



企業不進則退，唯有在既有的基礎上，不斷的發展下一階段的企業競爭力，才可以更長更久。

Some companies will progress while others will decline. We have decided to continue to enhance our competitiveness to ensure continued growth.

各位尊敬的股東：

二零零零年，中華人民共和國（「中國」）終於甩開低谷的經濟循環，國民生產總額較去年增加8%，社會消費品零售總額亦有明顯復甦現象；本公司挾著一九九九年下半年及時修正的經營策略，通過企業改造，降低經營成本，提高經營效率，加上市場銷售策略奏效，終於在二零零零年的經營過程中，交出一張漂亮的成績單。

業績

二零零零年財政年度，本集團的營業額上升了20.82%，達735,244仟美元，企業盈利40,109仟美元，較一九九九年的虧損35,858仟美元增加75,967仟美金，相比於一九九九年有巨幅的改善。盈利大幅改善的主要原因是行銷策略與通路精耕的效力逐步展現，本集團主體的方便事業與飲品事業營業額都有大幅成長及閒置停工損失減少。

一九九九年年底的增資令財務改善，加上合理化委員會的持續運作，與精英精兵的政策落實，各項費用都有較佳的控制，財務費用與管理費用合計較一九九九年節省14,373仟美元。

總之，營業額的大幅成長，人力維持精簡，各項費用控制得宜是總結二零零零年盈利改善的主因。

Dear shareholders,

In 2000, the economy of the People's Republic of China (the "PRC") recovered from a period of depression, with an increase of Gross Domestic Product by 8% from a year ago and a clear recovery in retail business of consumer products. Through a timely revision of our operational strategy in the second half of 1999, reduction in operating costs, improvement in efficiency and effective marketing strategy, the Company achieved a satisfactory result in 2000.

RESULTS

During the fiscal year 2000, the Group's turnover increased by 20.82% to US\$735,244,000, yielding a profit of US\$40,109,000, representing a significant increase of US\$75,967,000 over 1999's loss of US\$35,858,000. The improvement in profitability is mainly attributable to the Group's marketing strategies, including the establishment of the "Better Access, Broader Reach". This helped increase the turnover of the Group's core instant noodles and beverages businesses and reducing losses from low utilization of equipment.

The Group improved its financial position by raising capital at the end of 1999. This was accompanied by persistent efforts by the Rationalization Committee to streamline operations. Financial and administration expenses, which came under tight control, fell by US\$14,373,000 compared with 1999.

In summary, the substantial increase in turnover, cuts in staffing levels and effective cost control measures in all areas were the major factors in the return to profitability.

產品

國內消費市場競爭日趨激烈，尤其面臨中國即將加入世界貿易組織，國際競爭者更將會加快進入這個擁有12億消費人口大國的門戶，幸好，本集團有其優勢，在過去十年的先導經營中，建立了一貫化的垂直生產整合體系，廣布全國的生產據點，以及國內已家喻戶曉的品牌，加上綿密的銷售體系，從重點城市向中小城鎮、農村滲透。

據一項獨立研究報告之調查結果發現，二零零零年，本集團的“康師傅”品牌在方便麵及包裝茶產品同時處於領導地位，他們在中國主要城市的品牌市場佔有率分別為52.9%與38.8%。相較一九九九年的49%與18.5%有顯著的升幅。特別是在包裝茶飲品方面，“康師傅”品牌在中國主要城市的市場佔有率亦由一九九九年的第二位擢升至今年的第一位。

隨著本集團各類產品依市場不同的發展趨勢成長，本集團產品的佔比有了較明顯的變化。本集團核心產品方便麵的銷售雖然如期達成預算目標，但本年度的銷售額佔本集團總營業額的73%，與一九九九年相比下降2個百分點。銷售額由一九九九年4.56億美元提高至5.35億美元，銷售額成長79,000仟美元，與一九九九年相比上升17.2%。由於市場策略的成功，各類產品都有顯著的成長。

PRODUCTS

Competition in the domestic market is liable to intensify in light of the PRC's entry to World Trade Organization (WTO), which will inevitably give international competitors easier entry to the PRC market, with its 1.2 billion people. Despite this, the Group enjoys competitive advantages. In the past 10 years, the Group has established a complete horizontal production system, with production facilities widely distributed throughout the PRC producing products with well-known brands. This is supported by a dense sales network, covering not just the major metropolises but smaller towns and rural areas.

According to an independent survey, the Group's brand name "Mr. Kon" has taken a leading position in the industry in both instant noodles and packaged tea, with their market shares in major cities reaching 52.9% and 38.8% respectively. This represents a significant growth when compared with 1999's 49% and 18.5%. The "Mr. Kon" packed tea drink moved up to number one from number two in major cities.

As the Group has developed its various product lines in response to market demand, the product mix has changed. Although the Group's core instant noodle product has reached its sales target, it represents only 73% of total sales for the year, a 2pp decline from a year ago. However, turnover for this product line increased by 17.2% or US\$79 million to US\$535 million from US\$456 million in 1999. All products enjoyed growth as a result of the Group's successful marketing strategies.



