

康師傅

的願景是

成為消費者滿意、股東滿意、員工滿意、
伙伴滿意、社會滿意的食品企業

Master Kong As a Food Enterprise
Our Vision is to Satisfy the Needs of
Consumers, Shareholders, Employees,
Partners and the Society



董事長 *Chairman*

魏應州 **Wei Ing-Chou**

董事長報告

Chairman's Statement

2011年，歐債危機繼續加劇，西方國家經濟恢復緩慢，身處複雜多變的國內外環境，中國經濟在年內不斷面臨挑戰。2011年中國國內生產總值(GDP)為47.1萬億元，增速較2010年下滑至9.2%，而5.4%的年內居民消費價格指數(CPI)則遠高於去年同期。面對通脹壓力不斷加大的趨勢，2011年前三季度，人民銀行通過多次上調存款準備金率及存貸款基準利率以保持物價總水平基本穩定，進入第四季後，國際環境顯現歐債危機短期內難以有效解決，不確定性和不穩定性上升，國內經濟增速放緩趨勢逐顯、價格漲幅初顯回落，中國經濟面臨著經濟增長下行壓力和物價上漲壓力並存的挑戰。

在此經濟環境下，本集團繼續制定靈活有針對性的市場策略，並通過善用綿密的銷售網絡、強大的品牌號召力持續與消費者進行溝通，使整體營業額再創新高，與去年同期相比營業額上升17.74%至78.67億美元，同時提升生產效率，不斷精進成本管理，妥善管控廣宣費用及運輸成本，但由於年內原材料及各項成本波動太大、且各地反常的天氣對產品銷量造成了一定的影響，EBITDA同比下降5.57%至9.55億美元，股東應佔溢利達4.20億美元下浮12.01%，每股盈利為7.51美仙，減少1.02美仙。

股息

基於本集團2011年的整體表現，在評估整體運營、資本投資、營運資金及現金流量後，董事會將於2012年6月5日舉行之股東大會上，建議派付末期股息每股3.75美仙，以感謝股東們對本集團的支持，末期派息總額為209,629千美元。

In 2011, the European debt crisis continued to deteriorate, resulting in the slow recovery of western economies. Due to the complexity and dynamics of the domestic and overseas environments, the People's Republic of China's ("PRC") economy had faced challenges throughout the year. In 2011, the gross domestic product (GDP) of PRC was RMB47.1 trillion, the growth rate fell to 9.2% compared to 2010, and the consumer price index (CPI) of 5.4% was much higher than the same period last year. Following the trend of increasing inflation pressure, during the first three quarters of 2011, the People's Bank of China repeatedly raised the deposit reserve ratio and benchmark interest rates for deposits and lending, in order to maintain the stability of the general price level. Stepping into the fourth quarter, the international environment had shown that the European debt crisis was difficult to solve effectively within a short period, and thus uncertainty and instability increased. The PRC economy faced the challenges of economic growth slowdown pressure together with the co-existing pressure of price increase.

Under such economic environment, the Group introduced a flexible and target-oriented marketing strategy by effectively using its extensive sales network and its strong brand appeal to communicate with consumers, enabling the Group to achieve a new high in overall turnover, which increased by 17.74% year-on-year to US\$7,867 million. Meanwhile, the Group improved its production efficiency, cost management, and properly controlled advertising and promotion costs as well as transportation cost. However, sales were affected in 2011 due to the high volatility of raw material costs and other costs, together with the global abnormal weather. Compared to 2010, EBITDA dropped by 5.57% to US\$955 million while profit attributable to owners of the Company decreased by 12.01% to US\$420 million; and earnings per share dropped by US 1.02 cents to US7.51 cents.

Dividend

Owing to the Group's 2011 results and considering the overall operation, capital expenditures, working capital requirements and cash flow of the Group, the board will recommend, in recognition of our shareholders' support at the Annual General Meeting to be held on 5 June 2012, the payment of a final dividend of US3.75 cents per share. Total amount of final dividend for the year 2011 will be US\$209.629 million.



董事長報告

Chairman's Statement



市場地位穩健

在中國龐大而紛繁的食品市場，康師傅在方便面、飲品及糕餅領域，均處於領先地位。只要有商業消費的地方，都可以看到「康師傅」的產品，康師傅可以說是最深入中國市場的品牌，合理的產品結構，通過多年「通路精耕」建立綿密的銷售網絡以及不斷精進的產銷成本管控均為康師傅持續成長的因素。據AC Nielson 2011年12月報告指出，以銷售額為基準，於中國市場本集團的方便面、即飲茶飲料和瓶裝水的市場佔有率分別為55.7%、45.8%和17.8%，穩居市場第一位；稀釋果汁及夾心餅乾之市場佔有率分別為19.3%和22.0%，居同類產品市場的第二位。

