



業務回顧 Business Review



		2010	2009	目標達成 Achievement
主要財務資料	Major Financial Information			
連續六年達雙位數增長	Six Consecutive Years of Double Digit Growth			
營業額	Turnover	US\$6,681m	US\$5,081m	31.50%
EBITDA	EBITDA	US\$1,011m	US\$824m	22.81%
經營溢利	Operating profit	US\$ 743m	US\$628m	18.32%
本公司股東應佔溢利	Profit attributable to owners of the Company	US\$477m	US\$383m	24.42%
每股溢利	EPS	US 8.53 cents	US 6.86 cents	US 1.67 cents
主要財務比率(邊際率)	Major Financial Ratio			
EBITDA	EBITDA	15.14%	16.21%	1.07 ppt.
經營溢利	Operating profit	11.12%	12.36%	1.24 ppt.
淨利潤	profit	7.14%	7.54%	0.40 ppt.
穩健的財務狀況	Solid Financial Position			
手頭現金	Cash on hand	US\$893m	US\$520m	71.73%
經營活動所得現金淨額	Net cash from operating activities	US\$1,258m	US\$1,001m	25.68%
應收帳款周轉期	Trade receivables turnover	6.65 days	8.82 days	2.17 days
製成品周轉期	Finished goods turnover	8.62 days	10.22 days	1.60 days
淨負債與資本比率	Gearing Ratio	-0.14 times	-0.13 times	0.01 time
負債比率	Debt Ratio	51.56%	43.98%	7.58 ppt.
為股東增值	Increase Shareholder's Benfit			
總資產報酬率	ROA	17.64%	19.54%	1.90 ppt.
本公司股東報酬率	ROE	29.04%	28.71%	0.33 ppt.
每股股息	Dividend per share	US 4.27 cents	US3.43 cents	24.49%
強化市場地位	Strong Leading Position			
ACNielsen 12月銷售額市佔率	ACNielsen sales value market share in December			
方便麵	Instant Noodle	55.8%	54.6%	1.2 ppt.
即飲茶	RTD Tea	51.9%	48.4%	3.5 ppt.
瓶裝水	Bottled Water	20.8%	19.6%	1.2 ppt.
稀釋果汁	Diluted Juice	17.5%	14.2%	3.3 ppt.
綿密的銷售網絡	Comprehensive Distribution Network			
倉庫	Warehouse	89	79	10
營業所	Sales Office	548	493	55
經銷商	Wholesaler	6,155	5,798	357
直營零售商	Direct Retailer	73,282	72,955	327
擴張產能	Expanding Production Capacity			
生產線	Production Line	457	414	43 lines

US\$m: US\$ million 百萬美元

業務回顧

本集團於2010年總營業額較去年同期上升31.50%至6,681,482千美元。方便麵、飲品及糕餅的營業額分別較去年同期上升27.04%、38.94%及3.96%。來自方便麵及飲料銷售的升幅帶動第四季度的營業額較去年同期上升31.58%至1,372,045千美元。年內本集團通過優化組織效能，調整產品結構和擴大經濟規模及善控各項費用，紓緩部分生產成本上漲的負面影響，然而由於主要原材料如麵粉、棕櫚油、糖及PET粒子等價格持續上升，對行業造成相當大的成本壓力，使得業界毛利率普遍大幅降低。2010年本集團整體毛利率較去年降低6.2個百分點至28.43%，毛利額則同比上升7.96%。

本集團在味全2010年6月的股東會之前派有四席董事，對味全的營運具有重大之影響力而視同為聯營公司，並以權益法認列。於2010年味全股東會後，本集團已沒有在味全董事局委派董事但擁有兩席監事，此乃集團之長期意向。於本集團停止對味全行使重大影響後，根據香港會計準則第28號之規定，純粹擁有17.16%之持股量，而未有其他途徑行使

BUSINESS REVIEW

In 2010, the Group's turnover was US\$6,681.482 million, an increase of 31.50% over 2009. The growth rates for turnover of instant noodles, beverages and bakery were 27.04%, 38.94% and 3.96% respectively. In the fourth quarter, the Group's turnover was US\$1,372.045 million, 31.58% higher than the same period last year. The increase was mainly from sales growth in instant noodles and beverages. During the year, the continuous price increase of raw materials such as flour, palm oil, sugar and PET resin, placed considerable cost pressure on the industry and gross profit of the industry decreased significantly in general. The Group was able to alleviate the negative impact arising from the rise in production costs by optimizing organizational efficiency, adjusting its product structure, enlarging economies of scale and effectively controlling various expenses. In 2010, the Group's overall gross margin decreased by 6.2 ppt. to 28.43% and Group's gross profit increased by 7.96% year-on-year.

Prior to the annual general meeting of Wei Chuan Foods Corporation limited ("Wei Chuan") held in June 2010, the Group exercised significant influence through its four representatives seated on the board of directors of Wei Chuan. After the annual general meeting, the Group has no representative on the board of directors of Wei Chuan. Two members of the board of supervisors were appointed by the Group and this will constitute the Group's long term arrangement. After the Group ceased to have significant influence over Wei Chuan, in accordance with Hong Kong

重大影響力，並未符合聯營公司的定義，應停止以權益法認列聯營公司權益，並變更為一般投資性質，本集團不繼續使用權益法認列於味全的投資，而根據香港會計準則第39號金融工具：確認及計量列賬。本集團於味全的權益以2010年6月味全收市價之公允衡量為98,143千美元，並被重分類為可供出售的金融資產及不繼續以權益法認列投資之所得利益為68,653千美元。

