

Management Discussion and Analysis

管理層討論與分析

1. BUSINESS OVERVIEW

After the recovery of the global economy gained steam throughout 2010, the momentum was interrupted in 2011. The political upheaval in the Middle East and North Africa which broke out in early 2011 sparked a rise in oil prices, which in turn slowed consumer spending in developed countries. The earthquake and tsunami in Japan in March caused a disaster at a nuclear power facility which alarmed the world and severely disrupted that country's economy. During the third quarter, the downgrade of the sovereign debt of the US by international credit ratings authorities and the persistently high unemployment rate there has negatively affected other economic indices. This was shortly followed by the European debt crisis in the fourth quarter which has to date not been effectively resolved and has also brought about a debate among the members of the EU over whether the continued existence of the EURO zone is viable.

The drivers of global economic growth have substantially slowed down in 2011, particularly in the US and Europe. Affected by the global economic environment, Vietnam, the Group's main production and distribution market had not fully recovered, and recorded a lower economic growth rate of 5.89%, down from 6.78% in 2010. The PRC economy grew 9.2%, also lower than the 10.4% last year. Despite the reduced growth and its subsequent impact on sales demand, the efforts of the Group's management team have achieved satisfactory results in all regions, except the PRC. Sales of the Group's major products have shown double digit growth. The Group's overall revenue this year reached US\$382,900,000, a rise of US\$46,793,000 or 13.9% when compared with US\$336,107,000 recorded last year.

During the year under review, the price of natural gas used by the Vietnam plant rose substantially. An upward adjustment in the price of electricity was made twice in Vietnam and the average price of major raw materials such as molasses, cassava and liquid ammonia had reached record high. The increase in the selling price of the Group's products could not fully cover the rising costs, hence gross profit shrank 2.8% or US\$1,632,000 from US\$57,856,000 last year to US\$56,224,000. Net profit was US\$5,937,000.

一、業務總覽

全球景氣經過二零一零年復甦後，於二零一一年進入修正階段。二零一一年年初中東與北非爆發政治動亂導致油價上漲，先進國家消費者的非能源支出受到擠壓，接著三月份日本發生的地震及海嘯引發核電站事件震動全球，使該國經濟遭受重創，第三季美國國債遭國際評級機構調降評等、失業率偏高拖累其他經濟數據，第四季歐洲債務問題不僅無法有效解決，甚至引發歐盟內部對於整體歐元區存續問題的爭議。

二零一一年全球經濟成長動力，特別是美國和歐元區顯著減緩。集團主要生產地及銷售市場越南今年受全球景氣亦尚未完全復甦，經濟成長率為5.89%，低於二零一零年6.78%；中國經濟成長率為9.2%也低於去年10.4%。經濟景氣不佳、銷售需求下降，但在集團經營團隊之努力下，除了中國地區外，其他地區均有不錯成果，主要產品銷售額均有雙位數字增長。總體來說，集團今年總營收達382,900,000美元，比去年336,107,000美元成長46,793,000美元即13.9%。

期內集團越南廠使用的天然氣大幅漲價，越南國家兩次調升電力價格，主要生產使用原料如糖蜜、木薯、液氨平均價均來到歷年新高。集團各類產品銷售價格有提升但仍然無法充分反映成本，故毛利自去年57,856,000美元降至56,224,000美元，減少2.8%金額1,632,000美元，淨利為5,937,000美元。

Management Discussion and Analysis

管理層討論與分析

1. BUSINESS OVERVIEW (continued)

Sales in Vietnam recorded a growth of 6.2%, affected by the high inflation rate, high interest rate, depreciation of the Vietnam Dong, slowing economic growth, and sluggish equity and property markets and which combined to yield conservative consumption in that country. Although the serious disaster which hit Japan, the Group's second largest market, in early 2011 had an adverse effect on Japan's economy, the long term cordial cooperation between the Japanese customers and the Group, together with the gradual recovery of the Japanese economy, reconstruction after the disaster and increase in consumer demand have helped create a revenue growth of 29.5% in Japan, greatly exceeding that of the Group overall. In 2011, the economic expansion in the PRC slowed down quarter by quarter as labour costs increased rapidly and both industrial production and exports showed signs of contraction. The Group's Shandong Vedan Snowflake Enterprise Co., Ltd suspended production temporarily in the third quarter this year to complement the Group's revised operating strategies. Revenue from the PRC was US\$46,779,000, a drop of 9.7%. Within the ASEAN region, the Group achieved significant revenue growth of 39.8% as a result of its efforts to expand its sales channels. In terms of products, except for its GA line, all products recorded double digit growth in revenue benefiting from the increase in sales price and sales volume during the year.

