



二零零六年度中國國民生產總值(GDP)持續穩定成長，較去年上升10.7%，連續四年保持10%以上的快速增長；社會消費品零售總額亦較去年增長13.7%。

In 2006, the PRC sustained a steady yet rapid growth in its gross domestic products ("GDP"). GDP went up by 10.7% in the year, manifesting consecutive growths of exceeding 10% p.a. over the past four years. Sales amount of social consumables surged even further by 13.7% comparing with a year before.

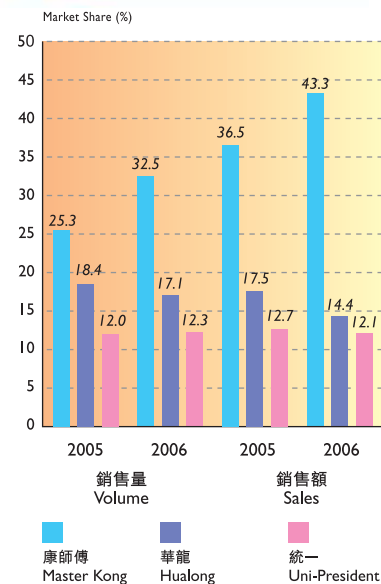
回顧本集團於二零零六年總營業額較去年同期上升26.3%至2,331,733千美元。方便麵、飲品及糕餅的營業額分別較去年同期上升7.1%、55.7%及4.6%；於第四季本集團的總營業額較去年同期上升29.6%，達518,179千美元，主要來自方便麵及飲品的銷售成長。

In 2006, the Group's turnover was US\$2,331.733 million, an increase of 26.3% over 2005. The growth rates for turnover of instant noodle, beverage and bakery were 7.1%, 55.7% and 4.6% respectively. In the fourth quarter, the Group's turnover was US\$518.179 million, 29.6% higher than the same period last year. The increase was mainly from sales growth in instant noodle and beverage.

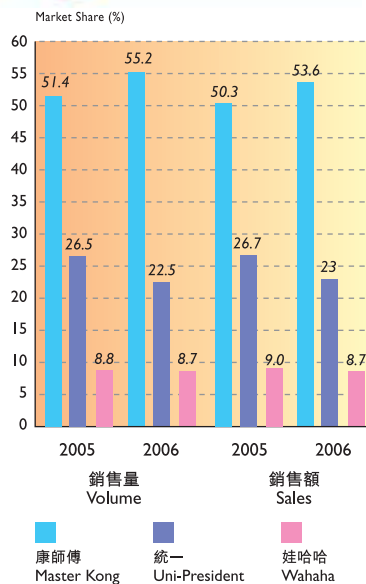
年內，主要原材料價格雖然持續高企，但透過本集團持續優化生產管理效率，有效控制生產成本，及穩健的營銷策略對產品銷售組合的優化，令整體毛利率較二零零五年上升0.9個百分點至32.3%；分銷成本則為鞏固本集團在中國市場的強勢品牌領導地位，而策

During the year, in spite of the fact that the prices for the Group's core materials continued to stand at a high level, the Group's gross margin increased 0.9ppt. to 32.3% through flexible marketing strategy, effective production management and cost control. Due to the strategic advertising and strengthening sales network, there was a slight increase of the distribution costs as percentage of total sales by 0.8ppt. to 19.1% in

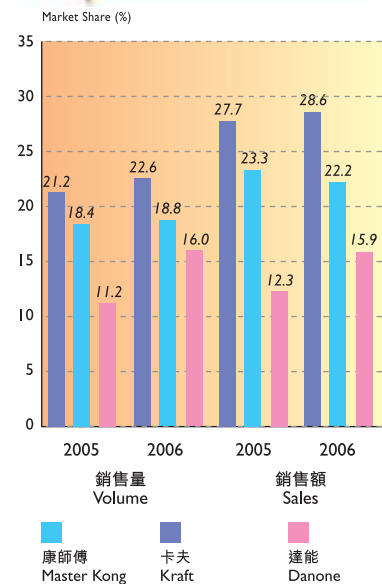
中國方便麵市場佔有率
Instant Noodle Market Share of the PRC



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：ACNielsen零售研究報告~二零零六年十二月份
Sources: ACNielsen SCAN TRACK EXPRESS ~ December 2006



