



業務回顧 Business Review

二零零四年度中國國民生產總值(GDP)持續成長，較去年上升9.5%，社會消費品零售總額亦較去年增長13.3%。

The PRC's gross domestic products (GDP) in the year 2004 achieved a growth of 9.5% and the total amount for retail market also increased by 13.3% from the previous year.

回顧本集團於二零零四年的總營業額較去年同期上升16.4%至1,466,889千美元。方便麵、飲品及糕餅的營業額分別較去年同期上升8.5%、31.8%及15.5%；而於第四季本集團的整體銷售較去年同期上升7.2%，達329,118千美元，主要來自方便麵及糕餅銷售的成長。

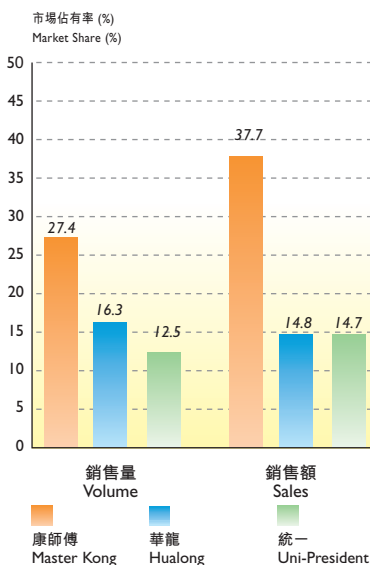
In 2004, the Group's turnover was US\$1,466.889 million, an increase of 16.4% over 2003. The growth rates for turnover of instant noodle, beverage and bakery were 8.5%, 31.8% and 15.5% respectively. In the fourth quarter, the Group's turnover was US\$329.118 million, 7.2% higher than the same period last year. The increase was mainly from sales growth in instant noodle business and bakery business.

年內，主要原材料價格暴漲，與二零零三年相比，麵粉、棕櫚油、PET膠粒之漲幅分別為30%、10%及20%以上，導致本集團全年的整體毛利率下降0.3百分點至27.6%；其他淨收入達302,188千美元，較去年同期大幅上升1,508.1%，主要來自出讓股權之資本利得；

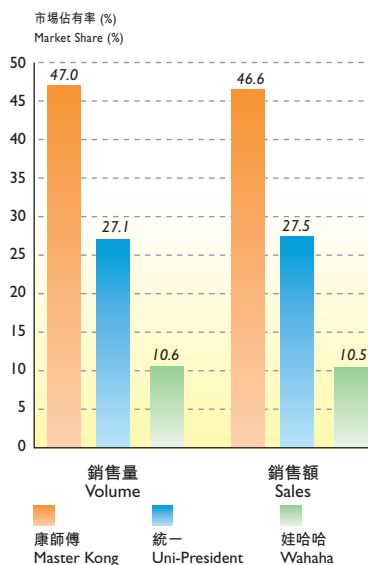
During the year, the prices for the Group's core materials, such as flour, palm oil and PET plastic materials have increased by more than 30%, 10% and 20% respectively. As a result, the Group's gross margin declined by 0.3pp to 27.6%. Other net income was US\$302.188 million, sharply increased by 1,508.1% from 2003. It was mainly because of the capital gain from the shares transfer. Distribution costs rose by 22.9% to



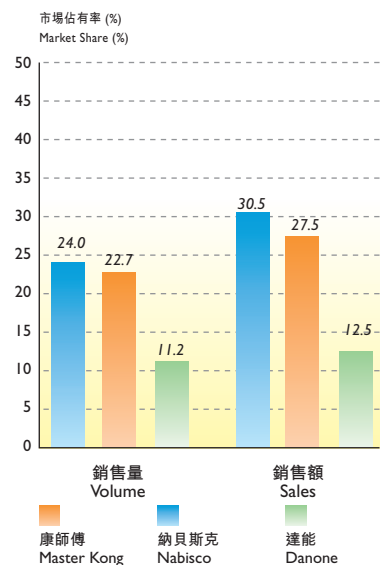
中國方便麵
市場佔有率
Instant Noodle Market
Share of the PRC



中國包裝茶飲品
市場佔有率
RTD Tea Market
Share of the PRC



中國夾心餅乾
市場佔有率
Sandwich Cracker
Market Share of the PRC



資料來源：AC Nielsen零售研究報告 二零零四年十二月份 / 二零零五年一月份
Sources: AC Nielsen SCAN TRACK EXPRESS ~ December 2004/ January 2005.