In the execution of the Group's PRC strategies, the increase of energy costs and prices of raw materials caused the Shandong Vedan Snowflake Enterprise Co., Ltd suspended production temporarily since the third quarter in 2011. The management has also planned to expand its related business such as the starch and fertiliser segments and undertake efforts to cooperate with Vietnam Vedan to expand its reach to overseas markets. The Group hopes these initiatives can help enhance the efficiency of Shandong Vedan Snowflake Enterprise Co., Ltd.

With the rapid economic growth in Shanghai, Shanghai Vedan's plant located in the Songjiang district of Shanghai has become an emerging development zone. As recently enacted legislation and zoning restrictions resulting from urban development of the region have rendered the district no longer suitable for production. At the same time, the Group's strategy for Shanghai operations is to focus on supporting market expansion, sales network establishment and expansion of markets in the cities of Shanghai and Jiangsu as well as Zhejiang provinces. Therefore, the Group plans to integrate the packaging production lines at Shanghai with its Xiamen plant for lowering production cost. The Group has sold the assets during the year and built smaller facilities in the surrounding area to more effectively utilise its assets.

一、業務總覽(續)

在市場銷售方面，越南因受到高通膨、高利率及越盾貶值影響，經濟成長減緩，股市、不動產市場低迷，消費者心態趨保守，越南地區營收僅成長6.2%，而集團第二大市場日本地區雖然去年初因嚴重災情引致經濟緊縮，但因當地客戶與集團已有長期友好合作，日本經濟天災後慢慢恢復、重建與消費需求增加，故日本地區期內營收成長29.5%，高於集團整體營收成長。二零一一年中國經濟成長增長速度逐季放緩，中國勞動力成本迅速提升，工業生產及出口量均下滑，因經營策略考量，今年第三季集團中國山東味丹雪花聯營公司暫時停產，全中國地區營收減少9.7%至46,779,000美元。東盟地區今年經濟成長也表現不俗，在集團積極拓展通路下，該地區營收成長39.8%。在產品方面，除了谷氨酸產品，期內因產品售價增加、銷售量增加，其餘產品營收都錄得雙位數字成長。

在中國經營策略方面，近年來位於山東的味丹雪花聯營公司因遭遇到能源成本和原料價格的上漲受響，在二零一一年第三季起暫時停止生產，同時管理層已規劃擴展相關產品業務如澱粉及肥料，並計劃配合越南味丹發展海外市場，期望能借此提升山東味丹雪花的效益。

隨著上海市的經濟快速成長，位於松江區的上海味丹廠已成為新興的發展區域，由於法令和城市發展的規劃已較不適合生產事業，同時依公司的規劃上海味丹公司將強化於市場的拓展，銷售網路的建立，深耕大上海地區及蘇浙兩省的市場，因此計劃將現有包裝生產線與廈門廠整合，以期降低生產成本，期內公司已將上海資產出售，同時在附近另興建較小廠房，使資產更有效利用。

Management Discussion and Analysis

管理層討論與分析

1. BUSINESS OVERVIEW (continued)

The year 2011 was a challenging year for the Group's operations. Not only has the price of agricultural products used in production such as cassava and molasses increased during the year. The price of other major raw materials such as liquid ammonia and industrial salt has also risen by over 30% on average. This plus the rise in energy prices and wages have led to a surge in production cost and, in turn, adversely affected profits. In light of this situation, the Group overcame these challenges by adopting flexible production means, improving efficiencies in energy and production as well as increasing sales price to cover costs. Looking ahead, although the price of energy should continue to rise, the price increases of some of the raw materials are expected to end or even decline, which will benefit the Group's development in the coming year.

