) To attend and vote at the annual general meeting

The register of members of the Company will be closed from 2 June 2021 to 7 June 2021 (both dates inclusive). In order to determine the identity of the shareholders who are entitled to attend and vote at the Annual General Meeting, 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 4:30 pm on Tuesday, 1 June 2021.

(2) To qualify for the final dividends and the special dividends

The register of members of the Company will be closed from 11 June 2021 to 15 June 2021 (both dates inclusive). In order to determine the identity of the shareholders who are entitled to qualify for the final dividends and the special dividends, 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 4:30 pm on Thursday, 10 June 2021.

BOARD OF DIRECTORS

As at the date of this announcement, Mr. Wei Hong-Ming, Mr. Junichiro Ida, Mr. Wei Hong-Chen, Mr. Koji Shinohara, Mr. Yuko Takahashi and Ms. Tseng Chien are Executive Directors of the Company. Mr. Hsu Shin-Chun, Mr. Lee Tiong-Hock and Mr. Hiromu Fukada are Independent Non-executive Directors of the Company.

By Order of the Board
Wei Hong-Ming
Chairman

Hong Kong, 22 March 2021

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

* *For identification purpose only*