年內，於鞏固康師傅在中國市場的強勢品牌領導地位及強化銷售通路的同時，亦善控廣告宣傳費用及運輸費用，致分銷成本佔總營業額的比例由2009年的20.33%下降3.55個百分點至本年度的16.78%。本年度為提升生產效率，對老舊設備進行了逐步的汰換計劃，因此較去年增加提列減值準備9,742千美元，是其他經營費用較2009年同比增加10,431千美元至92,081千美元的主要因素；財務費用相較去年下降48.51%至6,511千美元，主要是貸款結構調整、融資成本降低所致；年內本集團財務持續穩健的操作策略，維持充裕現金流量。2010年扣除利息、稅項、折舊及攤銷前盈利(EBITDA)為1,011,393千美元，本公司股東應佔溢利為476,787千美元，與去年同期相比，分別同比上升22.81%及24.42%；同時，2010年每股盈利達8.53美仙。

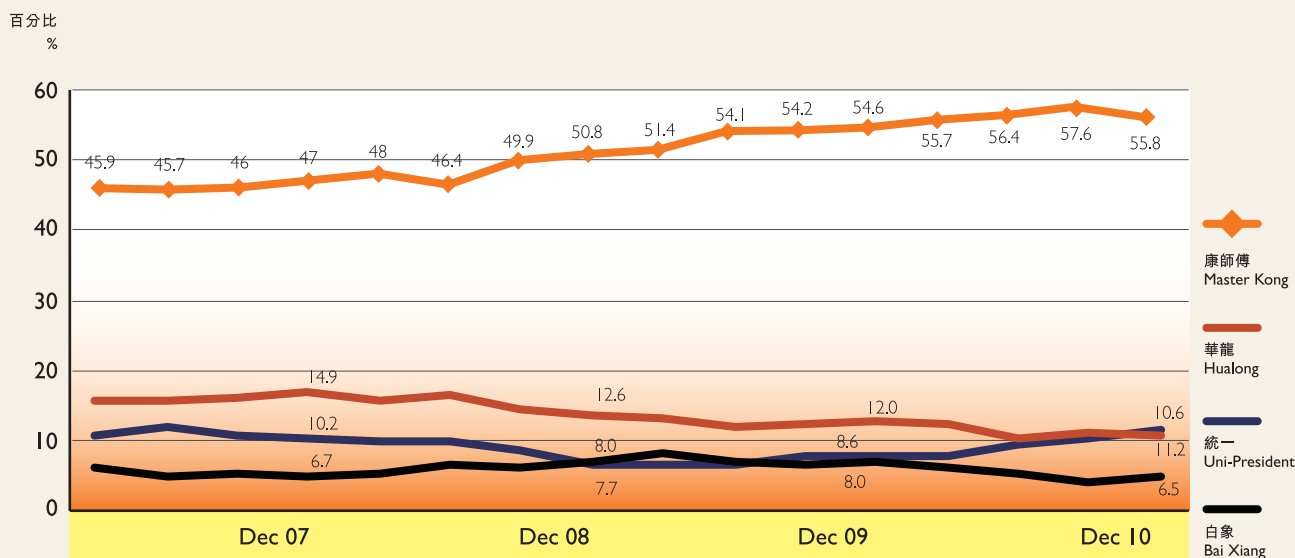
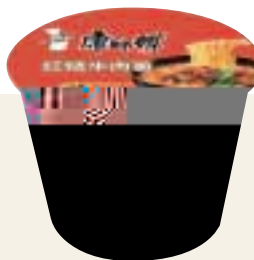
Accounting Standard 28 “Investments in Associates”, the Group’s equity interest of 17.16% in Wei Chuan, without other significant influence, clearly demonstrated that the holding should not be classified as an investment in an associate. The Group should discontinue the use of the equity method of accounting and disclose the balance under other investments. The Group discontinues the use of the equity method of accounting and the investment in Wei Chuan is accounted for in accordance with the requirements of HKAS 39 Financial Instruments: Recognition and Measurement. The carrying amount of the Group’s interest in Wei Chuan was measured at a fair value of US\$98.143 million calculated based on the closing price of Wei Chuan’s stock in June 2010. Upon the reclassification to available-for-sale financial assets, a gain on the discontinuation of equity accounting for the investment in Wei Chuan of US\$68.653 million, was recognized.

In 2010, the Group effectively controlled its expenses by means of strategic advertisement, which strengthened its sales network to enhance its brand as the leader in the PRC market. Consequently the distribution costs as percentage of total sales at 16.78%, had decreased by 3.55 ppt, when compared to 2009’s 20.33%. Other operating expenses increased by US\$ 10.431 million to US\$ 92.081 million mainly due to the increase in impairment loss of US\$ 9.742 million resulted from the progressive replacement of older equipment. Finance costs decreased by 48.51% to US\$ 6.511 million mainly due to loans restructuring and the decrease in financing cost. During the year, the Group maintained a stable and healthy finance structure with strong cash flows. In 2010 earnings before interest, tax, depreciation and amortization (EBITDA) was US\$ 1,011.393 million and the profit attributable to owners of the Company was US\$ 476.787 million, which increased by 22.81% and 24.42% respectively when compared to last year. Earnings per share was US 8.53 cents.

中國方便麵 Instant Noodle

銷售額市場佔有率

Market Share by Sales Value of the PRC



資料來源：ACNielsen零售研究報告～二零一零年十二月份
Sources: ACNielsen SCAN TRACK EXPRESS – December 2010

方便麵業務

2010年國內總體經濟繼續發展，第四季GDP增速同比增長9.8%，CPI達到4.6%，物流配送因極端天氣影響，導致運費上漲，同時麵粉、棕油等各項原物料價格持續上升，對利潤產生壓力，令方便麵業務於年內的毛利率同比下降2.62個百分點至28.83%。康師傅不因環境艱困而退步，把握旺季銷售，並同時調整生產佈局，積極擴人均、調結構、創效益，達成單季銷額成長35.56%，容器麵、高價袋麵市佔率接近70%。2010年方便麵業務的銷售額為2,931,555千美