請參閱第30頁之說明
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分銷成本較去年增加22.9%至305,092千美元，主要為廣告及宣傳活動開支上升，本集團認為廣告及宣傳的花費是對「康師傅」品牌的長期投資，目的為鞏固品牌力度及本集團產品之市場地位；財務費用較去年大幅下降28.3%至14,878千美元，主要是由於善用出讓股權所得資金償還大部份債項；扣除利息、稅項、折舊及攤銷前盈利(EBITDA)為398,945千美元，較去年上升185.4%；期內股東應佔溢利為286,429千美元，每股盈利5.13美仙，較去年上升701.6%。

US\$305.092 million mainly due to the increase in expenses for the advertising and promotion activities. The expenditure in advertising and promotion is an essential and long-term investment for the brand of Master Kong to establish and strengthen the Group's market position. Due to the good use of the cash from the shares transfer to repay most of the loans, the Group's finance cost sharply decreased by 28.3% to US\$14.878 million. Earnings before interest, tax, depreciation and amortization (EBITDA) was US\$398.945 million, increased by 185.4%. The profit attributable to shareholders for the year 2004 was US\$286.429 million, representing earnings per share of US 5.13 cents and a growth by 701.6% from previous year.



方便麵業務

年內，方便麵業務以紅燒牛肉口味作為主品牌的策略下，同時針對中國各地不同的口味，推出一系列具地方特色的精選產品，充分發揮中國飲食文化的精粹；此外，新系列「亞洲精選」更讓中國消費者的進食領域跨進了亞洲多國的標緻美味，同時提供予消費者更多的選擇。而「麵霸拉麵」則以「行家的地道享受」成功塑造高品質麵條的形象，由於新產品及原系列產品均獲消費者青睞，令本集團於中高檔方便麵的市場地位更鞏固。

為進一步加強本集團於佔有中國方便麵市場65%的平價麵市場的競爭力及發展潛力，年內，透過與合作夥伴王中旺協議，取得以產銷平價面為主的「一宛香食品有限公司」的整體經營權，加上強化本集團原有平價麵品牌的運作，如推出「高湯好滋味」等，進一步擴

Instant Noodle Business

In year 2004, under the strategy of promoting "Beef Stew Flavor" as a primary brand and aiming at different flavors in various areas, instant noodle business introduced a series of essential products with local characters and fully developed the pith of China's eating culture. "The Best of Asian Series" also let China's consumers enjoy multinational delicious Asian flavours and, at the same time, provided consumers for more choices. Furthermore, "Mian-Ba La Mian" was successfully designed for an image of high quality noodles by "Experts' Favorite Enjoyment". Due to new products and original product series winning the favor of customers, the Group's leader position in high-end instant noodle market was further strengthened.

During the period, in order to enhance the Group's competitive ability in low-end market, which held 65% market share in the PRC's instant noodle market, and improve the potential for development, the Group obtained the whole operation right for Yi Wan Xiang Food Co., Ltd., which is principally engaged in the production and distribution of low-end instant noodles, through an agreement with the joint venture partner, Wang



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大本集團經營平價麵的空間。據AC Nielsen 二零零四年十二月 / 二零零五年一月的報告指出，「康師傅」方便麵於銷售量與銷售額的市場佔有率分別為27.4%及37.7%。

方便麵全年的銷售額較去年上升8.5%至849,932千美元，佔本集團總營業額的57.9%，成長主要來自高價容器碗麵。由於方便麵的主要原材料麵粉及棕櫚油的價格全年維持於高位，經營環境異常艱困，部份小型工廠更因此結業；面對困境，本集團積極改善生產管理，精進現有生產線以提升產能及節約人力，得以紓緩因原材料價格上升而造成對毛利率的擠壓。

方便麵業務全年的毛利率較去年減少1.9百分點至19.3%，方便麵業務之股東應佔溢利為17,478千美元，較去年同期下跌61.0%，主要是由於毛利減少及廣告宣傳費用增加所致。

Zhong-Wang. In addition, the Group continued to enlarge its operative area in low-end noodles by strengthening the Group's current management on low-end brand, for example, launching new product "Gao Tang Hao Zi Wei" etc. According to AC Nielsen, for the period of December 2004 to January 2005, the Group gained 27.4% market share by sales volume and 37.7% market share by value in the PRC instant noodle market.