憑藉強大的品牌力和消費者的支持，「康師傅」不僅連續四年獲得福布斯亞洲50強稱號，同時連續第九年登上台灣十大國際品牌前五名，品牌價值高達11.9億美元。此外，康師傅還作為排名最靠前的快消品牌，在全球最大的獨立品牌研究與評判機構Superbrands評選出的「2011年中國消費者最喜愛的50個品牌」中位列十強之一，並榮獲中國發言人俱樂部2011年最佳企業公益傳播案例獎。

Solid market position

Within the large and diverse Chinese food market, Master Kong maintained a leading position in the areas of instant noodle, beverage and bakery goods. Master Kong is regarded as the brand that has the greatest access to the market channels of the PRC. The products of "Master Kong" can be found almost everywhere in the PRC with commercial consumption activities. Building upon a reasonable product structure, extensive sales network set-up through the strategy of "Better Access, Broader Reach" over the years, and its relentless improvement of production cost control, these were the factors that contributed to the continuous growth of Master Kong. According to the December 2011 report published by AC Nielson, the Group's market share (in terms of sales value) for instant noodles, RTD tea and bottled water ranked first in the PRC market, which accounted for 55.7%, 45.8% and 17.8% respectively. Diluted fruit juice and sandwich crackers ranked second, accounting for 19.3%, and 22.0% of the market share respectively.

With the strong brand name and the continuous customers' support, Master Kong, for the fourth consecutive years was named one of the 50 best listed companies in Asia by Forbes, and for the ninth consecutive years one of the top five of Taiwan's top ten international brands. The brand value of Master Kong has reached US\$1,190 million. In addition, Master Kong was awarded with the best ranking among the FMCG brands, which awarded as one of the top ten of "Top 50 Favourite Brands of Consumers in China 2011" by Super Brands, the world's largest independent brand research and assessment organization, as well as "The Best Corporation Public Welfare Communication Case in 2011" (2011年最佳企業公益傳播案例獎) by China Spokesman Club.



董事長報告

Chairman's Statement



專注食品生產安全

康師傅一直認為，生產出安全美味的產品是食品企業の良心所在，因此將食品安全風險控制作為重中之重，在原料安全管控體系基礎之上，著重在技術支持、規格規範、資源優化、合作評鑒、風險預警等五大方面加強原料安全管理，形成切實有效、合理可行的原料安全防線，為食品安全保障工作築起一道堅實的無隙屏障。為此，康師傅中央研究所專門成立了「食品安全研究部」，以嚴格管控食品安全。

康師傅始終秉持「誠信、務實、創新」的經營理念，腳踏實地的落實食品安全法規及管理，做好食品安全保障工作，確保消費者安心享受食品工業發展帶來的便利。這也使得康師傅在回饋社會的同時，實現企業品牌的永續經營。2011年的第九屆中國食品安全年會上，連續第四年走上安全年會頒獎台的康師傅，繼續憑藉在食品安全生產方面始終堅持專業與專注的企業行動贏得了業界和消費者的一致讚譽，獲得了包括「中國食品安全年會突出貢獻單位」稱號在內的三項榮譽，並被大會指定為「年會特供飲品」。

Dedicated to the food production safety

Master Kong always considers production safety and delicious food as the moral philosophy of a company, thus, we treat food safety risk control with the utmost importance. On the basis of the original safety control system of raw materials, focusing on five major aspects, namely technical support, specifications, resource optimization, cooperation accreditation and risk warning, forming an effective and reasonably practicable defense line of raw materials, thus building a solid and gapless barrier for food safety. In this connection, the Group's Research and Development Centre established a 'Food Safety Research Division', in order to strictly control the food safety.

Master Kong consistently upholds "integrity, pragmatic, innovative" operation philosophy, complies with food safety law and regulations and management in practical, well-prepared for the food safety protection work, to ensure that consumers can feel free to enjoy the convenience brought by the development of food industry. Thus, Master Kong can sustainably managing its enterprise under the own brand and repaying the society at the same time. At the 9th China Food Safety Annual Conference, Master Kong was awarded for the fourth consecutive years, which gained praise from the peers and consumers as Master King continued to adhere to the professional and dedicated corporate action by virtue of the food safety production. Master Kong was awarded three awards, including "Outstanding Contribution Corporation of the China Food Safety Annual Conference" (中國食品安全年會突出貢獻單位), and was designated as the 'exclusive drinks of the Annual Conference'.