全長100米的霓虹燈廣告，豎立於廣州天河體育館

A 100 metre advertisement signboard with fluorescent lamps stands on Guangzhou Tianhe Gymnasium

股息分派

董事會將於二零零一年五月二十一日舉行之股東週年大會上，建議派付末期股息每股0.54美仙予於二零零一年五月二十一日名列股東名冊之股東。

由於本集團在二零零零年的經營奮力向上，返虧為盈，不但彌補以前兩年度的業績虧損，而且改善了財務結構。本集團希望藉平穩的股息政策，再次加強股東對本集團的經營信心。

財務運作

於二零零零年十二月三十一日，本集團總負債為5.54億美元，股東資金及少數股東權益合計5.03億美元，負債比例為52.35%。相較於去年同期的總負債5.76億美元，下降0.22億美元。總負債下降主要是由於本集團於二零零零年度共償還銀行借貸約32,000仟美元，並動用了19,433仟美元回購可換股債券。透過以上的財務安排，直接令本集團的負債水平降低，有助本集團實施既定的業務策略，以改善財政及經營狀況。

變現能力管理

董事們已考慮有關可預測的流動負債之改善變現能力方法，例如把短期借款轉為長期借款，以緩解本集團的償還壓力。增加總借貸中的人民幣貸款比例是因為本集團的主要收入是人民幣，如借貸中的外匯比率過高，本集團會因人民幣貶值等因素影響它的償還能力。事實上本集團經過幾年的努力，它的美金債務在總債務中的比率已從一九九七年底的93%下降到二零零零年底的37%。

DIVIDENDS

The Board will recommend at the Annual General Meeting to be held on 21 May 2001 a final dividend of US0.54 cents per ordinary share to shareholders whose names appear on the register of members on that date.

The upturn in the Group's operations in 2000 and the return to profitability have not only made up for the losses of the previous two years, but improved our financial position. The Group hopes that the stable dividend policy will add to shareholders' confidence in our operations.

FINANCING

As of 31 December 2000 the Group's total liabilities amounted to US\$554 million, falling by US\$22 million from the previous year's US\$576 million. Total shareholders' funds including minority interests amounted to US\$503 million. The debt-to-equity ratio was 52.35%. The decline in liabilities is attributable to the Group's repayment to banks for loans of approximately US\$32 million, and the redemption of US\$19.433 million worth of convertible bonds. The Group's reduction in liabilities will facilitate the Group's implementation of business strategy and improve financial and operating performance.

LIQUIDITY

The Directors have also taken steps to improve the Group's liquidity. The maturity profile of its debt portfolio has been adjusted to improve the Group's ability to meet repayments and so relieve repayment pressures. Borrowings in renminbi have been increased relative to those in foreign currency, to take into account the Group's substantial sales in renminbi. This will reduce the Group's exposure to foreign exchange risk and costs. Following three years of effort, as at the end of 2000, the Group's U.S. Dollar debts have been reduced to 37% of total debt, from 93% at the end of 1997.



優質保證認證

精進管理系統與持續推動ISO認證是本集團既定的政策，在二零零零年，西安頂益食品有限公司、瀋陽頂益國際食品有限公司、興化頂芳脫水食品有限公司順利取得ISO 9002認證。目前本集團總共有十二家工廠子公司通過ISO認證，董事們為本集團製造高質量食品的傳統感到光榮。

社會貢獻

本年度除繼續“頂新專項基金”，協助貧困地區婦女、兒童的教育問題。並積極捐贈圖書之外，還在福建省、河南省舉辦“我喜歡的一本書”作文比賽，在北京舉辦“新千年少年兒童書畫”邀請賽。今年並贊助全國十大足球隊—天津泰達足球俱樂部，支持體育活動。本集團積極回饋社會的活動，受到政府與社會各界的肯定和讚譽，不僅有效地提升了企業形象，更為企業永續經營打下了堅實的基礎。

管理團隊

在精英精兵的人力資源政策下，本集團及旗下各公司僱用人員進一步精減為19,073名員工，在業務快速成長下，他們的努力及貢獻有助本集團創造最佳獲利，對於各員工在去年所作之努力，本人謹借此機會代表各股東向他們致謝。

董事長
魏應州

中國 天津
二零零一年四月二十五日

QUALITY CONTROL

The Group continued to improve its management system and obtained more ISO quality certification. In 2000, Xi'an Tingyi Food Co., Ltd, Shenyang Tingyi International Food Co., Ltd. and Xinghua Dingfang Dehydrate Foods Co., Ltd. obtained ISO9002 status. At present, 12 factories under the Group have been granted ISO certificates. The Directors are proud of the Group's tradition of producing high-quality food products.

SOCIAL CONTRIBUTION

During the year, the Group continued its “Ting Hsin Special Fund” programme that provides assistance with education to women and children in poverty-stricken regions. In addition to donating books, the Group organized a composition competition named “A Book I Like” in Fujian and Henan provinces. In Beijing, the Group organized an invitational tournament of “Painting and Calligraphy for Young Children”. The Group also sponsored the Tianjin TEDA Football Club, one of the country's 10 largest football teams. The Group's contribution to society was recognized by the government and people from all walks of life, which has helped enhance the Company's corporate image and build a solid foundation for the Group's future operations.

APPRECIATION

Continuing our policy of slimming the work force, the Group reduced its number of staff to 19,073 during the year. The effort and contribution of the Company's people have helped the Group's business to grow quickly, providing a solid foundation for the Group's long-term business in the PRC and for a good return to shareholders. I would therefore like to take the opportunity to thank everyone for their hard work during the year.

Chairman
Wei Ing-Chou

Tianjin, PRC
25 April 2001