

In 2010, the Group's operation and profitability were affected by the price rises of raw materials and energy in Vietnam and the depreciation in the Vietnamese Dong. Compared with 2009, the increase in the selling price of MSG in China and fluctuation of selling prices in the market has also partially lowered profits. During 2010, to mitigate the impact of increasing raw materials and energy prices on costs, we have directed efforts towards improving production efficiency, while raising selling prices of existing products and stronger sales efforts. The most unfavourable factor affecting the Group's results during the period was the environmental issue of the Group's plant in Vietnam which involved compensation to local farmers and fishermen amounting to US\$11,800,000. This settlement caused the Group to turn from an operational profit to a net loss in the period.

The Group's operations recorded a turnover of approximately US\$336,000,000, an increase of around 16.2% when compared with 2009. This was mainly attributable to the significant improvement in sales performance of the major products of the Vietnam plant, including MSG, GA and modified starch. The Group has resumed the sales of GA and MSG to export markets. Although export sales have driven the growth in overall turnover, gross margin recorded a year-on-year drop of 7.5% because the selling price in export markets was slightly lower than that in the Group's major markets such as Vietnam and Japan and the price of carbohydrates and energy continued to rise. Meanwhile, as Vietnam Dong depreciated about 5.5% in the middle of 2010 and the price of all raw materials and wages increased as a result of inflation, all these factors had to some extent offset the book profit of the Vietnam plant. The net loss for the period under review amounted to US\$2,620,000 because the profit from operations in China was unsatisfactory, and the compensation to local farmers and fishermen in Vietnam was adjusted and recognised in the period, though a profit of approximately US\$9,180,000 was achieved from operations.

集團於二零一零年的營運，受到生產原料與越南能源價格調漲及越南匯率貶值的影響，使獲利受到衝擊。同時比較二零零九年，在中國地區的味精原料價格上漲與市場售價不穩定，亦降低部份盈利。集團二零一零年的主要營運重點仍致力於提升生產效率，提高產品售價，加強銷售力度，以減緩原料與能源價格所帶來對成本之影響。而影響本期利潤最嚴重的不利因素是越南廠的環保事件中，補償受影響農漁民的金額達一仟一佰八拾萬美元，這筆費用造成集團在期內的獲利由原本營運上的盈餘反轉為虧損。

綜觀集團於二零一零年之營運與利潤，全年營業額達三億三仟六佰萬美元，較二零零九年增加約16.2%，所增加的金額主要為越南廠之主要產品：味精、谷氨酸與變性澱粉的業績有顯著提升。期內集團恢復谷氨酸及味精原有外銷市場之銷售，雖然銷售此等產品與區域增加營業額，不過此等產品與地區的售價相對略低於越南與日本等主要市場之銷售價格，再加上主要醱質原料與能源價格不斷調漲，致使毛利率較去年降低約7.5%。同時，越南盾在二零一零年中，持續約有5.5%的貶值，各項物料及費用、工資也都隨著通貨膨脹有一定幅度的上漲，這些總體環境因素反蝕越南廠在帳面上之利潤。本期集團的淨利為虧損二百六拾二萬美元，除中國區的營運獲利不甚理想外，主要原因是由於越南廠支付補償農漁民金額，使原本年內約有九佰一拾八萬美元之盈餘，反而轉為虧損。



In terms of geographical and segmental performance, Vietnam and Japan, the Group's major markets, continued to record double digit growth in each of our major product segments compared to those in 2009, as we managed to maintain the selling price level and secure a stable supply of raw materials. Insufficient production capacity forced a reduction in sales to ASEAN and European countries, with the gradual resumption of production capacity in 2010, there was a significant growth in sales by 82.8% and 248.1% respectively. Due to the aforesaid reasons, as the production capacity of the Vietnam plant has gradually resumed, the sales of our major products including MSG, GA, modified starch and specialty chemicals also increased noticeably compared to 2009. Since the profit of lysine was still lower than that of GA, the Group continued to wind down its production in the year under review. In China, the results and profitability did not reach our target and dragged down our overall profit, because of an unstable market price for MSG and high materials and production costs starting from early 2010.

以各地區市場業務與產品銷售分析，集團的主要市場，越南與日本，這兩地市場的各项產品銷售業績較二零零九年有雙位數的成長，並維持一定的售價水準，獲利來源穩定。而曾經受到產能不足的影響，減緩銷售的東協與歐盟等市場，在二零一零年隨著產能恢復也已逐漸恢復銷售，並分別錄得顯著的82.8%與248.1%之增長。承上所述，越南廠在產能逐漸恢復下，味精、谷氨酸、變性澱粉及特化產品等主要產品的銷售相較二零零九年也都有相當幅度的成長。但賴氨酸因為獲利水準仍不及谷氨酸，故在期內仍然是暫時停止生產的狀態。中國區的營運，自二零一零年初起，因味精市場售價不穩定的波動，且原料與生產成本仍處於高檔，造成業績及獲利均不如預期，影響集團整體之盈利水準。