略性增加廣告的投入及強化銷售通路的精耕細作，致其佔總營業額的比例由二零零五年的18.3%微幅上升0.8個百分點至本年度的19.1%，其中廣告及宣傳費用佔總營業額的比例達10.7%，去年同期為10.2%；其他經營費用較二零零五年大幅增長19,693千美元至47,018千美元，主要是為提升生產效率，對於老舊設備進行逐步的汰換計劃，本年度因此提列減值準備合計17,188千美元所致；財務費用相較去年上升26.3%至10,856千美元，主要是由於為因應資本開支及原料採購款而適量增加銀行貸款，期內本集團財務持續穩健的操作原則，維持充裕現金流量。

二零零六年扣除利息、稅項、折舊及攤銷前盈利(EBITDA)為353,032千美元，本公司股東應佔溢利為148,925千美元；每股盈利2.66美仙。與去年同期相比，本年度EBITDA及本公司股東應佔溢利分別大幅上升21.2%及20.6%。

2006 as compared to 18.3% in 2005, and the portion of advertising and promotional expenses to total turnover was 10.7%, last year was 10.2%. Other operating expenses were sharply increased by US\$19.693 million to US\$47.018 million mainly due to the impairment loss of US\$17.188 million recognized on the replacement for the old equipment. Finance costs increased by 26.3% to US\$10.856 million mainly because of the increase in bank borrowing for capital expenditure and purchasing raw materials. During the year, the Group maintained a stable and healthy finance structure and a strong cash position.

In 2006 earnings before interest, tax, depreciation and amortization (EBITDA) was US\$353.032 million and the profit attributable to equity holders of the company was US\$148.925 million which were sharply increased by 21.2% and 20.6% respectively when compared to last year. Earnings per share was US 2.66 cents.





方便麵業務

康師傅方便麵以主力口味紅燒牛肉麵廣受中國各地消費者歡迎，今年仍然繼續成長，從城市到鄉村滲透更為廣泛。今年也是紅燒牛肉麵上市的第二十五年，繼續推出了高杯麵規格產品，也同時在乾拌麵方面繼續增加滲透，讓消費者可以在享用乾麵的同時，一樣能吃到紅燒牛肉的不變口味，更加穩固了康師傅美味的形象。在這樣的基礎上，為了更加滿足各地消費者的需要，年內推出辣旋風、海陸鮮滙、江南美食、千椒百味、酸香世家等新口味，並且廣受好評，成為康師傅的銷售主力。

Instant noodle business

The soy-braised beef flavor noodles that gained wide popularity among consumers in the previous years continued to be one of the mainstream products of the Master Kong's various flavors of instant noodles. In 2006 it covered an even broader market, spanning every piece of land in China's, from cities to villages. In this 15th anniversary of the soy-braised beef flavor noodles since it was first launched, we continued to launch its tall-cup-packed noodles in the market while the penetration rate of its Gan Ban Mian (noodles served with sauce) continued to increase. To this end, consumers can now enjoy the same soy-braised beef flavor with Gan Ban Mian, thus boosting Master Kong's image as a master of delicacies. Leveraging on this popular flavor, Master Kong had during the year made a number of debuts by launching new flavors, such as "La Xuan Feng (Spicy Whirlwind)", "Hai Lu Xian Hui (The Mix of Land and Sea Fresh Food)", "Jiangnan Mei Shi (The Jiannan Delicacy)", "Qian Jiao Bai Wei (The Thousand Chili and Hundred Tastes)", "Xiang Suan Shi Jia (The Noble Family of Aromatic Sourness)". They were well received by consumers and soon became Master Kong's mainstream products.



此外，以讓消費者享受亞洲美味為目的的「亞洲精選」，也不斷推出新口味，並透過包裝延伸，滿足了更多消費者可以吃到亞洲口味的需求。同時，對於副品牌的經營也投入較大資源，食麵八方乾拌麵進一步鞏固了康師傅在高速發展的拌炒麵市場的領先地位；麵霸拉麵則以「樹立最好的麵條標竿」為努力目標，滿足食用優質麵條消費者的訴求，建立了市場對麵條要求的新標準。

The "Asia Selections" that aimed at providing consumers with choices of Asian flavors never stopped launching new flavors to the market. Extension of the product line through different packages helped satisfy consumers' appeals to all sorts of Asian flavors. Significant resources were also invested to auxiliary brands concurrently under operation. The launch of "Shimianbafan Gan Ban Mian" further solidified the Master Kong's leading position in the rapidly growing mixed fried noodle market segment. "Mianba La Mian" aimed at making itself the icon of the best noodle sticks, satisfying consumers that appeal to good quality and establishing a new standard for the market of noodle sticks.