In 2004, turnover for instant business amounted to US\$849.932 million, grew by 8.5% from previous year and representing 57.9% of the Group's total turnover. The growth mainly came from high-end bowl noodles. Due to the continuous high price for instant noodles' core materials such as flour and palm oil, some of the small factories have been closed during this difficult period. Facing the difficult conditions, the Group actively improved the production management and upgraded the existing machinery to strengthen production capacity and reduce manpower requirement so that the pressure on gross margin arising from the increase in prices of core materials was mitigated.

During the year, the gross margin of instant noodle dropped by 1.9pp to 19.3% and profit attributable to shareholders was US\$17.478 million, dropped by 61.0% mainly because of the decline of gross margin and the increase in advertising and promotion expenses.



飲品業務

二零零四年，本集團成功建立多元化非碳酸飲料的市場地位。以「康師傅」企業品牌為主品牌在即飲茶及包裝水兩品項上建立具優勢的競爭地位；另外以「康師傅」企業形象支持，以「鮮の每日C」和「勁跑X」於稀釋果汁和運動飲料品項建立知名品牌。於茶飲料市場

Beverage Business

In year 2004, the Group established the market position successfully in diversified non-carbonated beverage. "Master Kong", as a primary brand, held an advantageous position in Ready-to-drink tea and bottle water area. In addition, backed by the image of "Master Kong", "Fresh Daily C" and "X-Sports" had become a famous brand in diluted juice and sports drink markets. The Group's tea drinks gained 47.0% market share in sales volume





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佔據47.0%銷售量的市佔率穩居首位；而於稀釋果汁市場亦佔據20.6%銷售量的市佔率，居第二位。

年內，旗艦產品「冰紅茶」以整合「名人+音樂」的行銷策略帶動下，持續取得絕對的領導地位；隨著消費者對健康的重視，本集團旗下的綠茶、果汁、礦物質水及運動飲料，以「清新、自然、健康」為切入點，強調產品的差異化，配合靈活的市場策略，成功滿足廣大消費者的訴求，同時帶動整體營業額屢創新高，二零零四年飲品業務的營業額為479,398千美元，較去年上升31.8%，於本集團總營業額的佔比持續增加至32.7%，去年的佔比為28.9%。年內，除於原產品增加新口味外，並推出新產品「勁跑X」運動飲料。

年內，飲品事業所需的主要原材料，PET膠粒及糖價均持續高企，然而透過本集團高效的生產設備，以及不斷強化生產管理的能力，令飲品業務的毛利率維持於39.6%的高水平，去年同期為40.4%；股東應佔溢利為9,474千美元，較去年同期上升19.7%，主要是由於生產費用控制得宜所致。

於二零零四年四月本集團完成將49.99%的飲品業務轉讓予由朝日及伊藤忠合組的AI Beverage藉此以加強本集團於中國飲品市場的競爭力。

and still kept No.1 position in the market. The Group's diluted juice drinks gained No.2 position in the market and 20.6% market share in sales volume.

During the year, the flagship product "Ice Tea" continued to gain the absolute leading position in the market due to the successful marketing strategy of "Celebrity + Music". With the advance of consumers' health concern, the Group promoted its products, including green tea, juice, mineral water and sports drink, by using the "Fresh, Natural and Healthy" conception as an entrance to the market. The Group also stressed the product differentiation and adopted the flexible marketing strategy. All these efforts had satisfied the consumers' demands and driven the total revenues achieving a high level. In 2004, turnover for beverage business amounted to US\$479.398 million and increased by 31.8% as compared to last year. The proportion to Group's total turnover increased to 32.7% and last year was 28.9%. During the year, the Group also introduced the new product "X-Sports" besides introducing the new flavors of current products.

During the year, the prices of main raw materials for beverage business such as PET plastic resin and sugar continued to maintain at a high level. Owing to the Group's high efficient production facilities and the continuous effort in strengthening production management, the gross margin for beverage business maintained at a high level of 39.6% and same period last year was 40.4%. Profit attributable to shareholders was US\$9.474 million, increased by 19.7% mainly because of the well control for production expenses.