2. BUSINESS ANALYSIS

(1) Sales Analysis by Market

Unit: US\$'000

Area	地區	2011		2010		Difference	
		Amount 金額	%	Amount 金額	%	Difference 差額	%
Vietnam	越南	180,624	47.2	170,003	50.6	10,621	6.2
The PRC	中國	46,779	12.2	51,790	15.4	(5,011)	(9.7)
Japan	日本	86,039	22.5	66,429	19.8	19,610	29.5
ASEAN member countries	東盟成員國	36,310	9.5	25,975	7.7	10,335	39.8
Other regions	其他地區	33,148	8.6	21,910	6.5	11,238	51.3
Total	總共	382,900	100.0	336,107	100.0	46,793	13.9

(1) Vietnam

The Group's revenue from Vietnam was approximately US\$180,624,000 in 2011, a growth of 6.2% or US\$10,621,000 from about US\$170,003,000 in 2010. The growth was mainly contributed by the improved performances in MSG, fertilisers and native starch. The growth rate in this market, however, was still lower than that of other regions, hence revenue from Vietnam accounted for 47.2% of the total revenue, down from 50.6% in the same period last year. The fact that the growth was relatively low was mainly due to the decreased spending power of consumers caused by high inflation rate and the significant depreciation of the Vietnam Dong.

一、業務總覽(續)

總觀二零一一年是集團面對營運上嚴峻挑戰的一年，不僅從主要使用於生產的農產品原料如木薯、糖蜜上漲外，其他主要原料液氨、工業鹽平均漲幅超過30%，再加上能源成本的大漲，人工成本上升均造成生產成本增加，因而獲利下跌。有見及此，集團靈活生產，提高能源及生產效率，並適度反映成本於售價，因而能克服困難、艱鉅的一年，展望未來一年雖然能源價格上漲陰影依然存在，但部分原料物料價格將有望停止上漲，甚至有下跌空間，對未來一年的發展將有所裨益。

二、營業分析

(1) 市場銷售分析

單位：千美元

(一) 越南市場

越南市場二零一一年營收約180,624,000美元，比二零一零年營收約170,003,000美元成長6.2%或金額10,621,000美元，營收增長主要來自味精、肥料及天然澱粉之成長。然而，增長率低因受越南期內高通膨、高利率，再加上越盾大幅貶值影響，消費者購買力普遍下降影響。由於其他市場營收增長率較高，越南地區營收佔集團營收比重由前期50.6%降至47.2%。

2. BUSINESS ANALYSIS (continued)

(1) Sales Analysis by Market (continued)

(2) Japan

The Japanese economy has been hit hard by the earthquake and tsunami in Japan during March 2011. Fortunately, the Group's customers and products were not adversely affected and business actually steadily increased as the Group maintained a close collaboration with its Japanese partners. The revenue from this market surged by US\$19,610,000, the biggest jump in any single geography, or about 29.5%, during the year. The growth was mainly attributable to increased revenue of MSG and modified starch. Revenue from Japan accounted for an increasing share of the Group's total revenue, from 18.9% in 2009, to 19.8% in 2010 and up to 22.5% in 2011, indicating the rising importance of that market to the Group.

(3) The PRC

In the PRC, an oligopoly has emerged in the MSG industry resulting from increased production capacity from other industry players, thus the Group has adjusted its business strategy accordingly. Its factory in Shandong has suspended production temporarily since the third quarter and the sales of GA have been reduced. During the year, revenue from the PRC dropped by US\$5,011,000 or about 9.7% to approximately US\$46,779,000 from US\$51,790,000 in last year. Meanwhile, the revenue from GA declined by US\$3,767,000 or 31.5%. During the year, the PRC accounted for 12.2% of the Group's total revenue, down from 15.4% last year.