在中國佔方便麵市場總值65%的平價麵市場，我們以福滿多為主要品牌深度經營。福滿多銷售收入佔本集團方便麵總營業額18%，於平價麵市場之市佔率為14.6%，產品重新上市後居市場第三位，現階段著重在主要城市通路深度經營以及市佔率的提升，二零零六年成立專責部門負責優勢商品研發、低成本高效率生產體系、品牌總體規劃、積極整編銷售組織，並加速在關鍵區位對福滿多工廠的建廠速度，以期進一步擴大市場份額。同時亦對原有康師傅工廠早期投入的生產設備，展開逐步的汰換更新計劃，本年度因此提列機器設備減值7,000千美元。

二零零六年方便麵業務的銷售額為1,051,915千美元，較去年同期上升7.1%，佔本集團總營業額的45.1%；根據ACNielsen二零零六年十二月的報告指出，「康師傅」方便麵銷售量與銷售額的市場佔有率分別為32.5%及43.3%，其中高價容器麵的佔有率為61.5%，高價袋麵的佔有率是65.5%，達到近幾年的新高，代表康師傅品牌策略致勝，逐漸成為穩固的領導品牌。

方便麵業務全年的毛利率為26.6%，較去年上升3.0個百分點，銷售毛利較去年上升20.7%。毛利率的提升，主要是由於優化銷售組合，高毛利的容器麵及高價袋麵在量及額皆達到15%的成長，以及透過精進生產效率有效控制生產成本所致。由於上述銷售與生產管理的精進策略的有效發揮，雖然因生產設備更新改造計劃而提列機器設備減值7,000千美元，本公司股東應佔溢利仍較去年同期上升了12.4%至74,399千美元。

We have utilised "Fumanduo" as the principal brand to further developed intensively in the low end noodle segment which shares 65% of the PRC's instant noodle market. Sales turnover of Fumanduo shared about 18% of our aggregate instant noodle sales turnover and shared about 14.6% of the low end noodles market. After they were first launched, the product gained the 3rd position in the market. Currently, we focus on its intensive operation through channels to major cities and increasing market share. A special department was set up in 2006 to take up the responsibilities of R&D for superior products, efficient low cost production systems, overall brand planning and proactive reorganization of marketing. And in order to expand market shares, constructions of plants for Fumanduo production in key locations were expedited. At the same time, the Group gradually commenced the replacement arrangement for production equipment used by the existing Master Kong's factories in their initial stage of operation. During the year, impairment loss on production equipment amounted to US\$7 million.

In 2006, turnover for instant noodle business amounted to US\$1,051.915 million, grew by 7.1% from previous year and representing 45.1% of the Group's total turnover. Based on ACNielsen's December 2006 report, the sales volume and sales amount of the "Master Kong" instant noodles represented 32.5% and 43.3% of the market respectively. The high-end container noodles represented an even higher share of 61.5% of the respective segment, and the high-end packet noodles shared 65.5% of its segment. These records have been the best in recent years, suggesting that the Master Kong branding strategy was successful and Master Kong is poised to become a steadfast leading brand of its kind.

During the year, the gross margin of instant noodle increased by 3.0ppt. to 26.6% and gross profit increased by 20.7% when compared with last year. The increase were mainly because of : (1) the adjustment on products mix, thus sales volume and sales value for high-end container noodles and high-end packet noodles have reached 15% growth and (2) the effective control of operating costs by enhancing the production efficiency. The Group has recognized an impairment loss of US\$7 million on instant noodle equipment due to the restructure plan for its production facilities. Through the above achievements in sales and production, profit attributable to equity holders of instant noodle business was US\$74.399 million, grew by 12.4%.



飲品業務

二零零六年，本集團持續維持非碳酸飲料的市場龍頭地位，並以茶系列的推廣，建構茶專家的形象。包裝水在媒體支持與通路拓展的運作下，品牌力及市場份額得以有效提升。果汁則仍以「鮮の每日C」與「康師傅」的雙品牌策略持續爭奪市場份額。

據ACNielsen二零零六年十二月最新零研數字顯示，康師傅即飲茶的銷售額市場佔有率佔整體即飲茶市場53.6%，穩居市場領導地位。包裝水則以11.0%的市佔率，躍居全國第二品牌。稀釋果汁則以17.1%的市佔率，居市場第三位。

Beverage Business

The Group's non-carbonated beverage products maintained its leading position over the year 2006. Through the promotion of the tea series of beverage, a master of tea image was looming. With the advertising support and channels cultivation, brand image and market shares both gained their momentum. In the area of fruit juice, duo brands "Fresh Daily C" and "Master Kong" were launched to seize more market shares.