Instant Noodle Business

In 2010, the PRC economy continued to develop in general. GDP in the fourth quarter grew 9.8% year-on-year while the CPI reached 4.6%. Freight expenses in relation to logistics and distribution increased due to the extreme weather. Prices of raw materials such as flour and palm oil continued to increase, placing pressure on profit so that gross margin of instant noodles decreased by 2.62 ppt. to 28.83% compared with last year. Undeterred by the difficult environment, Master Kong took advantage of peak season sales and adjusted its production plans. By actively expanding per capita sales, adjusting product structure and increasing efficiency, our single-quarter sales grew by 35.56%. Market shares for the Group's bowl noodle and high-end packet noodle were almost 70% in



元，較去年同期上升27.04%，佔本集團總營業額的43.88%，期內本集團高毛利的容器面及高價袋麵的銷售額分別達到38.01%及22.56%的成長；本公司股東應佔溢利較去年同期上升20.32%至304,555千美元。

康師傅方便麵以紅燒牛肉、香辣牛肉、香菇燉雞、鮮蝦魚板、酸菜牛肉五支經典口味廣受中國各地消費者歡迎，並牢牢佔據了方便麵美味標杆的王者地位，其中，香辣牛肉麵以「香的魅力、辣的活力」為年度溝通主題，吸引活力熱情的年輕族群，締造出新的橙色傳奇，再創成長高峰。酸菜系列加入了在9月上市的酸菜仔雞新口味，並在2010年持續推廣，蠶食競品市場份額，提高其品牌知名度及消費者滲透率；為繼續活絡品牌、滿足各地消費者的口味需求，2010年上市的12個新口味於上半年繼續強化終端消費者推廣：東北燉、打鹵享宴、江南美食、本幫燒、陳泡風雲等都得益於新口味的推廣，年度銷售走勢理想，新口味也為當地消費者所接受與肯定。對於明星品牌的經營，食麵八方持續「乾麵美味之旅」的溝通，通過盒麵和袋麵的推廣，穩固乾拌麵市場第一品牌的地位；同時推出新品SOUP NOODLE粉絲，以「清爽的美味」針對都市粉領一族做訴求。中平價麵市場方面，勁爽拉麵、好滋味、超級福滿多則全力搶佔城市中下階層的市場，通過完整的產品佈局，不斷帶動業務的提升。平價麵以福滿多為母品牌經營，持續產品力精進和品牌溝通。超級

terms of sales value. In 2010, turnover for instant noodle business amounted to US\$ 2,931.555 million, an increase of 27.04% from the previous year and represented 43.88% of the Group's total turnover. Turnover for bowl noodles and high-end packet noodles increased 38.01% and 22.56% respectively. Profit attributable to owners of the Company from the instant noodle business increased by 20.32% from last year to US\$ 304.555 million.

Master Kong's five classic instant noodle products, namely "Noodles with Braised Beef", "Noodles with Spicy Beef", "Noodles with Stewed Mushroom and Chicken", "Noodles with Fresh Shrimp and Fish" and "Pickled Mustard Beef", are well recognized by customers all over the country. Among the above flavors, "Noodles with Spicy Beef" had appealed to the vigorous and enthusiastic young group of consumers, with its "vitality and charm of spices", which created a new orange sensation. We added the new pickled mustard chicken flavour to our pickled mustard series launched in September. Its continued promotion in 2010 took away the market share from competing products and improved its brand awareness and consumer penetration rate. In order to continue to increase brand awareness and satisfy the taste buds of our consumers around the country, in the first half of the year, we continued to increase marketing efforts on the 12 new flavors (including "Dong Bei Dun", "Da Lu Xiang Yan", "Jiangnan Delicacy", "Ben Bang Shao" and "Chen Pao Feng Yun") launched in 2010 among our end-consumers. Benefits from the promotion of these new flavors, were evident as the annual sales trend was satisfactory. The new flavors were also well liked and accepted by local consumers. The Group's auxiliary brands, "Shimianbafan" continued its promotion under "The journey for Fried Noodle delicacy", and through marketing by means of box and bag packaging, it further consolidated Master Kong's leading position in the mixed fried noodle market segment. In the meantime, "Soup Noodle", our new product launched under the theme "refreshing tastiness" targets the needs of pink-collar workers in cities. "Jin Shuang La Mian",

福滿多桶麵以區域天王口味推廣為主，傳播「美味新動力」的品牌主張，提升銷售貢獻保持高成長的良好勢頭；一元平價麵產品也不斷精進提升獲利。乾脆麵則以專用線為品質依託，持續產品力升級。

根據ACNielsen 2010年12月的零研數據顯示，「康師傅」方便麵銷售量與銷售額的市場佔有率分別為41.6%及55.8%，其中容器麵銷售額的佔有率為69.7%，高價袋麵銷售額的佔有率是70.0%，已穩居市場領先地位十餘年。

在生產方面，透過高速化、自動化、省人化、省力化的新型第二代工廠、第二代車間的建設，以及深入推動TPM、ISO9000、ISO14000、WMS、EMS等體系，對生產資源進行不斷的優質化、系統化、標準化。各項費用節約、成本精進的專案已取得階段性的成果，使單箱成本在諸多外界不利因素的情況下保持穩定。同時，持續引入新技術，進一步改善品質、降低成本、大力推動內部物流的改善，提高出貨效率，並規劃新的物流運作模式，在油價不利的狀況下，維持運費穩定。生產量持續20%以上的快速成長，對產能的發揮和有效規劃，確保了整體業績的達成。

“Hao Zi Wei” and “Super Fumanduo” have also made their foray in the medium/low-end market segments. Thus, through the careful planning of product introductions, our noodle business continued to flourish. In the low-end noodle market segment, the Group has made “Fumanduo” the primary brand to achieve the strategic targets of maintaining growth in sales and enhancing product advantages and continually strengthening brand awareness. “Super Fumanduo” bowl noodles were mainly promoted as a regional top flavor, communicating the theme of “the New Power of Flavor”, enhancing sales contribution and maintaining the good momentum of high growth. Profits from our RMB1.0 low-end noodles products also continued to improve while snack noodles, which has a dedicated production line to ensure quality, continued to upgrade product quality.