(4) ASEAN member countries

The Group was not able to provide a large supply of products to this market because Vietnam Vedan reduced its output due to the environmental incident in 2009, thus its revenue from ASEAN member countries has dropped. However, in the last two years, this market have become the fastest growing revenue contributor of the Group. When compared to 2009, revenue from this market surged by 156% to US\$36,310,000, returning to the 2008 level, and up by 39.8% or US\$10,335,000 over 2010. Revenue from the ASEAN countries accounted for 9.5% of the Group's total revenue, up from 7.7% of last year. This market showed growth in sales of all products, including MSG. The sales growth of in fertiliser was more than 100%.

二、營業分析(續)

(1) 市場銷售分析(續)

(二) 日本市場

日本地區雖然於二零一一年三月發生嚴重地震及海嘯重創日本經濟，可幸集團客戶及產品並未遭受大衝擊，且尚能穩定增長，集團與日本夥伴更緊密合作，期內營收金額增長在各地區中為最大，增加19,610,000美元或約29.5%，主要是味精，變性澱粉營收上升。日本地區營收佔集團營收比重日益增加，由二零零九年的18.9%增至二零一零年的19.8%及二零一一年的22.5%，顯示該市場對集團的重要性正在增加。

(三) 中國市場

中國味精市場由於同業之產能增加，逐漸形成壟斷局勢，集團因應此項變化已調整中國區營運策略，山東廠自第三季已經暫時停產，谷氨酸產品減少銷售。期內中國區營收額約46,779,000美元，比去年51,790,000美元減少5,011,000美元或約9.7%。營收減少產品中，谷氨酸營收減少3,767,000美元或約31.5%。期內中國地區佔集團營收比重由去年15.4%降至12.2%。

(四) 東盟成員國市場

自從二零零九年越南味丹受減產影響，未能充分供應東盟成員國市場營收衰退之後，東盟成員國是集團這兩年營收成長最快速之地區。比較二零零九年，該地區今年營收已成長156%，營收恢復二零零八年之水準達36,310,000美元，比二零一零年增長39.8%或金額10,335,000美元，營收佔集團營收比重由去年7.7%增加至9.5%。此地區各類銷售產品營收均有成長，包含味精營收成長，而肥料成長超過一倍。

Management Discussion and Analysis

管理層討論與分析

2. BUSINESS ANALYSIS (continued)

(1) Sales Analysis by Market (continued)

(5) Other regions

Apart from the above-mentioned major markets, revenue from other regions rose by US\$11,238,000 or 51.3% to approximately US\$33,148,000 from US\$21,910,000 last year. Revenue from Taiwan and the EU countries grew by 19.5% and 113.8% respectively. In Taiwan, GA recorded the largest rise and modified starch also showed growth. In the EU countries zone, modified starch and MSG showed substantial increases.

(2) Sales Analysis by Product

Unit: US\$'000

Product	產品名稱	2011		2010		Difference	
		Amount 金額	% %	Amount 金額	% %	Difference 差額	% %
MSG	味精	269,475	70.4	236,403	70.3	33,072	14.0
GA	谷氨酸	18,632	4.9	29,417	8.8	(10,785)	(36.7)
Modified starch/ Native starch	變性澱粉/ 天然澱粉	46,290	12.1	34,423	10.2	11,867	34.5
Specialty chemicals	特化產品	20,400	5.3	17,445	5.2	2,955	16.9
Fertiliser and feed	肥飼料	22,270	5.8	13,701	4.1	8,569	62.5
Seasoning	調味料	2,972	0.8	2,434	0.7	538	22.1
Others	其他	2,861	0.7	2,284	0.7	577	25.3
Total	總共	382,900	100.0	336,107	100.0	46,793	13.9

(1) MSG and GA

MSG production of Vietnam Vedan has gradually returned to normal since 2010. Revenue from MSG rose by 14.0% or US\$33,072,000 to approximately US\$269,475,000 against last year, and its share of the Group's total revenue slightly increased to 70.4% from last year. Japan contributed the largest growth in MSG products compared to other regions. However, due to an adjustment in business strategy, the revenue from GA decreased by US\$10,785,000 or 36.7% to US\$18,632,000 and its share of the Group's total revenue dropped from 8.8% to 4.9%. MSG and GA together accounted for 75.3% of the market, a reduction from 79.1% in 2010.