According to ACNielsen's December 2006 report, the latest retailing research figures suggested that Master Kong's RTD tea series commanded a market share of 53.6% sales value, making it the market leader. Packed water on the other hand shared only 11.0%, up to the second position. Diluted fruit juice shared 17.1% of the market, ranking it the third.



二零零六年，在擴大茶、水領先地位的策略引導下，康師傅冰紅茶、勁涼冰紅茶藉由名人、音樂與娛樂行銷的策略，樹立冰酷時尚的絕對領導地位。隨著消費者所得水準與健康意識的提高，本集團旗下的綠茶、茉莉清茶、果汁、礦物質水以「清新、自然、健康」的產品訴求，成功的滿足消費者的需求。新上市的大麥香茶以「陽光麥香 自然灑脫」為訴求，獲得消費大眾的喜愛，帶動整體營業金額的新高成長。

二零零六年飲品事業的營業額較去年同期大幅上升55.7%至1,093,354千美元，佔本集團總營業額之比例增加至46.9%。飲品事業群

In 2006, extending our leading positions on tea and water drinks, "Master Kong Ice Tea" and "Master Kong Shock Ice Tea" were promoted with a strategy that involves the mix of celebrity, music and entertainment to promote an avant-garde image in the ice-cool rage. As a result of income increase and the improvement in health awareness of the consumer mass, the Group's green tea, jasmine tea, fruit juice and mineralized water aimed to satisfy the consumers' quests for "fresh, natural and healthy" products. The newly marketed barley scented tea aimed to satisfy consumers' quests for "sunshine, fragrant of barley, nature and unconventional" and soon became a favorite choice of the consumer public and helped boost the growth of sales turnover.

In 2006, turnover for beverage business increased by 55.7% to US\$1,093.354 million as compared to last year. The proportion to the Group's total turnover increased to 46.9%. During the year, the prices of



所需的主要原材料如糖及PET膠粒，其價格在年內持續維持高點，雖然透過本集團高效的生產設備，以及不斷強化生產管理能力，令生產成本得以控制，但因為毛利率相對較低的礦物質水於期內量與額的成長比率分別達到159%及143%，導致飲品業務毛利率較去年同期下降3.2個百分點至36.9%。期內，因應包裝水市場的消費變化及對吹瓶設備高生產效率的自我要求，對於早期購入的冷吹瓶生產設備進行淘汰準備，今年度合計提列設備減值9,576千美元。年內本公司股東應佔溢利為67,269千美元，較去年同期大幅上升43.4%。

糕餅業務

二零零六年糕餅事業群的核心產品「3+2」夾心餅乾、妙芙蛋糕及美味酥等的行銷策略強健發展，帶動二零零六年銷售額上升4.6%至97,163千美元，佔本集團總營業額的4.2%。同時，根據ACNielsen二零零六年十二月之調查結果，康師傅於中國夾心餅乾市場的銷售量、銷售額之佔有率分別為18.8%及22.2%，居市場第二位。



由於中國餅乾市場朝品項多元化，包裝、口味多元化發展，糕餅群善用現有設備生產不同口味的產品，以滿足消費者的需求。二零零五年推出單片餅乾美味酥表現依舊良好，二零零六年推出健康取向的五穀珍寶消化餅，已初步建立市場基礎。

main raw materials maintained at a high level. Owing to the high efficient production management capability, production cost was able to be under control. However, the sales volume and sales value of mineralized water, which had a comparatively low gross margin, grew by 159% and 143% respectively causing the gross margin of beverage business to drop by 3.2ppt. to 36.9%. Since the change of packaged water consumption and the Group's self request for the high efficient blowing machine, the Group has replaced the cold blowing machine invested in early stage. Thus the Group has recognized an impairment loss of US\$9.576 million on those beverage equipment during the year. Profit attributable to equity holders of beverage business was US\$67.269 million, a sharp increase by 43.4%.

