

Chairman's Statement

主席報告書

The global economy and raw material supply and demand experienced rapid change in 2007. The chain reactions of sustained high oil prices and unstable climate led to an upset in balance between supply and demand of raw materials and correspondingly rise in material prices, pushing up the production cost of different products and affected the operation of many industries. To cope with the rapidly changing market environment and material supply situation in 2007, the Group focused on implementing strategies to stabilize its operations and ensure proper deployment. With prudence, it endeavored to ensure stable supply of carbohydrate sources, strengthen its core businesses and expand overseas markets. Such efforts had allowed the Group to maintain stable profit growth and advance its business.

As for the Group's operation in 2007, it recorded a total turnover of US\$317,431,000, a 9.2% growth when compared with 2006, and net profit exceeding US\$16,850,000, representing a surge of 54.4%. Turnover from the major Vietnam and China markets saw a 5.2% and 16.3% growth respectively, with MSG and modified starch delivering more satisfactory performance. The ASEAN market, which has been reporting strong turnover growth year after year, continued to thrive in 2007 and brought in 38.3% more in turnover than last year, accounting

2007年全球的經濟環境與原料供需變化得相當快速，原油價格居高不下與氣候不穩定變化的連鎖效應，造成整體原物料供需的失衡，帶動物價上揚，這不僅拉高各項產品生產成本的敏感度，更加影響很多產業之經營。所以，在這樣原物料供給與經濟環境急劇變化的一年裡，集團主要策略仍力求穩定經營與佈局，採取穩紮穩打的策略，掌握糖源、強化核心事業並積極開拓海外市場，俾使在這樣變化激烈的環境中，集團仍兢兢業業，努力以推升業績，保持盈利穩定的成長。

綜觀集團2007年的營運，整體營業額達3億1仟7佰萬美元，較2006年提升9.2%，淨利超過1仟6佰萬美元，更是較2006年度增加54.4%。集團在最主要越南與中國市場，營業額分別成長5.2%及16.3%，以味精及變性澱粉的業績表現較為突出。而每年營業額均有快速增加的東盟國家，在2007年也有38.3%顯著之成長，已佔集團總營收的11%，充分發揮越南在地域上的地利優勢，亦



Chairman's Statement (continued) 主席報告書(續)



for 11% of the Group's total turnover. The geographical advantages of the Group's Vietnam operations were fully realized and the ASEAN countries have become an indispensable market in helping the Group run a stable operation. Furthermore, the Group's core products reported healthy growth in 2007. Amino acids products, modified starches and specialty chemicals all performed well in major markets. Turnover from modified starches grew an impressive 51.7% when compared with last year. These fruitful results proved that the Group was developing its business in the right direction.

Same as other industry players around the world, the Group faced persistent high raw material prices last year. The Group became aware of this structural problem in the industry a few years ago and had begun paying attention on the issue. In addressing tense supply of agricultural products, apart from adopting flexible procurement, the Group also continued to conduct research on different carbohydrate sources and extended the plantation areas of carbohydrate sources so as to diversify risks as well as secure carbohydrate sources at lower cost. Also, applying the production advantages of its core businesses, the Group continued to enhance production efficiency and reduce production cost. On the operational front, in addition to adjusting the price of products for import and export in a timely basis to reflect changes in cost, the Group also stepped up efforts in expanding export market with the aim of seizing first opportunities and balancing operational risk. Facing a rapidly changing economy last year, the Group exercised prudence and adopted corresponding strategies to lower cost and operational expenses while expanding its markets. These initiatives enabled the Group to achieve turnover growth and remarkable increase in profit despite the adverse market environment.

使東盟國家成為集團穩定經營、不可或缺的重要市場。另一方面、集團的核心產品在2007年的營業表現也都有穩健的成長，氨基酸產品、變性澱粉與特用化學品在各主要市場都有不錯的表現，尤其是變性澱粉的營收較去年更是增加51.7%，這些營運成果的增長也顯示集團在產業的發展上應是朝向正確的方向前進。

集團於去年面對與全球產業都相同面臨的原料價格高漲之衝擊，我們也在幾年前即已注意到且相當重視這個結構性的問題。故在全球農產品緊張的供給環境下、集團除採取機動性的採購模式，同時持續進行不同糖源的研究與擴大糖源種植區域的掌握以分散風險，獲取較低成本之糖質原料。同時、我們憑藉核心產業的生產優勢，在期間內不斷地提升生產效率來降低生產成本。在業務方面，除適時反映成本於內銷及外銷產品的售價外，集團也特別加強外銷市場的拓展，以期搶佔市場先機與平衡營業的風險。因為去年面臨多變的經濟環境，集團採取較謹慎的態度與因應策略，降低成本與營業費用，拓展市場，使營收在逆勢中仍有成長，獲利更是明顯的提升。

