

積極創新
開拓市場
延展業務增長

Promoting Growth
By
Innovative
and
Expanding Market



董事長 *Chairman*
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1. 緒言

二零零七年的中國經濟仍然保持高速增長，雖然面臨通脹壓力持續加大的問題，但依然呈現出增長較快、結構優化、效益提高、民生改善這樣一種良好的局面。國內消費市場空前活躍，增速加快，隨著居民收入水平的不斷提高和消費意識的不斷加強，城鄉居民消費結構快速升級。

本集團在此良好的經濟環境契機下，積極創新產品，不斷開拓新市場，在保持康師傅方便麵及茶飲料繼續穩居市場領導地位的同時，瓶裝水的市場佔有率也躍升到第一位，糕餅事業群也在新策略下成功實現盈利，而冷藏事業也根據市場環境的變化調整了策略。在各事業群的共同努力下，集團營業額屢創新高，呈現驕人戰績，令我們對未來更加充滿信心與希望。

由於本集團所需的主要原材料如麵粉、棕櫚油、PET粒子等價格仍然不斷上漲，給集團的成本壓力依然很大，減少了利潤成長的空間。但面對這些壓力，在保證食品安全和滿足消費者需求的前提下，本集團採取優化管理體系、精進生產管理及有效控制成本的策略，業績又創新高。二零零七年本集團之總營業額續創新高至3,215,404千美元，較去年同期上升37.9%；股東應佔溢利同比上升30.8%至194,837千美元，每股盈利為3.49美仙均續創新高。

1. Introduction

China's economy in the year 2007 continued to be on the fast track. Although the increasing inflation pressure remained a great concern for the economy, the growth was one of the fastest years in its recent economic history and its economic structure, efficiency and the well-being of the people were improved. Domestic consumption bloomed and accelerated. Average income level and spending power continued to get better, resulting in the enhancement of urban and rural consumption patterns.

Capitalizing on the booming economy, the Group actively innovated its products and incessantly explored and opened up new markets. While steadfastly securing Master Kong's leading position in both instant noodle and ready-to-drink ("RTD") tea products, we managed to leapfrog to the number one position in bottled water by market share. The results of our bakery business segment turned into profit, thanks to the new strategy. The refrigeration segment also made its strategic adjustment to cope with the changing market conditions. Thanks to the strenuous work of our various business segments, the Group's turnover achieved a new high and performed outstandingly. Hence we are confident and filled with hope that our future business will continue to thrive.

Prices of the Group main raw materials such as flour, palm oil and PET resin continued to rise, putting tremendous pressure on the Group's production costs and profitability. At the same time having to set our priorities on food safety standard and consumer satisfaction, the Group adopted a strategy that had improved its management system, refined its production management and effectively controlled its costs. Thus, our business results achieved another new high. For the year 2007, the Group's total turnover amounted to a new high of US\$3,215.404 million, up 37.9% from the previous year. This results in profit attributable to equity holders of US\$194.837 million, up 30.8% from that of a year ago. Earnings per share was US3.49 cent.



2. 股息

本集團二零零七年整體表現卓越，於評估整體管理營運、資本投資、營運資金及現金流量後，本人建議董事局增加末期股息之金額，以感謝股東們對本集團的支持。因此，董事局將於二零零八年六月二日舉行之股東大會上，建議派付末期股息每股1.62美仙於二零零八年六月二日名列本公司股東名冊上之本公司股東，（即於二零零八年五月二十六日或以前買進本公司股票及於二零零八年五月二十八日下午四時三十分之前辦理股票過戶登記手續之股東），末期派息總額為90,537千美元；連同已於二零零八年三月十四日派發每股1.07美仙的特別股息，二零零七年度每股將共獲派股息2.69美仙，總派息額將為150,336千美元。去年之末期股息分別為每股1.38美仙及1.07美仙，總派息額為136,923千美元。

2. Dividend

Owing to the Group's 2007 excellent results and considering the overall operation, capital expenditures, working capital requirements and cash flow of the Group, I recommend to the Board to provide a return to our shareholders for their support by increasing the final dividend payout this year. The Board will recommend at the Annual General Meeting to be held on 2 June 2008 the payment of a final dividend of US1.62 cents per share totaling US\$90.537 million to shareholders whose names appear on the register of members on 2 June 2008 (shareholders who bought the Company's shares on or before 26 May 2008 should ensure that transfers are lodged with the Company's Registrar in Hong Kong for registration no later than 4:30 p.m. on 28 May 2008). Together with the US1.07 cents special dividend per share which was paid on 14 March 2008, total dividend per share for the year 2007 will be US2.69 cents and total amount of dividend will be US\$150.336 million. Final dividend and special dividend in last year was US1.38 cents and US1.07 cents respectively. The total amount of dividend in last year was US\$136.923 million.