In April 2004 the Group completed the transfer of 49.99% interest in beverage business to AI Beverage a joint venture company of Asahi and Itochu to enhance the Group's competitiveness in the PRC beverage market.



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糕餅業務

二零零四年糕餅業務之營業額為83,833千美元，相比去年同期上升15.5%，佔本集團總銷售額的5.7%；營業額上升，主要因年內以來心餅乾，薄片餅乾及蛋糕為主力產品的行銷策略成功，及適時推出新口味產品配以亮麗包裝，加上代言人策略及主題推廣活動的奏效。據AC Nielsen二零零四年十二月／二零零五年一月調查所得，「康師傅」於中國夾心餅市場之銷售量及銷售額之佔有率分別為22.7%及27.5%，居於領導地位。

由於中國糕餅市場朝向多元化發展，本集團致力善用現有之機械設備生產不同口味的產品，以增加消費者的選擇。年內，除於各主力產品推出新口味外，同時推出新產品「鮮巧蛋糕」。

二零零四年糕餅業務之毛利率為34.8%，較去年同期增加2.4百分點，毛利率上升主要是因為集中高毛利產品的銷售所致，整體營運已逐步獲得改善，股東應佔虧損為15,904千美元，去年之虧損為7,454千美元，虧損增加主要是因為本集團於第二季度作物業、機器及設備減值10,000千美元所致。

配套業務

為了進一步強化本集團物流實力，本集團於二零零四年四月與伊藤忠達成協議，本集團

Bakery Business

In 2004, turnover for bakery business amounted to US\$83.833 million, grew by 15.5% from previous year and representing 5.7% of the Group's total turnover. The sales increase was mainly because of the successful policy of sales focus on sandwich crackers, thin crackers and cakes and the launch of new products with glaring package in good timing. In addition, the achievable sales strategy of "Celebrity" and "Thematic Consumer Promotion" also benefited the bakery sales performance. According to AC Nielsen, based on sales value, for the period in December 2004/January 2005, "Master Kong"'s sandwich crackers maintained leading position when gained 22.7% market share by volume and 27.5% market share by value in the PRC sandwich crackers market.

In view of the development of the PRC's bakery market towards diversity, the Group made use of those existing production facilities to produce different flavours of bakery so that more choices were provided to consumers. During the year, the Group has produced different flavors for existing products and launched "Petite Cake".

In the year of 2004, the gross margin of bakery business was 34.8%, grew by 2.4pp when compared to the same period last year. The growth was mainly because of the sales focus on those high margin products. Overall operation has been improved gradually. Loss attributable to shareholders was US\$15.904 million, last year's loss was US\$7.454 million. The increase of loss was mainly due to the impairment loss of US\$10 million recognised on the property, plant and equipment in the second quarter.

Supporting Business

The Group entered into an agreement in relation to the co-operation with Itochu to form a strategic partnership in logistics business in the





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出售轄下從事物流服務的頂通49.99%的股份予伊藤忠，藉此以強化兩個集團在中國的物流整合，獲取更大的經營效益。於二零零五年五月，本集團將完成轄下經營保養及維修廠房及機械的全資附屬公司天津頂嘉機械有限公司49.99%的股權轉讓予主力研究及設計方便麵生產流程設備的新東京麵機有限公司，以提高本集團營造方便麵生產流程設備的技術，並進一步強化本集團於方便麵專業上的一條龍作業。

冷藏業務

目前，本集團的冷藏產品，只有杭州一個生產基地，在進入中國市場三年，旗下的主產品「每日C」及「味全優酪乳」已分別成為上海區域純果汁市場的第一品牌及酸奶市場的第二品牌，於第二季更將銷售網絡擴展至北京。

本集團的冷藏產品系列是以塑造「健康、時尚、自信」的品牌形象為推廣主軸，配合高價值感產品的定位、加上產品的差異化及強化產品對消費者利益點的溝通等行銷策略，成功取得快速成長的銷售業績。年內，除於原產品系列增加新口味外，更進行包裝延伸，推出杯裝優酪乳，市場反應非常理想。