Bakery Business

In 2006 we saw the robust development of our core bakery products, the "3+2" Sandwich Cracker, Muffin, Tasty Crisp, etc. Annual growth increased by 4.6% to US\$97.163 million, representing 4.2% of the Group's total turnover. The ACNielsen's December 2006 study showed Master Kong's shares in China's sandwich crackers market were 18.8% in terms of sales volume and 22.2% in terms of sales amount, ranking it the 2nd in the market.

China's crackers market trends toward the development of product varieties as well as packaging and taste varieties. The bakery segment deployed existing production facilities to produce different flavors of products to meet consumers' different appeals. The single layer Tasty Crisp that made its debut in 2005 continued to perform well. We also began the promotion of Five Grains Jumbo Digestive Biscuits in 2006, for which we saw an initial reception by the market.



為加強生產與銷售效益而自第四季度開始進行的產銷分工及生產製程調整，效益尚未顯現，二零零六年糕餅的整體毛利率為39.3%，較二零零五年增加0.6個百分點，同期本公司股東應佔溢利為4,079千美元，維持連續二年獲利。

冷藏業務

二零零六年冷藏事業發展持續穩定，年內冷藏業務的銷售收入較去年同期成長27.2%。

上海地區「每日C」穩居純果汁市場領導地位，市佔率均保持46.6%以上。三月「每日C」家庭號上市，從而轉移白領家庭與常溫果汁飲用人群，擴大消費群體；地中海紅橙新口味於十二月上市，在確保優質風味標準的同時添加果肉，以滿足消費者差異化附加價值。



優酪乳低脂系列於年內上市，符合口感要求與健康需求。貝納頌咖啡二月在華東地區成功上市，成功建立「優質，品味，時尚」的冷藏咖啡飲品品牌形象。

位於杭州的冷藏飲品生產基地，廠房以食品衛生與FGMP概念設計，生產「新鮮」、「自然」、「健康」的冷藏產品，並引進德國、意大利、日本、臺灣之具備食品衛生3A標準的生產設備，該廠已於年內取得食品安全管理體系HACCP認證。

In order to enhance production and marketing effectiveness, divisions of production and marketing as well as the adjustment of production process were implemented in the fourth quarter of 2006. No significant benefits have been evidenced as a result of the changes. In the year of 2006, the gross margin of bakery business was 39.3%, grew by 0.6ppt. when compared to the same period last year. Bakery business has recorded two profitable years and profit attributable to equity holders of the Company in 2006 was US\$4.079 million.

Refrigeration Business

The development of refrigerated products remained steady with a growth rate of 27.2% compared with a year before.

In the Shanghai area, "Daily C" solidly maintained its leading position with more than 46.6% in market share. The family size "Daily C" was launched in March, targeting the white-collar families and those who are used to consume fruit juice of normal atmosphere temperature. This helped to expand the consumer count of the product. The Mediterranean red orange flavor began to fill the market in December of the year. The product guarantees good taste and is mixed with fruit flesh, providing added value to differentiate consumer satisfactions.



The low fat yogurt series also made its introduction in the year in order to meet with the consumers' special crave for texture and to satiate the consumers' quests for health. Bernachon coffee was introduced to the eastern district of the PRC in February, which successfully created the brand image of "quality, taste and rage" for the refrigerated coffee drinks.

In respect of the production base of refrigerated drinks headquartered in Hangzhou, its production plant was designed with emphasis on hygiene and in accordance with the FGMP concept. The plant produces "fresh", "natural" and "healthy" refrigerated products by the introduction of German, Italian, Japanese and Taiwanese production facilities that meet the 3A hygiene standard. The plant was also awarded with HACCP certification under the Food Safety Management System during the year.



財務分析

本集團在二零零六年繼續保持穩健的財務結構，是通過對應收、應付帳款和存貨的有效控制的成果。於二零零六年十二月三十一日，本集團的手頭現金及銀行存款為163.920百萬美元，較二零零五年同期增加7.563百萬美元。同期總負債為742百萬美元，相對於總資產18.4億美元，負債比例為40.33%，相較於二零零五年十二月三十一日的總負債539百萬美元，增加了約204百萬美元，負債比例增加了5.56個百分點。

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 trade receivables, trade payables and inventories. At the end of 2006, the Group's cash and bank deposit amounted to US\$163.920 million, increased by US\$7.563 million from previous year. The Group's total liabilities amounted to approximately US\$742 million, representing an increase of US\$204 million from US\$539 million as at 31 December 2005. Total assets amounted to US\$1.84 billion. The debt ratio calculated as total liabilities to total assets increased by 5.56 ppt. to 40.33% as compared to 31 December 2005.



