

Chairman's Statement 主席報告書



The year of 2011 was a challenging year for the Group's overall operation. Although we have dedicated effort in boosting sales, the cost of materials and energies have surged to historical highs primarily due to tight supplies of agricultural products. These rising costs have placed a burden on our operations and have seriously eroded our margins. At the same time, the Vietnamese economy has remained stagnant, characterised by increasing inflation, a depreciating Vietnam Dong, rising interest rates and slower economic growth. This unfavourable backdrop has not only seriously affected our overall operations at Vietnam plant but also domestic sales as well. While the results for the period under review recorded an increase, the total profit was lower than expected. On the other hand, limited production scale and rocketing material costs led to higher production costs and dragged down both financial results and profitability of the Group's operation in the PRC. In 2011, we devoted substantial efforts to mitigate the adverse effects of the business environment, notably the rising prices of raw materials and energy, through increasing the flexibility in procurement, optimising production efficiency, improving workflow, stepping up sales efforts, and a review aimed at enhancing our speed of response and effectiveness of our procedures to any environmental changes.

集團於二零一一年整體的經營，經歷了嚴峻的挑戰，雖然致力於業務銷售的提升，但主要原料與能源的價格因農產品需求緊張而幾乎飆漲到歷史的新高點。這兩大主要因素加重生產成本的負擔，並嚴重地侵蝕生產毛利。同時，越南的經濟環境持續低迷，如通貨膨脹攀升、越南盾貶值、利率上揚、經濟成長趨緩等等，這些沉重的經濟條件對越南廠的整體經營與國內銷售產生相當程度的衝擊。故雖然期內業績錄得增長，整體獲利卻反而不如預期。另外，集團在中國區的營運，因公司生產規模的限制與高漲的原料價格，導致成本相對較高，使業績與盈利均表現不甚理想。集團二零一一年的主要營運重點仍致力於強化採購彈性、提升生產效率，改善生產製程，提升銷售力度，加強檢討對環境變化之應變速度與機制，以降低因原料、能源與經濟景氣所帶來對成本之影響。

Chairman's Statement 主席報告書



Looking at the Group's results and profit in 2011, turnover reached US\$383,000,000, a gain of approximately 13.9% from 2010. In terms of both products and geography, the Group has strived to extend its business and increase the selling price to achieve its operational goals. However, overall consumption sentiment in Vietnam has become more conservative amidst volatile economic conditions in the country and this has also to some extent negatively affected domestic sales. In view of these developments, the Group has increased its sales to overseas markets. Although export sales could partially offset the pressures on turnover and exchange rates, the relatively lower prices demanded by customers in some export regions combined with rising prices of major materials and energy led to a year-on-year reduction of 2.5% in gross profit margin to 14.7%. Moreover, as the Vietnam Dong depreciated by nearly 10% in 2011 and the price of all raw materials, fees and wages increased as a result of inflation, these factors have counterbalanced the profit of the Vietnam plant. Within the Group's operation in the PRC during the period, the twin forces of lower utilisation of production capacity and rises in raw material and energy costs, has lifted the production cost and brought a loss to Shandong plant this year. Taking account of the plant's actual production and sales along with the effectiveness of resources utilisation, the Group has allocated a reasonable amount as a provision for impairment. Management is to examine the overall market demand and supply to come up with a new strategy or solution for improvement or restructuring if necessary. For the Shanghai plant, due to a change of