According to ACNielsen’s latest survey on retails in December 2010, Master Kong’s sales volume and value of instant noodles sales, reached 41.6% and 55.8% respectively of their market share, of which noodles with high-end consumers represented 69.7% of the market turnover and high-end packet noodles had 70.0% of the market turnover, steadfastly securing their leading positions for more than 10 years.

On the production front, by constructing new generation II factories and generation II workshops which were optimized speed and automation, and by increasing the level of implementation of the systems TPM, ISO9000, ISO14000, WMS and EMS, the production resources could be continuously optimized, systematized and standardized. Staged results had been achieved in terms of cost savings and cost enhancement projects, stabilizing the cost per box among numerous adverse external factors. Meanwhile, the Group introduced new technologies to further improve quality and reduce costs, to actively improve internal logistics and thus increase shipping efficiency. The Group also implemented a new mode of logistics operation, which could maintain freight expenses at a stable rate even when oil price increased. Production volume continued to increase rapidly at a rate of over 20%. The effective utilization and planning of production capacity ensured overall Operational performance.

在產品有味、品牌有聲、服務有質的策略下，康師傅依靠提升產品品質、優化產品組合、建設高效益工廠、推動一功能一專案等生產經營優化活動，合理績效考核等手段，強化管理機能，有效地應對環境挑戰，掌握先機，使得成本與品質進一步穩定，確保在方便麵市場的核心領導地位，讓消費者對品質安心、貼心。

據《2011年中國宏觀經濟報告》預測，2011年GDP增速為9.5%，CPI增速為4.3%，物價上半年高、後半年低，第一季總體經濟與產業形勢仍存在較大波動；加上冬季雨雪災害致使農產品及運輸價格上漲，生產成本將提高。綜合評估生產運輸成本環境後，集團將適當調整方便麵部分產品價格，以維持利潤成長。新年度康師傅將持續發展新口味、新規格產品，激活消費者消費力，並對於行業可持續發展進行更多投入，推進中國方便麵協會的籌辦成立，帶動行業的健康發展。

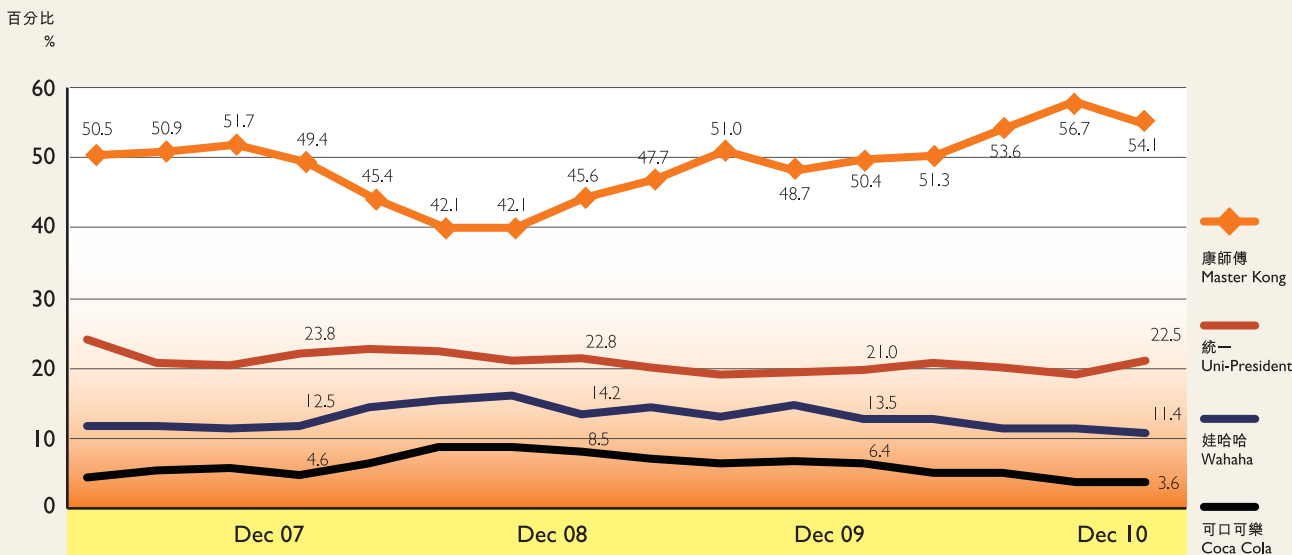
Under the strategies of “tasty products, well-known branding and quality services” and through its production and operation optimization activities aimed at the improvement of production quality, optimization of product mix, construction of highly-efficient factories and implementation of “one project serving one purpose” strategy, and through reasonable performance appraisal, Master Kong was able to enhance its management function. and effectively respond to the challenges in its surrounding environment. Master Kong took good opportunities to further stabilize its costs and quality, which ensured its leading position in the instant noodles market and allowed consumers to enjoy our high-quality products with peace-of-mind.

According to the prediction by the Macroeconomic Report of China 2011, the GDP and CPI of China is expected to grow at a rate of 9.5% and 4.3%, respectively. Prices will remain high in the first half of the year and lower in the second half of the year. The overall economic and industrial outlook for the first quarter predicts possible large fluctuations. This, together with the increase in the price of agricultural products and transportation costs due to rain and snow disasters during winter, will push up production costs. After a comprehensive assessment of the production and transportation costs environment, the Group will appropriately adjust the price of some of its instant noodles to maintain profit growth. In the coming year, Master Kong will continue to develop new flavors and products with new specifications to stimulate the spending power of consumers. It will increase its investment in the sustainable development of the industry, promote the forming and establishment of an association of instant noodles in China and lead the way towards the healthy development of the industry.