二零零六年十二月三十一日，本集團借款總額為268百萬美元，較去年增加115百萬美元，主要用於增加飲品及方便麵生產設備的資本開支。其中長短期貸款比例為「11%：89%」，去年同期為「22%：78%」。總借貸中人民幣貸款的比例為39.6%，去年同期為19.5%。因為人民幣升值3.2%這一主要因素，令本年度本集團的滙兌收益高達26.934百萬美元，分別包括於收益表內的4.841百萬美元以及外幣換算儲備內的22.093百萬美元。預計人民幣對美元滙率波動不致對本集團造成不利的影響。

The main capital outlays were related to expenditure for acquisition of more instant noodle and bottle water production facilities. At the end of 2006, the Group's total borrowings increased by US\$115 million to US\$268 million. The Group adjusted the proportion between long-term loans and short-term loans from the previous year's "22%: 78%" to 2006's "11%: 89%". The Group's Renminbi borrowings represented 39.6% of total debt and at the end of 2005 was 19.5%. The Group's transactions are mainly denominated in Renminbi. Appreciation in the Renminbi in terms of US dollars 3.2% brought an exchange gain of US\$26.934 million to the Group during the year. US\$4.841 million and US\$22.093 million of the exchange gain was included in the income statement and reserves from exchange translation respectively.

生產規模

為滿足日益增長的農村消費者之平價麵市場，方便事業在西安、高碑店、東莞、重慶、章丘等地新增建平價麵工廠，新增生產線預計二零零七年五月前可全部投產。至此，方便事業平價麵工廠將達12家，籍此加

Production scale

For satisfying the no frills market for rural consumers, we have built plants in Xian, Gaobeidian, Dongguan, Chongqing and Zhangqiu for the production of low-end noodles. New production lines are expected to begin operation in May 2007. By that time our low-end noodle production plants will be increased to 12 and our competitiveness can



大了其市場之競爭力。此外，飲品事業為高成長的包裝水市場鋪路，於天津、瀋陽、西安、長白山及南京成立新廠，新增生產線預計於二零零七年內可全部投產，同時擴大了鄭州及武漢的生產車間，進而提高本集團於飲料市場的競爭能力。



then be further enhanced. In the beverage segment, we have paved our way for the high growth packed water market by building new plants in Tianjin, Shenyang, Xian, Changbaishan and Nanjin, increasing new production lines which can begin operation in 2007. We also expanded our production workshops in Zhengzhou and Wuhan.

Those increases in our production scale will position the Group with a sustainable competitive advantage over our contenders.

人力資源

於二零零六年十二月三十一日，本集團員工人數為32,631名(二零零五年：25,273名)。

本集團本著創造公司價值，累積長期競爭力的人力資源方針，設立發展基金，以促進中長期效益專案的推動。同時本集團推動與實施教練主管培訓計畫，使主管的知識與經驗得以傳承。我們亦選派具備潛力人員赴海外培訓，學習國外的先進管理經驗與管理技能，使員工與企業共同成長，提升員工滿意度、忠誠度、貢獻度。同時組織制定關鍵崗位的接班人計畫，預防人才斷層，為本集團的持續發展提供充足的人力儲備。

Human resources

As at 31 December 2006 the Group was staffed with 32,631 employees (2005: 25,273 employees).

The Group strived to create corporate value by accumulating long-term competitiveness in human resources and establishing a development foundation to promote long-term effectiveness of various projects. The Group also promulgated the train-up of staff by trainers and supervisors in order that the knowledge base and the experience of the seniors can be passed on to the staff. We also sent our staff with good potential for career development to be trained abroad with the objectives of gaining advanced management experience and management techniques. It is our belief that our efforts can help staff grow with our enterprise, increase their job satisfaction, loyalty, contribution, etc. Succession plans for key positions have also been arranged to avoid vacuum in key positions and to keep abundant human reserves for the continuing development of the Group.

本集團在為員工提供具競爭力的薪酬福利制度的同時，充分重視人力資源的開發、管理與發展規劃，使企業在具備銷售優勢的同時具備戰略性的人才優勢。



Competitive remuneration packages and welfare benefits are necessary to retain staff. What equally important are the continuing development, management and planning of human resources. Only through building strategic advantages in our human resources can an enterprise like us continue to thrive together with its market advantages.