二、營業分析(續)

(1) 市場銷售分析(續)

(五) 其他市場

除了上述主力市場，其他市場期內營收約為33,148,000美元，比去年營收21,910,000美元增加51.3%或金額11,238,000美元。其中，台灣、歐盟市場營收額分別成長19.5%及113.8%。在台灣地區營收增長最多為谷氨酸，變性澱粉的增長。在歐盟市場則是變性澱粉和味精有大幅成長。

(2) 產品銷售分析

單位：千美元

(一) 味精和谷氨酸

自二零一零年起，越南味丹廠的味精事業已逐步恢復正常生產，期內營收約269,475,000美元比去年增加14.0%或金額33,072,000美元，營收佔集團總營收比重70.4%比前期稍微增加，日本是味精產品營收增加最多之市場。另外，谷氨酸因策略上考量，營收為18,632,000美元，減少10,785,000美元約36.7%，佔集團營收比重由8.8%降至4.9%。味精及谷氨酸兩項產品佔總營收比重由去年79.1%降至75.3%。

2. BUSINESS ANALYSIS (continued)

(2) Sales Analysis by Product

(2) Modified starch/Native starch

During the year, output of modified starch and native starch increased, while the average selling price increased. As a result, revenue from this segment surged by 34.5% or US\$11,867,000 to US\$46,290,000 when compared to last year. Starch products accounted for 12.1% of the Group's total revenue, up from 10.2% last year and the second largest revenue contributor after MSG.

(3) Specialty chemicals and fertilisers and feed

During the year, the price of soda rose slightly so as to reflect rising costs and market demand. However, the sales volume of hydrochloric acid saw a decrease due to reduced demand. As a result, the revenue from specialty chemicals amounted to approximately US\$20,400,000, a growth of US\$2,955,000 or about 16.9% from US\$17,445,000 in the previous year. Specialty chemicals have maintained a virtually constant share of the total revenue around 5.2% to 5.3% since 2008. As the price of fertilisers and feed has significantly increased, the revenue grew by US\$13,701,000 or 62.5% to approximately US\$22,270,000 from US\$13,701,000 in previous year. The share of fertilisers and feed in the total revenue increased from 4.1% to 5.8%. The revenue from fertilisers and feed is expected to grow in the future as the Group is planning to improve the production process and enhance the added value.

3. MAJOR RAW MATERIALS/ENERGY OVERVIEW

(1) Cassava/Cassava starch

While the price of cassava surged in 2010/2011, this year the expected increase in available plantation area globally, including the abundant cassava harvest in Cambodia, led to a slight price decline in cassava during the production season of 2011/2012. The harvest area and output of cassava in the north and west of Thailand in 2011/2012 were also higher than in 2010/2011. During the year under review, the price stood at a high level during the production season of 2010/2011 but started to slip during September 2011. In general, owing to the high price level in the first half of the year and the peak procurement season in the first quarter, the overall cassava price in 2011 was still higher than that of the same period last year despite the price decline in the second half of the year.

二、營業分析(續)

(2) 產品銷售分析

(二) 變性澱粉/天然澱粉

澱粉事業期內變性澱粉及天然澱粉產量增加，天然澱粉產量增加，平均售價也增加，使其營收額比去年增加34.5%或金額11,867,000美元，達46,290,000美元。澱粉產品佔總營收也由10.2%增加至12.1%，為集團味精產品之外的第二大產品。

(三) 特化產品和肥飼料

期內特化產品因反應成本上漲與市場需求，蘇打售價略有調昇，但鹽酸因需求減少銷售數量下跌，故期內特化產品營收額約20,400,000美元，比前期17,445,000美元增加2,955,000美元或約16.9%。特化產品自二零零八年以來營收佔集團總營收比重維持在5.2%至5.3%。肥飼料本期售價大幅增加，故營收約22,270,000美元，比去年13,701,000美元成長62.5%，營收佔總營收比重由4.1%增加至5.8%。未來肥飼料營收預計將會有成長，集團已計劃朝改善製程，提高附加價值方向努力。