Looking at 2011, the Company expects the increasing material prices caused by a limited supply of agricultural products, rising energy costs in Vietnam and the depreciating Vietnam Dong to create more pressure on our production costs and profitability. To cope with, the Group has ordered its special unit to expand and diversify procurement sources to secure the long-term stable supply of materials at a reasonable cost. To stabilise the market situation, in addition to sustaining reliable supplies, we intend to maintain a prudent operational approach in 2011 by leveraging our core strengths, including improving production procedures, to enhance efficiency and save energy, costs and expenses, with the major objective of rationalising production costs. In addition, the Group plans to consolidate its major markets, while capturing new markets via new channels. At the same time we are determined to increase our product prices to preserve our profit margins. Also, as our operations in China have performed under expectations in recent years, the management is considering making a larger adjustment on the Group's strategies and operations this year so as to realise efficiencies.

The Group will aggressively strengthen its marketing strategies and business structure as well as further expand its distribution and sales channels in order to realise the full potential of the Group's sales network and take advantage of the reviving economy. At the same time, to further boost its brand awareness, the Group will launch new products related to our current lines, and enhance its sales presence. With a booming economy in Vietnam and an expanding domestic market in China, the Group plans to identify potential collaborative projects to enhance its geographical coverage, raise its international exposure, and, ultimately, improve operational efficiency and broaden its revenue and profit streams. The Group will also strengthen distribution and sales, and operations in China, stepping up the development of MSG and seasoning products and expand its range of consumer products with high potential so as to improve its results and profit.

展望二零一一年，在經營上，公司面對全球性農產品供需不平衡所帶動原料價格持續上漲的趨勢、越南能源價格大幅度調高、與越南盾貶值的影響，使得集團的生產成本與獲利仍會受到相當的壓力；對此，集團已要求專責單位，針對各項原料來源的取得，積極採取更多元化與廣泛的收購，並規劃長期原料之掌握，以期能穩定原料取得之成本。基於穩定市場經營與因應原料價格的飛漲，集團於二零一一年將採取較穩健的經營策略，發揮核心優勢，掌握原料來源，改善生產製程以提升效率及節約能源，節省成本及費用，以穩定生產成本為主要重心；同時，鞏固主要銷售市場，拓展新市場與新通路，並適時的提高售價以爭取獲利空間。同時，針對中國區連年營運均不如預期，故經營層也思考在今年的策略與營運上做較大幅度的調整，使集團得以集中更多資源以發揮實際之綜效。

集團也將利用經濟回溫的機會，加緊整合集團的行銷策略與強化業務架構，精耕銷售網絡，以發揮更高的通路價值。同時，集團也將藉由成熟的通路基礎，規劃導入新的關連產品，以延伸品牌的加值成效。另一方面，對於日益蓬勃的越南的經濟環境與中國內需市場，集團也將掌握機會，積極尋找與發展各項合作的可行項目，結合地緣利基與國際經驗，以期擴張經營綜效及增加盈利之來源。同時也將加強在中國的行銷經營，深耕味精與風味調味料產品，並開拓具潛力之消費性產品，以充實業績與利潤。

The Group registered a loss in 2010, and regretfully reports results which are below the expectation of shareholders. Thus, we are strengthening our operating strategies. As regards the environmental protection issue, upon careful reflection and learning from experience, the Group has completed all the required improvement upgrades and is well prepared to move forward. Although we encountered a short-term setback, the management remains optimistic about the fundamentals of the Group's core businesses as market demand for its products has continued to increase. Moreover, the Group is leading the industry in production technologies and distribution. We are currently facing pressure from rising raw material prices and costs and are not expecting notable growth in profit in the short term, but we are confident in our operating strategies and our capabilities to optimise our strengths in production and sales, embark on market expansion and enhance our brand value. By continuing with this approach, we remain cautious yet optimistic about the Group's results and profit in the future.

By Order of the Board

**Yang Tou-Hsiung**

*Chairman*

Hong Kong, 22 March 2011

集團於二零一零年的獲利呈現虧損，管理層對此有負股東的期望深感抱歉。除了加強執行各項營運策略的力道外，對於環保工作，集團更是深切反省，記取教訓，並已經完成各項的克服措施，將會站穩腳步再出發。雖然面對短暫的挫折，管理層對集團在核心產業的基本面仍深具信心，預期市場對公司各項產品的需求仍處增長的趨勢；同時，我們相信集團的生產技術與行銷網絡在業界仍具備相當的競爭力。雖然集團目前面對原料與成本上漲的壓力，短期的獲利也許無法有突破性的貢獻，但我們仍堅信以穩健的經營策略，發揮產銷優勢，落實市場的深耕與延伸品牌的價值，我們相信以此經營方向邁進，對於集團的業績與盈利目標，仍是審慎樂觀，可以期待。

承董事會命

主席

**楊頭雄**

香港，二零一一年三月二十二日