Chairman's Statement (continued) 主席報告書(續)

**Prospects of 2008**

Since the beginning of this year, there have been different signs pointing to continuous or even worsening global inflation and raw material shortages. Heeding such an environment, the Group has planned a series of measures to help it overcome the challenges. The Group's primary task for this year will be securing stable supply of raw materials. In addition to developing carbohydrate sources of higher yield such as tropical sugar beet and sweet sorghum, the Group has also started to identify more carbohydrate sources in Vietnam, Laos and Cambodia. Concrete benefits from these efforts are expected to be seen in the next few years. If the Group have access to stable raw material supply, it will be able apply its sales and marketing competence to meet growing market demand and expand and strengthen its core amino acids and modified starch products. It will place special focus on expanding the export market and timely adjustment of sales strategies to match changing market conditions and reflect changes in cost. These strategies will help enhance the Group's profitability. Furthermore, the Group is negotiating with several well established overseas companies about technological cooperative and production projects to extend the application of fermentative technology and boost production and sales of new products.

MSG, seasonings and modified starch will remain as the core products of the Group's China operation. It will also look for other high value added projects to improve operational results and profit contribution. After Vietnam gained accession to the WTO last year, the country has seen active investment from foreign investors, booming economic

展望2008年

今年以來、由各種跡象顯示，2008年將延續全球性通貨膨脹與原料供應短缺的趨勢，甚至整個局勢將可能更為嚴峻。集團經營層瞭解到這個處境，已計劃採取各項措施來克服此等的難關。在今年度，集團首要的工作還是原料的掌握，集團除持續進行高效益糖源如熱帶甜菜與甜高粱等作物的開發，同時、自去年起，集團已在越南、寮國與柬埔寨積極地尋求更多糖質原料的來源，預計在未來幾年會逐漸顯現成效。如能確保原料的掌握，集團將因應市場持續成長的需求，發揮產銷優勢，擴大與強化集團核心的氨基酸與變性澱粉產品之拓展，尤其將特別加強外銷市場的開拓，並依市場狀況適時調整行銷策略以反映成本的變動，以期穩固集團獲利之基礎。更進一步地，集團目前亦與數家擁有先進技術的國外公司商談各項技術合作及生產的項目，以延伸醱酵技術之應用與增加新產品產銷的營運。

集團於今年在中國市場仍將致力以味精、調味料與變性澱粉為主要深耕經營的品項，並再積極尋找高附加價值之營業項目以提高營業成果與獲利貢獻。同時、基於越南自去年正式加入世界貿易組織(WTO)後，外國投資相當踴躍，各項經濟活

Chairman's Statement (continued) 主席報告書 (續)

activities and rapid development of infrastructure. Its large consumer market is also full of lucrative business opportunities. With years of operational experience in Vietnam, the Group is set to fully capture these opportunities. It is negotiating with several large domestic and overseas companies about plans for cooperation in retail service related businesses or businesses with strong potential. It hopes to increase investment in other business areas in addition to existing fermentation related businesses and capitalize on its geographical advantage to realize a synergistic business effects and enhance the overall operational efficiency. The Group recognises that it has a challenging business environment to cope with and overcome. It will conduct business with prudence yet remain innovative and practical, and continue to expand its operations and create higher value for shareholders.

By order of the Board

Yang, Tou-Hsiung
Chairman

Hong Kong, 15 April 2008

動與基礎建設蓬勃發展，廣大的消費市場使越南處處充滿商機；集團已於越南耕耘甚久，自然不會錯過這段難得的時機，目前也正與數家具規模的國內外公司洽談，規劃合作與銷售相關或具潛力的產業，冀望除釀酵本業以外，在不同領域產業的投入，結合地緣利基，更能發揮加乘的效果，以期提升全面性的經營績效。尤其，在目前總體的經濟情勢下，集團各級同仁均體認到經營環境尚充滿挑戰，我們更將以謹慎的計劃、開創的態度與務實的做法來克服眼前種種的困難，繼續不斷地為集團開拓更廣的領域與為股東創造更高的價值。

承董事會命

主席
楊頭雄

香港 二零零八年四月十五日