董事長報告

Chairman's Statement

著力社會公益，善盡社會責任

作為國內食品行業翹楚，康師傅不僅以消費者的健康作為出發點，致力於為消費者提供優質、安全、美味的產品，更著力社會公益，善盡企業社會責任。秉持「回饋社會、永續經營」的精神，公司公益善行涉及環保、體育、基礎教育、醫療、助殘、賑災、扶貧、兩岸文化交流等公益事業的各個方面，包括傾力支持由新華通訊社主辦的《「中國網事感動2011」十大網絡人物》等。2011年，由康師傅創辦的《「創響新生代」2011康師傅—早稻田大學創新挑戰賽》榮獲2011「最具公眾影響力」企業社會責任事件獎。同時於2012年1月，康師傅憑藉在健康教育、食品安全、公益環保等領域的貢獻，被人民日報社主辦的健康時報評為最具責任感企業。

展望

2011年中國經濟發展經歷的波折以及國際經濟環境的不穩定，使得2012年充滿了挑戰。從年初政府發佈的文件以及政策態勢可推斷，處於主動宏觀調控後經濟減速初顯，以及歐債危機影響下的國內經濟，將繼續保持「穩中求進」的基調。而隨著中國經濟的發展，收入分配結構的變化、城鎮化進程的加快都將提高中低收入人群食品消費水平，國內食品飲料市場仍然充滿了機遇，因此各大食品生產商為抓住機遇紛紛擴大投資，同業競爭越見激烈。

Focusing on social welfare, fulfilling social responsibility

As the leader in the PRC's food industry, Master Kong not only focuses on the health of their customers by providing good quality, safe and tasty products, but also dedicates itself to social causes and taking up its social responsibility. Upholding the spirit of "repaying the community and sustainable operation", the Group carries out social charity work in various areas such as environmental protection, sports, basic education, medical treatment, disability support, disaster relief, poverty alleviation and cross-strait cultural exchanges, such as fully supporting the "PRC Story of the Internet, Sensation 2011" ("中國網事感動2011" 十大網絡人物) held by Xinhua News Agency. "New generation with creativity and sound bite" 2011 Master Kong – Waseda University Creative Challenges (2011康師傅—早稻田大學創新挑戰賽) founded by Master Kong, was awarded as "2011 The Most Influential in the Public- Corporate Social Responsibility Event Award" (最具公眾影響力—企業社會責任事件獎) (創響新生代). In January 2012, Master Kong by virtue of the contribution to health education, food safety, public welfare and environmental protection, was awarded as the most responsible enterprise by Health Times (健康時報) which set up by the People's Daily.

Prospects

2012 will be a challenging year ahead as the PRC economy development is likely to be full of twists and turns, and the international economy environment was unstable. The economy growth has began to slow down following active macroeconomic regulations and controls imposed by the PRC government. Furthermore, the PRC economy had been affected by the European debt crisis, so the PRC government will likely maintain the policy of 'achieving progress while ensuring stability'. As the PRC economy develops, changes in the structure of income distribution and the acceleration of urbanization will increase the level of food consumption amongst low to middle income earners. There are ample opportunities in the domestic food and beverage market, thus, all major food producers had increased their investments to seize the opportunities, and competitions among industry players will become more intense.



董事長報告

Chairman's Statement

2011年，康師傅結合長遠發展規劃，與百事(中國)結成戰略聯盟，望能通過這一聯盟獲得更廣闊的發展平台以及充分利用中國飲料市場的發展契機。而於期內被選為恒生指數藍籌股，更是對康師傅優良業績、良好的市場形象、穩固的行業地位的權威認可。

未來，康師傅將繼續恪守產品聚集戰略，強化銷售網絡，積極提升產品在各級市場的佔有率，同時通過生產基地整合、品質成本精進、嚴格管控產銷成本以提升生產效率。此外，本集團還將致力於新產品、新技術的開發，不斷豐富產品品項，深度挖掘食品飲料行業潛在商機，為消費者提供更豐富、安全、美味的產品，鞏固康師傅在食品和飲料行業的領導地位，把康師傅打造成為全球最大的中式方便食品和飲品生產商，實現股東收益最大化。

致謝

最後，本人謹藉此機會，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
2012年3月21日

In 2011, in line with its long-term development plan, Master Kong established a strategic alliance with the PepsiCo (China) in order to take full advantage of the opportunity for a broader development platform in the PRC beverage market. During the period, Master Kong was chosen as a constituent stock of the Hang Seng Index which showed that its excellent performance, good market image and solid industry position are recognized by the authorities.

In the future, the Group will continue to adhere to its product-oriented strategy, strengthen its sales network and actively increase the market share of products at different market levels. The Group will also improve production efficiency through the integration of the production facilities, refining quality cost and strict control of the production and distribution costs. Furthermore, the Group will also endeavour to develop new products and new technologies to continuously enrich product offerings and tap into the potential business opportunities in the food and beverage industry in order to provide abundant, safety and tasty products to customers. Hence, strengthening Master Kong's leading position in the food and beverage industry and making it the largest Chinese instant food and beverage manufacturer in the world, together with maximizing shareholders' returns.

Acknowledgements

Finally, I would like to take this opportunity to express our heartfelt appreciation to our shareholders, business partners and financial institutions who have been supporting 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 March 2012