中國包裝茶 RTD Tea

銷售量市場佔有率

Market Share by Sales Volume of the PRC



資料來源：ACNielsen零售研究報告～二零一零年十二月份
Sources: ACNielsen SCAN TRACK EXPRESS ~ December 2010

飲品業務

儘管2010年國內外經濟環境複雜，但中國仍保持了「平穩較快發展」的經濟態勢，反映出國內經濟自2010年率先回暖後開始進入穩定的增長期。在此大環境下，食品飲料行業繼承發揚了去年良好的抗風險能力，在這一年間仍保持著雙位數的快速發展速度。不少新品牌進入市場，飲料市場細分更加明確，經過幾十年的發展，飲料企業規模不斷擴大，中國飲料市場銷售量已排名世界第二。然而，原物料PET粒子、食糖及能源價格的持續高企，推動了生產及運輸成本的提高，加上勞動力成本上升，使2010年飲料行業面臨較大的成本壓力，嚴重壓縮獲利空間。

Beverage Business

Despite the complicated economic environment in both the domestic and international economies during 2010, China still maintained its “stable and faster development” economic trend, reflected by the domestic economy which entered into a stable growth period after an early recovery in 2010. Even under these challenging circumstances, the food and beverage industry underlined its resistance level against risk, following the previous year and was able to maintain a double-digit fast development pace during the year. As many new brands entered into the market, the beverage market segments were more clearly delineated. After decades of development, the size of the beverage enterprises kept expanding and China was ranked the second largest beverage sales market in the world. However, the prices of raw material PET resin, sugar and energy remained at high levels, driving production and transportation costs higher, together with increasing labour costs, the beverage industry was facing higher cost pressures in 2010 and the profit margin was squeezed.



2010年本集團仍以即飲茶、包裝水和果汁為主要產品。在競爭激烈的環境下，透過加強成本管控、提升生產技術、高效能的管理、精準的營銷策略及優化產品組合等方式，2010年飲品業務的營業額佔本集團總營業額約52.86%，同比成長38.94%達3,531,911千美元，繼續保持快速成長的勢頭，並創造了5個10億元人民幣以上的品牌。年內膠粒及糖價大幅上升導致毛利率同比下降8.39百分點至28.48%，毛利額上升7.34%；透過提高生產效能及善控推廣費用，令飲品業務的本公司股東應佔溢利較去年同期上升12.78%至128,581千美元。

即飲茶，綜觀2010年飲料市場，康師傅茶飲料已經佔據了中國即飲茶市場的半壁江山，成為飲料市場的絕對主角，並且向「霸主」方向大步邁進。茶飲料在2010年的優異表現，讓飲料企業看到了未來飲料發展的方向，各大中外企業、跨界企業紛紛進駐其中，在此形勢下，康師傅並未放慢腳步，康師傅即飲茶，更是以54.1%的銷售量市場佔有率，穩居市場領導地位，穩座茶王寶座，這主要源於康師傅對茶飲料研發和生產的專注，亦使康師傅冰茶系列、綠茶系列和茉莉系列邁入10億元的品牌行列。

包裝水，行業競爭的激烈化，使品牌越來越集中，眾企業以規模化經營參與市場競爭。康師傅不斷擴大企業的生產規模，在全國做有效布建，以能更快速就近滿足市場的需求，以規模經濟，抓住

RTD tea, bottled water and fruit juice were still the major competitive products of the Group in 2010. Under the intensive competitive environment, through stricter cost controls, enhanced production techniques, highly efficient management, precise marketing strategies and optimized product mix. While maintaining a rapid growth trend, we had also created 5 brands of RMB1 billion each. In 2010, turnover for beverage business increased by 38.94% to US\$ 3,531.911 million as compared to last year, representing 52.86% of the Group's total turnover. During the year, gross margin of beverage business decreased by 8.39 ppt. to 28.48% and gross profit increased by 7.34%. Profit attributable to owners of the Company from the beverage business was US\$ 128.581 million, an increase of 12.78% from last year.

RTD tea, on reviewing the beverage market in 2010, Master Kong's tea drinks accounted for half of the RTD tea market in China and became a major player in the beverage market, while much progress was made towards the direction of becoming "dominating players". The excellent performance of tea drinks during 2010 indicated the future development direction for beverage enterprises. All major PRC and international enterprises as well as multinational enterprises were striving to enter this segment. Under such circumstances, Master Kong did not slow down its pace, Master Kong's RTD tea accounted for 54.1% market share and emerged as a market leader at the top position in the tea segment. This was mainly attributable to the focused efforts on the research and development of tea beverages by Master Kong, rendering the iced tea, green tea and jasmine tea series to become billion dollar brands.

Bottled water, as competition intensified in this sector, brands were more focused. Enterprises participated in market competition with sizable operations. Master Kong had been expanding its production scale continuously with effective nationwide networks in order to satisfy market demand more readily and quickly, and capture

市場瞬間的需求機會，將更加健康、安全、實惠、便利的產品帶給消費者。在由中國飲料工業協會主辦的「中國包裝飲用水行業2010年度評選活動」中，康師傅天然水以促進中國包裝飲用水行業的持續、健康、穩步發展，引導行業提高包裝設計和廣告製作水平，分享優秀的設計和創意理念等出色表現，榮獲「優秀包裝設計」獎及「優秀電視廣告」獎。

果汁，由於消費者掌握的健康知識和產品常識越來越成熟，消費觀念、健康觀念、消費行為也越加理性。為了給消費者提供更多更好喝更健康的果汁，康師傅一直致力於新產品的研發，努力豐富產品種類，每年均推出受消費者喜愛的新產品，滿足了諸多消費者的個性化需求。2010年度推出的酸棗汁、每日C紅芭樂、康果汁菠蘿汁均受到了消費者的熱烈擁戴，使康師傅果汁的市場佔有率不斷前進。康師傅新品類(傳世新飲)增長迅猛，明日之星耀然新生。「喝出新味來」的酸棗汁一經推出，就受到消費者的喜愛，不僅進一步完善了「傳世新飲」品類的產品線，更將鞏固其在市場的領先優勢，在競爭激烈的果汁市場獨辟一片天地。