三、主要原料/能源概況

(1) 木薯/木薯澱粉

經過二零一零/二零一一年木薯大幅漲價，造成國際木薯種植面積增加，包括柬埔寨木薯獲得豐收，因此二零一一/二零一二年產季木薯價格將略為下跌，而泰國北部和西部二零一一/二零一二年的木薯頭收面積和產量也比二零一零/二零一一年產季多，所以回顧期內二零一零/二零一一年產季價格高漲。但自二零一一年九月新季節起開始下滑，整體而言由於上半年價格高漲導致下半年雖有下降，但因木薯採購旺季在第一季，故二零一一年整體木薯價格仍高於去年同期。

Management Discussion and Analysis

管理層討論與分析

3. MAJOR RAW MATERIALS/ENERGY OVERVIEW (continued)

(2) Molasses

Due to persistently high global energy prices, molasses has been converted into a source of producing alcohol. The price of molasses during the year was slightly higher than that of 2010. However, as production has increased while the market demand has dropped in the production season of 2011/2012, the procurement price of molasses is also likely to decrease.

(3) Energy

The political turmoil in Middle East and Northern Africa, and the outbreak of civil war in Libya stopped oil supply early last year disrupted oil exports while OPEC decided not to increase the quota of its oil production, thus, the reduced supply has pushed up oil prices. In response to the enormous global demand resulting from increasing global population energy consumption, the energy price has remained at a high level. In Vietnam, the power utility Vietnam Electricity (EVN) increased the tariff twice because of the rising prices of natural gas, coal and fuel. The Group expected the prices of natural gas and electricity to climb further during 2012. As for the PRC, the coal price stood at high level during 2011, impacting on the Group's production cost.

4. FINANCIAL REVIEW

(1) Liquidity and Financial Resources

As at 31 December 2011, cash and bank deposits of the Group amounted to US\$45,518,000, representing an increase of approximately 31.8%, or US\$10,982,000 in the end of 2010. Short-term bank borrowings were US\$28,127,000, an increase of US\$ 252,000, while middle-to-long-term bank borrowings totaled US\$9,946,000, a decrease of US\$5,313,000. Bank borrowings were mainly denominated in US dollars. The proportions of short-term and middle-to-long-term bank borrowings were 73.9% and 26.1%.

Trade receivables dropped by US\$7,614,000, or approximately 18.9%, to US\$32,714,000, and they were mostly within 30 days. Inventories totaled US\$95,338,000. The inventory figure increased by US\$12,145,000 (around 14.6%) because the material costs have recorded sharp increases. Another attributable factor was the Group's flexible production strategy of increasing volume of finished goods in response to seasonal material supply.

三、主要原料／能源概況（續）

(2) 糖蜜

因國際能源價格依然居高不下，導致糖蜜流向作製造酒精原料，故期內糖蜜價格略高於二零一零年同期，但二零一一／二零一二年產季因產能增加與市場需求減少，將有機會降低未來糖蜜採購價格。

(3) 能源

二零一一年年初中東與北非政治動亂，利比亞內戰停止輸出石油，加上石油輸出國組織(OPEC)未增加產油配額使石油供應緊張，油價大漲，加上全球人口及能源需求增加，能源價格之所以易升難跌。在越南，生產電力之原料如天然氣、煤炭、燃料油均大幅漲價，使越南電力集團兩次調升電力價格，預估二零一二年天然氣及電力價格仍可能上漲。而中國在二零一一年期內，煤炭價格也高居不下，依然影響生產成本甚巨。

四、財務回顧

(1) 流動資金和財政資源

截至二零一一年十二月三十一日集團現金和銀行存款為45,518,000美元比二零一零年底增加10,982,000美元，約31.8%。短期借款為28,127,000美元，增加252,000美元；中長期借款為9,946,000美元，減少5,313,000美元，借款以美元為主；短期和中長期借款比率為73.9%比26.1%。

應收帳款為32,714,000美元，減少7,614,000美元，約18.9%，應收帳款主要是在30天期內；存貨總額為95,338,000美元，增加12,145,000美元（約14.6%）。存貨增加，除了原料價格大幅上漲原因外，另外因考量採用彈性靈活的生產方式，以因應季節變動的原料供應的考量下，增加部分成品存貨。

Management Discussion and Analysis

管理層討論與分析

4. FINANCIAL REVIEW (continued)

(1) Liquidity and Financial Resources (continued)

The gearing ratio (total borrowings to total capital ratio) was 12.3% for the year under review, which was lower than the 13.9% in 2010. Net gearing ratio (total borrowings less cash and deposits to total capital ratio) was -2.4%, which was improved from 2.8% of the previous year, because the Group received the sales proceeds from the disposal of its assets in Shanghai at the end of the year. Current ratio increased from 2.3 last year to 2.6, because of increasing current assets and decreasing current liabilities.