綜觀集團於二零一一年之業績與盈利，營業額達3億8仟3佰萬美元，相較二零一零年增加約13.9%。無論在產品或區域，集團持續致力業務的拓展，提升售價，以期達到營業的目標；然而，面對越南國內經濟條件的轉變，越南整體消費意願趨於保守，這也使越南內銷業務受到相當程度的影響。故集團轉加強外銷市場之銷售，雖然外銷可維持營業額與匯率的平衡，但部份外銷區域的價格相對較低，再加上主要原料與能源價格不斷調漲，致使毛利率僅達14.7%，較去年同期降低約2.5%。此外，越南盾的匯價在二零一一年有約近10%的貶值，此匯率評價的影響，與隨通貨膨脹所調高的各項物料、費用及工資等都加深反蝕越南廠之利潤。而中國區的表現在期內，影響集團獲利較大的項目為山東廠的營運，因為產能利用率較低以及原料與能源價格的大幅上揚，使山東廠成本高漲，造成年度的虧損，集團針對該廠實際產銷的狀況及資產的利用之效益已提撥適當金額的減值撥備，並且將盡快審視整體市場的供需狀況，研擬山東廠改善對策或轉型之因應方案。但另一方面，集團所屬的上海廠，

Chairman's Statement 主席報告書

operational direction, the Group has made a reasonable gain through the disposal of the idle land in 2011. As affected by the above-mentioned key factors, the Group recorded net operating profit of US\$5,940,000 and profit attributable to owners of US\$7,900,000.

In terms of geographical distribution, the Group recorded growth in Vietnam and Japan, its major markets, of 6.2% and 29.5% respectively, when compared with the same period last year, and the Group also managed to maintain the selling price of its products. ASEAN and European countries have shown notable growth as well. As for segmental performance, due to a steady demand and continued expansion of sales network, sales of major products including MSG, modified starch and specialty chemicals such as hydrochloric acid and caustic soda also expanded steadily in 2011, realising year-on-year growth of 14%, 26.5% and 16.9% respectively. With the Group's marketing efforts gradually bearing fruit, sales of fertiliser and feed products surged by 62.5% when compared with the same period last year. With regards to the PRC operation, the Group recorded a 9.7% decrease in 2011 mainly attributable to higher production costs caused by rising raw material prices, so we could not realise economies of scale in the production of MSG. As the MSG market was changing rapidly, along with rising production cost and intensified competition, market prices also fluctuated sharply during the period, thus we were unable to reach the profit target, which subsequently dragged down the Group's overall profit.

Looking into 2012, despite the slowdown of rising raw material prices, the inflation, labour cost, electricity and energy costs in Vietnam are very likely to cast a burden on production costs. As such, the Group is seeking ways to improve production efficiency and save energy. The Group is expanding and diversifying procurement sources to secure materials at a lower price to minimise fluctuations in supply and stabilise production costs. In Vietnam, uncertainties over the economy in 2011 are expected to carrying over into 2012, which needs further operational enhancement in the market. At such a critical time, apart from rationalising production costs, the Group is continuing to consolidate its presence in major markets and maintain product prices to preserve profit margins. With regard to operations in Vietnam, the Group intends to aggressively strengthen its marketing strategies, as well as further expand distribution and sales channels in order to realise the full potential of the Group's sales network. At the same time, to further raise brand awareness, the Group is planning to launch new products related to current product lines, as well as enhance its sales presence. On the other

因已規劃該廠經營方向的轉型，故於二零一一年將未完全使用的閒置土地予以處置，並取得合理之收益。基於上述各項主要因素的影響，使集團本期之營運淨利為594萬美元，歸屬股東應得淨利為790萬美元。

以各地區市場的營業分析，集團期內在主要的越南與日本市場的經營，業績較去年同期成長分別為6.2%與29.5%，並努力維持一定的售價水準，東盟與歐盟市場的業績也均有相當大幅度的提升。集團主要產品味精、變性澱粉與特化產品（鹽酸與蘇打）等產品，因市場需求的穩定與持續地精耕銷售網絡，銷售業績在二零一一年仍維持穩定成長，分別較去年同期成長14%、26.5%及16.9%。另外，肥飼料產品的銷售亦由於推廣成效的逐漸顯現，較去年同期有顯著的62.5%的增長。然而中國區在二零一一年的營運，業績較去年衰退9.7%，主要因為原料價格仍處高檔，使公司味精產品的生產在無法發揮規模經濟情況之下，相對生產成本提高，加上味精產業的快速變化，競爭激烈，使市場價格不穩定的波動，造成業績及獲利均不如預期，大幅影響集團之盈利水準。