3. 產業規劃

中國市場機會多，但競爭也隨著市場機會的增多而越來越激烈，居民消費結構的不斷調整以及中國城鄉差別越來越小的趨勢表明，農村市場將是未來盈利增加的最主要陣地，集團也將在廣闊的農村市場不斷拓展，繼續精耕細作的策略，不斷提升康師傅產品在三級市場的市場佔有率。

結合集團現有資源，本集團將繼續發揮自身優勢，堅守方便麵、飲品和糕餅的專業化和規模化發展戰略，適時推出市場所需的產品口味，以配合顧客的需求，並透過產品的創新，以增強產品的生命力。集團在快速擴張的同時，也將積極全面的提升管理質量，深度開發市場，使集團做大的同時更能做強，將優勢轉化為實力。未來，本集團會進一步強化康師傅產品在中國市場的領導地位，以最佳的競爭力積極搶佔市場份額，以期實現「全球最大中式方便食品及飲品集團」的目標。

3. Industry Planning

There are always opportunities in China's market but competitions also become keener. Consumers' practices continued to adjust and the difference between the consumers in urban and rural areas has narrowed. The market in the rural areas will contribute to our profit increase. In view of this, the Group has never stopped developing its business in this very broad and spread-out market but worked intensely to increase the market shares of Master Kong's products.

By consolidating its existing resources, the Group will endeavor to leverage on its own edge to carry out its development strategies that are specially formulated for its instant noodle, beverage and bakery businesses. We will time the market with product flavors that meet market needs. Through product innovation, we enhance product vitality. While the Group will continue to expand with a rapid pace, it will at the same time actively enhance management quality and zealously develop the market. Thus, the Group will not only be expanded but also be robust. Therefore our competitive edge will become our strength. Going forward the Group will further strengthen the leading positions of Master Kong's various products in China's market. Hinging on our best competitive edge, we will grab market shares to solidify our objective of becoming "the biggest Group for Chinese Instant Food and Beverage in the World".





4. 產品／品牌地位

康師傅作為中國食品行業的領導企業，潛心挖掘各地美食精華，用心於中國各地消費者的飲食習慣研究，創新改良成口味正宗的美味食品。康師傅正以強大的實力構建一個宏偉藍圖，把中華大地的各色美味，滙集一處，打造一個充分代表中國美食文化的食品王國。據ACNielsen 二零零七年十二月報告指出，以銷售額為基準，於中國市場本集團的方便麵、茶飲料和瓶裝水的市場佔有率分別為47.0%、51.9%和15.4%，而康師傅已經成為中國方便麵的代名詞。另外夾心餅乾之市場佔有率為25.6%，穩居市場第二位。

二零零七年六月「康師傅」榮獲由香港生產力促進局主辦，中華商標協會協辦的「最佳創建品牌企業獎2007(大中華區)」榮譽大獎，同年還榮獲2007年台灣十大國際品牌第五名暨2007年台灣國際品牌「成長之星」雙料獎項。康師傅品牌價值也由二零零六年的4.12億美元增加至二零零七年的7.26億美元，成長了76%。此外，2007年「康師傅」這些成績將為我們未來更好的發展奠定堅實的基礎。

4. Product/Brand Positions

With a leading position in China's food industry, Master Kong has always endeavored to identify delicacies from all places and studied the eating and drinking habits of consumers in China. We innovate and improve our products in order to come up with the right tastes. With its strength, Master Kong is now forging a grand blueprint that will merge delicacies from all parts of China into one that will make Master Kong a kingdom of food that represents the culture of Chinese delicacies. According to the December 2007 report published by ACNielsen based on sales, the Group had market shares of 47.0%, 51.9% and 15.4% for instant noodle products, RTD tea products and bottled water products respectively. Hence Master Kong has become the icon for instant noodles in China while its sandwich cracker products emerged to be steadfastly second and gaining 25.6% market share.



In June 2007, Master Kong was awarded "The Best Brand Enterprise Award 2007 (Greater China)" which was sponsored by the Hong Kong Productivity Council and co-sponsored by the China Trademark Association. In the same year, it was awarded the fifth phase in "The Taiwan Top 10 Global Brands" and also honored as "Rising Star" in "The Taiwan International Brands 2007". The value of the "Master Kong" branding has hence increased from US\$412 million in 2006 to US\$726 million in 2007 — an increase of 76%. The performance that Master Kong demonstrated in 2007 has laid a solid foundation for the betterment of our future prosperity.