2010年主要飲料廠家都推出的再來一瓶活動，已成為飲料行業最為流行的促銷方式。在此同時，消費者對於再來一瓶的認知與喜好度持續提升，而康師傅於其中保持絕對主導地位，在市場上獲得非常好的效果。康師傅通過連續兩年再來一瓶的密集攻擊，以及新產品持續有效的跟進，加深了品牌與消費者的溝通。對消費者的海量回饋，使康師傅大品牌好品質的形象深入人心。

market demand opportunities through economies of scale, bringing more healthy, safer, beneficial and convenient products to consumers. In the China Bottled Water Industry Awards 2010 organized by the China Beverage Industry Association, Master Kong's natural water won the Excellent Package Design Award and the Excellent TV Advertising Award for its outstanding performance in promoting the continuous, healthy and stable development of the bottled water industry in China, its leadership role in enhancing package design and advertising production standards in the industry and the sharing of excellent design and creative ideas.

Fruit juice, as consumers became more mature in their awareness of health knowledge and product information, the consumption pattern, health ideas and consumer behavior were more rational. In order to provide more and delicious and healthier fruit juices for consumers, Tingyi had been devoting efforts in the research and development of new products and to increase the types of products. Favorite new products for consumers were launched each year to satisfy the customized requirements of diversified consumers. The Wild Jujube Juice, Daily C Red Guava Juice and Master Kong Pineapple Juice launched in 2010 were highly popular among consumers and contributed to the continuous increase in the market share of Master Kong juices. Master Kong's new product range "World favourite new drinks" increased rapidly and a new star was born. When the Wild Jujube Juice of the "New taste for traditional drink" series was launched, it was well received by consumers. This had not only further enhanced the product line of "World favourite new drinks", but would also strengthen its market leadership status by creating a sole new area in the juice market amidst intensive market competition.

The "One More Bottle" lucky draw campaign launched by major beverage manufacturers in 2010 became the most popular promotion and sales method in the beverage industry. Meanwhile, consumers' awareness and preference of the "One More Bottle" campaign continued to increase and Master Kong remained in its leading position and received superb market response. Master Kong had enhanced its branding and communication with consumers through the intensive "One More Bottle" campaign in two consecutive years and the continuous effective follow-up activities on new products. The overwhelming response from consumers reflected the impressive effects of the branding image and good quality of Master Kong on the consumers.

據ACNielsen 2010年12月最新零研數據顯示，康師傅即飲茶銷售量市場佔有率為54.1%，居市場首位。康師傅包裝水在規模化的生產下，越戰越勇，以24.1%的銷售量市佔率，繼續領跑包裝水市場。「鮮の每日C」與「康師傅」的果汁雙品牌策略漸入佳境，借豐富的產品線，不斷推出新品，為康師傅帶來廣闊的市場，以19.7%的銷售量市佔率，居稀釋果汁市場第二位。

2010年12月14日中國飲料工業協會對外發佈了第一部《2010中國飲料行業可持續發展報告》，提出為了使中國飲料行業持續快速發展，主要企業應將社會責任理念逐漸融入行業的使命中，形成具有飲料行業特色的社會責任價值觀，使可持續發展成為行業發展的內在要求和動力。康師傅深明推行行業可持續發展的重要性，因此在能源管理，以及保護環境節水、節能、降耗、減排上，都在尋找著自己的突破點。此外，康師傅採用世界最先進的生產線，從生產的每一個環節確保食品的安全，並於年內投入3億美元用於生產設備的維修及更新換代上，而在飲料瓶重量方面，康師傅堅持使用較輕的包裝瓶，減少塑料的使用量，努力推進節能減排。在「2010年中國飲料工業協會年會」上，康師傅有4家公司榮獲了由中國飲料工業協會授予的「2010中國飲料行業節水優秀企業」稱號，有一家公司榮獲了「2010中國飲料行業節能優秀企業」稱號。榮譽的獲得，對企業而言意味著更重的責任，康師傅將在節約水資源，可持續包裝，環保節能等方面積極努力，並繼續加強企業節能降耗減排等方面的可持續發展水平。

According to the latest retail study by ACNielsen in December 2010, which showed that the sales volume of Master Kong's RTD tea products had a market share of 54.1%, which again is the leader in the market. Benefited by the economic scale, the Group's bottled water shared 24.1% of the market and ranking it the number one brand in the country. In respect of fruit juice, the duo brands – "Fresh Daily C" and "Master Kong" with their diversified product offerings have built a broad market for Master Kong and commanded a market share of 19.7%, ranking second in the diluted fruit juice market.

On 14 December 2010, the China Beverage Industry Association released its first "China Beverage Industry Sustainable Development Report 2010" and proposed that in order to pursue continuous and rapid development of the China beverage industry, major enterprises should incorporate the concept of social responsibility into the mission objective of the industry to form social responsibility values with beverage industry characteristics, and use sustainable development as the internal requirement and driving force for industry development. Tingyi understands the importance of implementing sustainable development for the industry and has been looking for its own breakthrough points in the areas of energy management, environmental protection, water conservancy, energy saving, consumption reduction and emission reduction, etc. In addition, Tingyi adopted the most advanced production line in the world, food safety was ensured in every production segment. A sum of US\$300 million were invested on the maintenance and replacement of production equipment during the year. Regarding the weight of the beverage bottle, Tingyi adhered to use the lighter bottles and reduced the use of plastics in order to promote energy saving and emission reduction. At the annual general meeting of the China Beverage Industry Association, 4 companies of Tingyi were awarded the honour of "Excellent Water Conservancy Enterprise in the China Beverage Industry" and 1 company was awarded the honour of "Excellent Energy Saving Enterprise in the China Beverage Industry". The awards of honours imply more obligations on the part of the enterprises and Tingyi will make positive efforts to conserve water resources, sustainable packaging, environmental protection and energy saving and continue to enhance the sustainable development levels in respect of energy saving, consumption reduction and emission reduction by the Company.