財務分析

本集團的財務結構保持穩健，對應收帳款和存貨的有效控制，使得本集團的現金流量穩定成長，於二零零四年底持有之手頭現金及銀行存款為127,546千美元，較二零零三年同期增加32,568千美元。年內，主要的資本性開支是用於增加方便麵及包裝水的生產設備；於二零零四年十二月三十一日，本集團借款總額較去年大幅減少54.0%至200,187千美元，計減少

PRC in April 2004. With the agreement, the Group would transfer 49.99% interest in Tingtong to Itochu. The Group believes that the co-operation will benefit the two groups' operation in the PRC logistics industry. In May 2005, the Group will complete to transfer 49.99% equity interests in Tianjin Tingjia Machinery Co., Ltd to New Tokyo Menki Co., Ltd. which is principally engaged in research and design of instant noodle production process facilities. Tianjin Tingjia is the Group's wholly-owned subsidiary and engaged in installation and maintenance of plant and machinery. The co-operation will enhance the Group's production skill in instant noodle process facilities and further strengthen the Group's vertical integration in instant noodle business.

Refrigeration Business

Currently, refrigeration business only has one production center in Hangzhou. After entering into China market for three years, its main products – “Daily C” and “Wei Chuan Yogurt Drink” – have gained No.1 brand in Shanghai's pure fruit juice market and No.2 brand in Shanghai's yogurt market respectively. The distribution network had expanded to Beijing since the second quarter of 2004.

The Group's refrigeration products achieved a rapid increase in sales through its successful marketing strategies. These strategies included introducing the promotion theme for the brand image-building with “Health, Fashion and Confidence”, positioning the products with a sense of high value, emphasizing on product differentiation and strengthening the communication between the products and the point of consumers' benefits. Besides adding the new flavors of current product series in year 2004, the Group also conducted the package extension policy and launched the cup yogurt that got the pretty well reaction from the market.

Financing

The Group's healthy finance structure was mainly benefited from the stable cash flow of the Group as a result of the well-controlled accounts receivable and inventory. At the end of 2004, the Group's cash and bank deposits amounted to US\$127.546 million, increased by US\$32.568 million from previous year. The main capital outlays were related to expenditure for acquisition of more instant noodle and bottle water production facilities. At the end of 2004, the Group's total borrowings decreased by US\$234.583 million and represented a drop of 54.0% from



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234,583千美元。其中長短期貸款比例調整為7% : 93%，去年同期為62% : 38%；短期貸款中包括本集團於二零零二年發行的可換股債券，該債券將於二零零五年六月到期。本集團已準備運用來自經營業務及年內股權轉讓之資金，償還債券本金90,000千美元及贖回溢價9,932千美元，總還款額為99,932千美元。透過本集團主營產品方便麵、飲品及糕餅銷售之季節性差異可互相彌補營運資金之季節性需求，從而使整個集團全年均可保持充足之現金水平。此外，本年度總借貸中人民幣貸款的比例為31%，去年同期為48%。由於本集團的交易大部份以人民幣為主而期內人民幣與美元的匯率變動不大，因此，期內匯率波動未對本集團造成重大影響。本集團於二零零四年十二月三十一日之借貸中以固定利率計息之人民幣借款及可換股債券佔76%，且本集團並無或然負債。

previous year to US\$200.187 million. The Group adjusted the ratio between long-term loans and short-term loans from the previous year's 62% : 38% to year 2004's 7% : 93%. The short-term loans have included the remaining principal amount of the Group's 2002 Convertible Bonds which is to be due in June 2005. The Group anticipates repaying the remaining principal amount of US\$90 million plus a redemption premium of US\$9.932 million from operating cash flows and cash from the shares transfer during the year. The total repayable amount will be US\$99.932 million. The seasonal difference from the sales between the Group's instant noodle, beverage and bakery business can also maintain the Group's strong cash position. In 2004, the Group's Renminbi debts represented 31% of total debts and at the end of 2003 it was 48%. The Group's transactions are mainly denominated in Renminbi and during the period the exchange rate between Renminbi and US dollar remained stable. As a result, there was no significant impact of exchange fluctuations during the year. As of 31 December 2004, Renminbi loan and the convertible bonds with fixed interest rate accounted for 76% of the Group's total borrowing and the Group had no contingent liabilities.