展望二零一二年，雖然最近的原料價格漲勢似乎有稍微緩和的跡象，但越南的通貨膨脹、工資調整、電力與能源價格的可能提升，仍然造成生產成本的壓力。故集團已積極研擬生產效率的改善及各項能源的節省方案。同時針對各項原料來源的取得，也將持續採取多元化與廣泛的收購，以掌握低價原料的取得，將成本波動降至最低，使生產成本得以穩定。而越南經濟環境，預計將延續二零一一年之趨勢，仍存在諸多不確定因素，對於市場經營仍需再加大力度。集團在此嚴峻多變的時間點，除穩定生產成本外，更需要確保市場的經營，鞏固主要的銷售市場，穩定銷售價格來維持獲利空間。在越南的業務，將更加緊整合集團的行銷策略與強化通路架構，深耕銷售網絡，以發揮通路價值。同時，集團也將藉由已成熟的通路基礎，規劃導入相關新產品之生產與銷

Chairman's Statement 主席報告書

hand, the Group is identifying potential collaborative projects to bolster its geographical coverage, enhance its international exposure, and ultimately improve efficiency while broadening revenue and profit streams. As the Group's operations in the PRC have performed under expectations in recent years, the management has planned the transformation of different operations. Towards this end, the Group will consolidate production bases to lower the cost and make larger adjustments on the related business strategies and the overall marketing structure while pursuing geographical consolidation and sales network expansion to achieve greater efficiencies. The Group's primary objective in 2012 is to make the business profitable. It will maintain a prudent operational approach by leveraging its core strengths, including securing stable supplies of raw materials, improving production efficiencies, rationalising production costs, developing related new products and strengthening its sales channels.

The current operating environment remains fraught with uncertainty. The management is required to immediately respond to such rapidly changing environment in a manner that will deliver stable business performance. The management, however, remains optimistic about the fundamentals of the Group's core businesses, production technologies and distribution network. Leveraging on our established geographical advantage, the Group can flexibly adjust operating strategies embarking on market expansion and enhancing our brand value, the potential negative impact of the macroeconomic environment on the Group should be minimised. These actions can also enable the Group to achieve higher profit. The management and all staff members are embracing improved profitability as their mission while enhancing the Group's operating performance and executing our strategy in a prudent optimistic fashion in order to achieve our operating goals at the same time.

By Order of the Board

Yang, Tou-Hsiung

Chairman

Hong Kong, 20 March 2012

售，延伸品牌的加乘效果。另一方面，集團也將掌握機會，積極檢討尋找各項合作項目，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。而中國區獲利狀況連年不甚理想，經營層已規劃各項營運的轉型，除了優先整合生產基地，降低成本外，並針對相關的業務策略與行銷架構做較大幅度的整合，同時將落實銷售區域整併與通路精耕，使集團得以集中更多資源以發揮實際之綜效。集團於二零一二年將以獲利為首要的目標，主要仍會以穩健的經營策略，發揮核心優勢，掌握原料，提升生產效率，穩定生產成本，發展相關新產品與強化通路架構為營運重點。

雖然眼下的經營環境還充滿許多不確定性的挑戰，尤其對於快速變化的經營環境中，如何兼顧快速反映與穩健經營的取捨點上，經營層必須更有效率做出決策予以因應，但管理層對集團在產業基本面、生產技術與行銷網絡仍深具信心。我們相信以已建立的地區優勢，靈活調節產銷態勢，落實市場的深耕與延伸品牌的價值等策略，將使大環境因素對集團的衝擊降至最低，創造更高之盈利。集團管理層與所有同仁也都將以此為使命，以戰戰兢兢與審慎樂觀的態度，致力推升經營績效，以期達成既定之營運目標。

承董事會命

主席

楊頭雄

香港，二零一二年三月二十日