糕餅業務

2010年糕餅事業群銷售額達到161,383千美元，較去年成長3.96%，佔本集團總營業額約2.42%。同期糕餅事業群的毛利率較去年減少3.82百分點至36.86%；公司股東應佔溢利達到1,966千美元，同比減少5,068千美元；原物料價格、人工成本的上漲是導致毛利衰退的主要原因，同時，廣告、促銷投資計劃亦未達預期效益。

根據ACNielsen 2010年12月的調查結果，康師傅夾心餅乾的市場銷售額佔有率為22.7%，居市場第二位；蛋酥卷類的市場銷售額佔有率為28.5%，居市場第一位。糕餅事業群未來將持續發展夾心餅乾及蛋糕類的新產品，以擴大核心品類夾心餅乾、蛋糕及蛋酥卷的成長，並利用各種策略合作模式，擴大經營品類及核心技術投資，持續提升設備、產制效率，採取精準式行銷策略，合理管控行銷費用。

財務分析

本集團在2010年通過對應收、應付帳款、現金與存貨的有效控制，繼續保持穩健的財務結構。於2010年12月31日，本集團的庫存現金及銀行存款為893,340千美元，較2009年同期相比，增加了373,151千美元，仍保持著充足的現金持有量。本集團截止2010年12月31日的總資產及總負債分別為4,891,412千美元及2,522,225千美元，分別較2009年同期增加1,483,719千美元及1,023,596千美元；負債比例為51.56%，較2009年同期上升了7.58個百分點。

Bakery Business

Turnover of the bakery business segment in 2010 amounted to US\$ 161.383 million, representing an increase of 3.96% compared to last year and 2.42% of the Group's total turnover. Gross margin for Bakery business decreased by 3.82 ppt. to 36.86% and profit attributable to owners of the Company was US\$ 1.966 million, which resulted in a decrease of US\$ 5.068 million. The decline was mainly due to the increase for raw material price and labor cost. Meanwhile the investment for advertising and promotion was below expectation.

According to ACNielsen's survey in December 2010, Master Kong ranked second in the sandwich cracker market with market share of 22.7% in sales value. Master Kong's egg rolls has market share of 28.5% and ranked number one in the market. The bakery business will continue to expand with growth of sandwich crackers, muffins and egg rolls, enhance the efficiency of bakery equipment and will actively control marketing expenses. Strengthening of core production technologies and investments through different modes of co-operations.

FINANCING

The Group continued to maintain a stable and healthy finance structure through the effective control of trade receivables, trade payables and inventories. In the volatile financial market, the Group felt it to be appropriate to maintain sufficient cash balances. At 31 December 2010, the Group's cash and bank deposits totalled US\$ 893.340 million, an increase of US\$ 373.151 million from the previous year. The Group's total assets and total liabilities amounted to approximately US\$ 4,891.412 million and US\$ 2,522.225 million respectively, representing increases of US\$ 1,483.719 million and US\$ 1,023.596 million respectively when compared to 31 December 2009. The debt ratio increased by 7.58 ppt. to 51.56% as compared with the same period in 2009.

截止2010年12月31日，本集團銀行貸款規模為634,135千美元，相較於2009年同期，增加了299,065千美元，貸款的主要用途為生產設備的資本性開支與營運資金的需求。本集團進一步調整貸款結構，令外幣與人民幣貸款的佔比由去年同期的87%：13%變為98%：2%，有效的控制了融資成本。長短期的比例為28%：72%，去年同期為35%：65%。由於本集團的交易大部分以人民幣為主，而期內人民幣對美元的匯率升值了3.26%，對本集團造成2010年度匯兌收益共85,161千美元，分別包括收益表內的7,792千美元及外幣換算儲備內的77,369千美元。

生產規模

2010年康師傅為實現生產的高速化、自動化和省人化，不斷擴大生產規模、更新生產設備，從生產效能上支持集團在國內食品行業的翹楚地位，截止至2010年12月，康師傅共有81家生產工廠以及457條生產線投入生產。

方便事業群於2009年在天津地區建立的新生產基地前三期已陸續投產，最後一期將於2011年完工，同時於2010年內在南京、成都等地持續擴充新的廠房及設備；此外，飲品群在南京、吳江等地相繼展開選址設廠作業，繼續擴大生產基地；糕餅群則通過新增多台自動蛋捲設備，提高蛋捲生產的自動化。

At the end of 2010, the Group's total borrowings increased by US\$ 299.065 million to US\$ 634.135 million. The borrowings were mainly used for production facilities and working capital. The Group's proportion of the total borrowings denominated in foreign currencies and Renminbi were 98% and 2% respectively, as compared with 87% and 13% respectively last year. The proportion between long-term loans and short-term loans was 28%: 72%, as compared with 35%: 65% for 2009. The Group's transactions were mainly denominated in Renminbi. During the year the appreciation in Renminbi against the US Dollar of 3.26% brought an exchange gain of US\$85.161 million, US\$7.792 million and US\$77.369 million of exchange gain have been included in the income statement and reserve from exchange translation respectively.

PRODUCTION SCALE

In 2010, Tingyi has been expanding production scale and renewing production equipment continuously in order to realize fast, automatic and labour saving production and support the leadership position of the Group in the domestic food industry in terms of production efficiency. As of December 2010, Tingyi had 81 production plants and 457 production lines in operation.

In respect of the instant noodles business, in 2009, we established a new production base in Tianjin, the first three phases have commenced with production, the final phase will be completed in 2011, while expansion of new plants and equipment continued in Nanjing, Chengdu, etc. during 2010. Moreover, the beverage business started identifying sites for building operation plants in Nanjing and Wujiang, etc. to expand the production base continuously. The bakery business improved automation in egg rolls production by increasing the number of automatic egg rolls equipment.