(2) Capital Expenditure

During the year under review, capital expenditure amounted to approximately US\$10,719,000, US\$7,716,000 less than US\$18,435,000 of 2010.

5. EXCHANGE RATE

To reduce the trade deficit and the discrepancy between the exchange rate in the black market and the official market rate, on 11 February 2011, the Central Bank in Vietnam announced the depreciation of the Vietnam Dong by 9.3% and tightening the intraday fluctuation within 1%. The Vietnamese Government also announced a number of new monetary control policies, which include a limit on the use of foreign money in daily commercial activities within Vietnam, increasing the interest rates of deposits and loans in Vietnam Dong, imposing a limit on the interest rate of deposits and loans in US dollars, issuing an order to sell foreign exchange deposits and revenue of state-owned enterprises to banks exclusively, as well as prohibiting gold and jewellery shops to conduct foreign exchange transactions. Under the more restrictive monetary regime, the exchange rate of the Vietnam Dong to the US dollar began to stabilise in 2011. Compared to the official exchange rate of US\$1 to 18,932 Dong at the end of 2010 and US\$1 to 20,828 Dong at the end of 2011, the local currency depreciated by 10.01%, mainly in the first half of the year but only by 1% in the second half of the year. Although revenue denominated in Vietnam Dong accounted for nearly half of Group's total revenue, the Group has foreseen the depreciation in the beginning of year and implemented the appropriate procedures.

6. DIVIDEND

Basic earnings per share for the year was 0.52 US cents. The Board decided to distribute a dividend of 0.311 US cents per share, representing a dividend ratio of 60%.

四、財務回顧(續)

(1) 流動資金和財政資源(續)

資本負債比(總借款比總資本)為12.3%，低於二零一零年的13.9%，淨資本負債比(總借款扣除現金和存款比總資本)則為-2.4%，較優於去年的2.8%。期內淨借款為負數主要是期末收到出售上海資產的款項。另外，因為流動資產增加、流動負債減少，流動比率由去年底2.3增加為2.6。

(2) 資本支出

期內資本支出共約10,719,000美元，比二零一零年資本支出的18,435,000美元減少7,716,000美元。

五、匯率

為控制貿易赤字、使越南盾官方匯率水平降至接近市場水平，二零一一年二月十一日越南央行宣佈將越盾官方匯率貶值9.3%，銀行間每日匯率波動區縮小至1%。越南政府同時也採取一系列措施以管制貨幣。例如嚴格限制國內商業活動中使用外幣，提升越幣借存款利率，限制美元借存款利率，國營企業外匯存款及收入須出售給銀行，禁止金飾店買賣外匯等。在緊縮貨幣政策導向下，年中越盾兌美元匯率逐漸穩定。二零一零年底，官價匯率1美元兌18,932越幣，而二零一一年底則為1美元兌20,828越幣，越幣貶值10.01%，貶值主要發生在上半年，下半年只貶值約1%。雖然越盾營收佔集團營收高達五成左右，但由於集團在年初已預測將有大幅貶值，且已有做好因應措施。

六、股息

本期每股基本股利為0.52美仙，董事會決定派發股息每股0.311美仙，派息率為60%。

Management Discussion and Analysis

管理層討論與分析

7. PROSPECTS

Looking into 2012, inflation in Vietnam is expected to improve, and the interest rates and the exchange rate of the Vietnam Dong to the US Dollar should also stabilise. Though the prices of natural gas and electricity are still under pressure and are likely to continuously rise, carbohydrates may level off or be less expensive than in the previous year, which would facilitate the Group's cost control efforts. Looking ahead, the Group is set to strengthen its fundamentals, leverage the strengths and work to overcome the weaker aspects, consolidate our resources for optimal deployment and focus on vertical expansion as described below.