5. 質量保證

本集團一直視食品安全是企業的生命，在產品質量上不斷追求更高標準，集團轄下所有工廠均取得ISO9001認證、食品安全管理體系QS認證及「C」標誌劑量免檢認證，目前集團以創建國際食品大廠為目標，正在以HACCP質量保證體系標準建立食品安全預防體系，以生產出令消費者更加放心的健康食品。

二零零七年，本集團繼續積極參加食品安全信用等級的評估工作，並不斷投入資金購買更先進的檢測儀器，以提升質量檢測的水平。我們深信，食品安全關乎民生，更關乎一個企業的生存，這也是我們對消費者的誠信體現，更是我們義不容辭的社會責任。

5. Quality Assurance

It has all along been the Group's belief that food safety is of essence to an enterprise. Hence we have incessantly pursued higher and higher standards for product quality. All manufacturing plants within the Group have been awarded ISO 9001 certification, Food Safety Management System QS certification and the "C" mark certification for the exempting from measurement inspection. In the meantime, we have aimed to become a big international food product manufacturer. Thus, we are building a food safety precautionary system by deploying the standards of HACCP quality assurance system in order to produce healthy food products that consumers could trust.

2007 was the year that the Group continued to actively participate in evaluating programs that rate food safety credibility. We continued to invest in advanced testing and inspection instruments in order to enhance our standard of quality inspection. We strongly believe that food safety concerns the well being of consumers and the survival of an enterprise and commitment to food safety standards is our social responsibility.



6. 社會貢獻

實現「永續經營」打造「百年企業」是集團上下的共同願景，我們在做好企業的同時，從來沒有忘卻及時回饋社會的責任，以樹立良好的企業形象。二零零七年我們持續支持中國體育事業，並連續第六年冠名「康師傅」足球隊，贊助天津泰達足球俱樂部，而天津康師傅足球隊也不負眾望，獲得了「2007年中國足球超級聯賽」第六名的好成績。此外，我們亦積極參加了「希望工程」等一系列救助貧困兒童的活動，還積極參與了南方罕見雪災的救助工作，此舉不但拉近了我們與消費者之間的距離，而且更增強了「康師傅」品牌的美譽度。

6. Social Contribution

It has been the Group's concerted will to achieve an "everlasting operation" and to forge a "centennial enterprise". While we prosper as a well-managed and good image enterprise, we have never forgotten our social responsibility. In 2007, we continued to support athletic establishments in China and we also sponsored the Tianjin TEDA Football Club named "Master Kong" consecutively for 6 years which won the 6th place in the China Premier League 2007. We also actively participated in a series of activities that help children in poverty, such as the "Project of Hope". In addition, we participated actively in the relief for the snow disasters victims that occurred in Southern China. All these have not only drawn us closer to our consumers but have also exhilarated the reputation of the "Master Kong" brand image.





7. 管理團隊

截至目前為止，本集團員工人數增加至45,990人。隨著中國市場的快速發展與日益嚴峻市場競爭，人力資源已成為企業發展的主要瓶頸。針對於此，我們制定計劃持續引進高素質人才，同時留才政策的出台也使我們的管理團隊能夠全心全意地為集團服務。另外，集團將對關鍵崗位和關鍵職能進行盤點，為下一步的接班人培養做好準備。年內，本集團將繼續選派優秀人員至日本接受培訓，以期為集團在日益激烈的市場競爭中貢獻其力量繼續保持快速發展。

最後，本人謹藉此機會代表董事會，對本公司全體股東，業務夥伴及金融機構一直以來對本集團的鼎力支持，並對管理團隊和全體員工為集團業務發展所付出的努力和貢獻，致以衷心的感謝。

董事長及行政總裁
魏應州

中國天津
二零零八年四月二十一日

7. Management Team

The number of staff employed by the Group has increased to 45,990. With the robust growth of the Chinese market and its fierce competition, human resources become a major bottleneck for the development of each enterprise. To cope with this, we have formulated a plan to continue to recruit high calibre staff. The implementation of our policy to retain talents has successfully convinced our management teams to serve the Group wholeheartedly. Also, the Group will continue to monitor critical positions and critical functions and pave ways for grooming of successors. During the year, the Group send staff of outstanding performance to Japan for training to help the Group to sustain its rapid growth in this fiercely competitive market after their return.

Finally, on behalf of the Board, I would like to take this opportunity to express our heartfelt appreciation to our shareholders, business partners and financial institutions who have given their support to our Group, and to the management teams and all other staff for their strenuous works and contributions to the Group's business development.

Wei Ing-chou
Chairman and Chief Executive Officer

Tianjin, the PRC
21 April 2008