人力資源

於2010年12月31日，本集團員工人數為64,436人(2009年：50,023人)。

一直以來，康師傅都致力於落實創造人力價值，累積長期競爭力的人力資源發展方針，完善選、育、用、留各項人才發展政策，為本集團的持續發展儲備優秀人才。

同時，我們不斷完善儲備人力的招募與培育機制，協調各功能做好儲備人力的甄選與培育，為集團未來發展規劃儲備中堅力量；通過積極主辦各式各樣的培訓課程，不斷提高員工的業務素質；為定制更具競爭力的集團薪資、晉升等制度，進行薪資結構調整專案；為健全更具公平、公正的集團考核制度，進行績效文化專案；落實頂新國際集團康師傅早稻田獎學金，善盡社會責任，提升企業形象。

充分重視人才的培育，發展與儲備，將人才作為企業發展的基石，是康師傅得以快速成長的核心競爭力之一。

HUMAN RESOURCES

As at 31 December 2010, the Group employed 64,436 (2009: 50,023) employees.

Tingyi has been devoting efforts to implement the human resources development objective of creating human value and accumulation of long-term competitiveness, improve the talent development strategies in the selection, training, deployment and retention of talents in order to create a reserve of talents for the sustainable development of the Group.

Meanwhile, we have been improving our recruitment and training mechanism for reserve talents and coordinating all functions to be well-prepared for the selection and training of reserve talents who will become the central force for driving the future development. Planning of the Group through organizing various training courses actively to enhance the professional quality of our staff continuously; adjusting the salaries and wages structure to formulate a more competitive system for Group salaries and staff promotion; adopting performance-related criteria to improve the equity and fairness of the Group's appraisal system; establishing the "Ting Hsin International Group - Master Kong Waseda Scholarship; and through the performance of social responsibilities to enhance our corporate image.

By placing sufficient emphasis on training, developing and retaining talent who are taken to be the corner stone of corporate development will be one of the core competitiveness for the rapid growth of Tingyi.

質量管理

康師傅秉承著為消費者提供優質、健康、安全的美味食品這一理念，在2010年持續強化集團品質監控體系、優化食品生產安全預警，使食品安全從源頭到末端都能夠得到保障。

年內，本集團加強對原料、配套設施等供應環節的管控以及對供貨商的評鑒、溯源管理，從食品生產的源頭開始質量安全監督；同時，各生產工廠借助推行5S、TPM等制度，在生產環節中保證了產品的安全與高衛生標準；並且，通過對經銷商的品質輔導、假冒品的打擊與產品的追溯演練，使得食品安全在產品末端得以實現。

截至2010年末，本集團方便事業群共有5家工廠得到了日本的TPM大賞，6家工廠實施通過了ISO9001:2000國際標準管理體系認證、ISO22000:2005國際標準管理體系認證。飲品事業群旗下已有15個飲品綜合廠取得ISO9000:2000國際質量體系、HACCP危害分析與重要管制點體系、ISO22000:2005食品安全管理體系等相關質量/食品安全的國際認證。

QUALITY ASSURANCE

By adhering to the basic principles of providing high quality, healthy, safe and delicious food to consumers, Tingyi continued to strengthen the quality control system and optimize food production safety alerts in 2010 such that food safety was ensured from source to end.

During the year, the Group strengthened controls over the supply segments of raw materials and ancillary facilities, conducted appraisals on suppliers and implemented source management in order to supervise quality and safety from the source. Meanwhile, 5S and TPM systems were implemented in all production plants to ensure product safety and high standards of health in all stages of production. In addition, through the provision of quality guidance, taking actions against counterfeit goods and rehearsing product tracing through exercise with distributors, product safety will be realized for end user products.

Currently, 5 factories of the Group's instant noodle business have been awarded the TPM Awards in Japan, 6 factories have passed the ISO9001:2000 Certificate of International Quality Management System, ISO22000:2005 Certificate of International Quality Management System. International certifications relating to quality/food safety have been obtained by 15 beverage synthetic factories under the beverage business, including ISO9000:2000 Certificate of International Quality Management System, HACCP certification, ISO22000:2005 Food Safety Management Systems, etc.

同時，本集團中央研究所下設食品安全研究部和檢驗分析部，支持集團的食品安全保障工作和產品開發基礎研究工作。食安部對外參與行業及國家食品相關法規標準的制定，收集食品安全管控最新研究進展及食品安全預警信息，並於去年在衛生部參與了關於《方便麵食品安全國家標準》修訂草案的專家評審委員會討論；對內協調促進相關法規標準的落實貫徹，評估新技術在集團內的應用性及食品安全風險。檢驗分析部於2011年2月取得中國合格評定國家認可委員會頒發的CNAS證書，100多項食品安全相關檢測項目報告具備很高的權威性，不僅在國內各實驗室間相互承認，還在世界上46個國家的61個機構得到認可。

這一系列的認證及獎賞都足以證明康師傅不僅擁有高超的生產技術，更具備穩定優質的產品質量。

In addition, the Group's Research and Development Centre has divisions for food safety research and testing and analysis to support the food safety assurance and product development fundamental research work of the Group. Externally, the food safety division has participated in the formulation of the relevant legal and regulatory criteria on food safety both at the industry and national levels, participated in the collection of information of the latest research progress on food safety controls and food safety alerts, and participated in the discussions at the expert assessment committee under the Ministry of Health for the amendment bill on "national food safety criteria for instant noodles" last year. Internally, it has coordinated the consistent implementation of the relevant legal and regulatory criteria, conducted assessment on the application and food safety risks of new technology on the Group. The testing and analysis division has obtained the CNAS certificate issued by the China National Accreditation Service for Conformity Assessment in February 2011. Over 100 food safety related test reports were highly recognized not only among domestic laboratories but also recognized by 61 institutions in 46 countries around the world.

Such series of accreditation and awards are sufficient to prove not only the possession of excellent production technology by Tingyi but also the stable high quality of products.