- On top of bolstering the sales network and branding of its MSG operation, the Group will strive to strengthen the marketing of seasoning products and super seasoning products. The Group expects to launch beverage products in Vietnam market through its existing MSG sales network during the year, to create a new income source.
- To further develop the Group's carbohydrates-related business, the factory in Vietnam will start producing amylase and providing it to food and beverages related industries.
- The fertiliser and feed business segment has recorded substantial growth in recent years. The Group will strive to further boost the sales volume and develop new value-added products in the future.
- The Group will consolidate its starch operations in Vietnam and the PRC by evaluating sources of material supply, producing more competitive products, improving customer service, and ultimately enlarging its market share in the PRC.

七、展望

越南二零一二年通貨膨脹將會有所改善，利率可望降低，越盾／美元匯率將較穩定，雖然天然氣及電價依然有上漲的壓力，但醱源的價格和去年比將會持平或是有所下降，將有利於集團成本的控制。集團未來的工作重點是在強化基礎，踏實經營，發揮優勢，去除劣勢，整合資源，聚焦深耕，主要的工作重點如下：

- 除核心產品味精持續加強通路、品牌外，將對風味調味料、高鮮味精再增加推廣力度，同時今年內預計於越南市場推出飲料產品，配合味精現有通路，創造效益。
- 為發揮澱粉行業的綜效，越南廠將新增進行澱粉糖生產專案，供應給食品、飲料等相關行業。
- 肥飼料事業在近幾年有顯著的成長，未來不僅要求銷售數量的成長外，更要朝開發更具有附加價值的產品方向努力。
- 集團將加強整合越南、中國區澱粉業務，並檢討從掌握原料，生產有競爭力產品，到消費者服務的經營模式，以增長在中國區澱粉市場佔有率。

Management Discussion and Analysis 管理層討論與分析

7. PROSPECTS (continued)

- Resources integration will be continuously carried out in the PRC, facilitated with concentrated production base, lowered cost, enhanced marketing efforts, introduction of new products, establishment of sales channels and brand value creation.
- Commence a project to improve organisational and procedural capabilities led by team members with the requisite management ability who understand the mindset and abilities of our staff
- Continue implementing energy-saving initiatives. The rising cost of energy has presented our biggest challenge. The Group has engaged the services of an external consultant at the beginning of last year. Measures undertaken have started to deliver improvement. This year, the Group will continue with its efforts.
- An ERP system will be implemented at the Vietnam plant at early 2012. In addition to facilitating the creation of and adherence to financial budgets and providing a real-time analysis of operational data, all units would be able to access information on this platform in a timely and precise manner, react immediately to changes and thus enhance overall operational efficiency.

Despite of the uncertainties foreseen in the year of 2012, and ever changing operating environment, the Group will continue to drive business growth at full strength by adopting prudent business strategies and solid management, continuous new product development and strengthening marketing effort and sales channels. The management is cautiously optimistic about the outcome that the Group will deliver in the year of 2012.

七、展望(續)

- 中國區將持續進行資源整合，集中生產基地，降低成本，加大市場精耕力度，引進新產品項目，加強銷售通路的建立，以期發揮品牌效益。
- 成立組織力改造專案，進行組織能力改造工作，建立具備有員工思維，員工能力及員工治理的組織團隊。
- 持續節能省電專案，能源成本不斷的上漲是集團面臨最大的挑戰，自去年開始已和外部顧問配合，也陸續進行些改善工作，並獲得些成果，今年將再加緊進行。
- ERP已於二零一二年初正式在越南廠上線，此將有助於預算的執行，經營資料分析，能更快速、正確，使公司各單位能在同一平台取得資訊，及時回應，提升經營效益。

展望二零一二年雖然仍然是不確定的一年，經營環境變化快速，集團仍將以穩健經營的策略，紮根經營管理，開發新產品，加強市場精耕與掌握銷售通路為主軸，全力以赴相信二零一二年仍將會取得審慎樂觀的成果。