生產規模

年內方便事業新增的十二條生產線已於第四季內全線投產，將有助本集團方便麵於中國市場的整體競爭力。本集團於年內亦增加十二條包裝水生產線，為高成長的包裝水市場鋪路，進而提高本集團於飲品市場之競爭能力，新增的生產線已於二零零五年第一季投產。

Production Scale

The Group has increased 12 production lines for instant noodle and all the lines have been put in production in the fourth quarter. To facing the high growth bottle water market and enhance the Group's competitive ability in beverage market, the Group has added 12 production lines for bottle water during the year and those lines have commenced production in the first quarter of 2005.

此外，本集團在二零零五年計劃動用9,900萬美元的資本投資以配合方便麵業務及冷藏業務的發展，以及解決現有機械設備的生產瓶頸問題。透過擴大上述的產能，可加強本集團於中國市場的競爭力，相信對本集團銷售的成長有一定的裨益。

In the year 2005, the Group plans to invest US\$99 million in instant noodles business and refrigerated drinks business to meet the development requirement and to solve the bottle neck problem for the existing production facilities. The Group believes that those expansion will strengthen the competitiveness of the Group and benefit the growth of the Group's sales.

銷售網絡

截至二零零四年底，本集團於中國共設有341個營業所及72倉庫，配合61,065個直營零售商的團隊運作，令本集團更快速的將產品分銷及配送，同時可將新產品準確而迅速地滲透至適當的市場；此外，為配合大賣場及超

Sales Network

At the end of 2004, the Group established a team operation with 341 sales offices, 72 warehouses and 61,065 direct retailers in the PRC. With the network, the Group's products and the new products can be distributed and launched directly to the appropriate market. In addition, to cope with the development in grand sales market and supermarkets,





業務回顧 Business Review

市等網絡的發展，本集團已加強此等直營網絡的管理及前線人員之培訓，銷售網絡是鞏固本集團業務的命脈，本集團亦將持續優化「通路精耕」的佈局。

人力資源

本集團截至二零零四年十二月三十一日的員工人數為25,003名(二零零三年十二月三十一日：27,803名)，本集團向僱員提供具競爭力的薪酬，配合保險及醫療福利以及專業的培訓計劃，透過完善的人力資源管理，以期提高僱員對本集團的貢獻。

公司管治

最佳應用守則

本公司截至二零零四年十二月三十一日止期間內，除了非執行董事因須按公司章程細則輪席退位而未有指定任期外，本公司一直遵守香港交易所證券上市規則附錄14所載之最佳應用守則。

審核委員會

根據上市規則附錄14最佳應用守則第14條之要求，本公司已於一九九九年九月成立審核委員會，成員包括徐信群及高捷雄兩位獨立非執行董事。於本年九月二十七日，董事會正式委任李長福先生為本公司獨立非執行董事，李先生亦為審核委員會成員。該委員會最近召開之會議乃審議本集團期內之業績。

《標準守則》的遵守

本公司一直採納《上市規則》附錄十所載《上市公司董事進行證券交易的標準守則》(標準守則)。經本公司特別查詢後，全體董事均確認他們在審核期內已完全遵從《標準守則》所規定的準則。

the Group has strengthened the management of these direct sales networks and the training for frontline staff. The Group will continue to enhance "Better Access, Broader Reach" distribution strategy since the comprehensive sales network is the Group's valuable resources.

Human Resources

As of 31 December 2004, the Group employed 25,003 staff (2003: 27,803). The Group provides a competitive salary packages, insurance and medical benefit and professional training courses to employees. The Group believes that the perfect management system for human resources will enhance employee's contribution to the Group.

CORPORATE GOVERNANCE

Code of Best Practice

Throughout the year ended 31 December 2004, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules except all non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation in accordance with the Company's Articles of Association.

Audit Committee

In compliance with the requirement under Rule 14 of the Code of Best Practice setting out in Appendix 14 of the Listing Rules, the Company has established the audit committee in September 1999 and has two independent non-executive directors, Mr. Hsu Shin-Chun and Mr. Katsuo Ko. On 27 September 2004, the Board of the Company appointed Mr. Lee Tiong-Hock as an independent non-executive director and a member of the audit committee. The latest meeting of the committee was held to review the results of the Group for the period.

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.