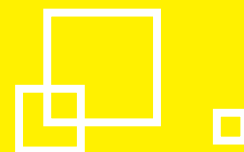




Chairman's Statement 主席報告書

Armed with modern technology and sound management, we have successfully created a number of quality products to cater to the consumers' tastes and demands. 憑著現代科技設備與管理，我們開創多種優質產品，以迎合消費者的口味和要求。

Yang, Tou-Hsiung 楊頭雄
Chairman 主席



In 2018, the global economic growth has slowed down compared with 2017. In the first quarter of 2018, the worldwide economy continued to maintain expansion comparable to that of 2017. However, starting from the second quarter, the US-Sino trade war escalated, the exchange rate between the US Dollar and other currencies fluctuated and the status of conflicts in the Middle East and South Asia remained intense with tensions. Coupled with the impact of extreme weather events caused by climate change, these factors combined to add more uncertainties to the global economy. Persistently high international oil prices and highly volatile foreign currency exchange and interest rates in different countries also raised the risk of inflation. The economies of emerging markets continued to grow faster than those of developed countries. In Vietnam, economic sentiment continued to improve in 2018, as demonstrated by GDP growth of 7.08% with foreign investment increasing steadily, and the consumer price index remaining steady. Import and export trading volume surged to new highs and a trade surplus was recorded for three consecutive years. The exchange rate of the Vietnam Dong against the US Dollar (USD) depreciated slightly by 1.8% last year, meaning the local currency stayed relatively stable. Vietnam achieved an overall stable economic growth in the first half-year, and that presented the Group with the opportunity to enhance its results.

2018年全球經濟趨勢已較2017年稍為放緩，雖然第一季維持2017年的增長趨勢，但自第二季起，隨著美、中貿易摩擦加劇，各國貨幣兌美元匯率波動，中東、南亞緊張局勢升溫，加上氣候變化所帶來的影響，使全球經濟再次增添不明朗的變數。國際原油價格續強，以及各國匯率與利率波動起伏，亦為通貨膨脹帶來攀升的風險。新興國家市場的經濟增長仍高於發達國家。2018年，越南經濟景氣持續升溫，GDP增長率達7.08%，外國投資持續穩定增加，物價指數保持穩定，進出口貿易額創歷史新高，持續3年維持順差狀態，越南盾兌美元匯率較去年微跌1.8%，仍相對穩定。越南上半年的整體經濟呈現穩定增長，有助集團正面提升其業績發展。

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Regarding our operations in 2018, revenue from the Group's core products including MSG, modified starch, soda, fertiliser and feed products increased, due to the improving market sentiment that boosted demand. However, rising prices of coal and raw materials such as cassava and industrial salt pushed up production costs. Also, for some of the Group's products, their selling prices continued to stay in a low level due to the keen market competition, thus their profits were squeezed. The Group therefore continued to put major efforts into stabilising costs, actively expanding its business, boosting sales and developing new products as well as new markets during the year, with an aim to raise its profit margin.

As for the business operations and revenue during the year, the Group's revenue amounted to approximately US\$356,772,000, a solid increase of US\$33,967,000, or around 10.5%, when compared with the previous year. The increase was mainly due to the stronger demand for its different products stimulating a rise in sales volume as well as selling prices and, in turn, boosting the Group's total sales revenue. While prices of sugar sources tapered a bit, energy cost and the prices of certain raw materials increased, hence overall production costs also climbed. Gross profit for the year was approximately US\$67,498,000 and gross profit margin dropped by 0.9% year-on-year to 18.9%. Net profit was US\$17,394,000, approximately US\$1,344,000 less year-on-year, and net profit margin was 4.9%.

Regarding major geographic markets and segment performance, the demand for products and level of competition varied from market to market. In Vietnam, overall economic sentiment steadily picked up and the performance of various products including MSG, seasonings, modified starch, maltose, soda, fertiliser and feed products improved alongside the increasing market demand. Only the sales volume and selling price and thus the revenue of the specialty chemical hydrochloric acid, dropped because more of the product was used internally by the Group for production and also because of price competition in the market during the year. Because of the positive factors cited above, the Group was able to boost sales and overall revenue from Vietnam rose by 9.1% year-on-year also aided by stable quality products, strong brand influence and the support of well-established sales channels with a thorough grasp of market demand. In the PRC market, major products such as MSG and seasonings, which were still affected by price competition, also recorded moderate growth from the previous year. Despite this, overall revenue from the PRC market grew by about 34.2% year-on-year with starch and trade products managing notable revenue growth during the year. In Japan, as a result of the slower upturn of economic sentiment and the continued price competition faced by various products, selling prices of key products including MSG and fertilisers slightly dropped. As such, the Group's sales volume

集團於本年度(2018年)營運多項主要產品,其中包括味精、變性澱粉、蘇打與肥飼料等,因市場氣氛升溫而需求提升,致使集團營收增加。然而由於煤炭價格、木薯與工業鹽等原料價格上漲,導致生產成本提高,其中部份產品亦因市場競爭仍然激烈,售價保持低水平,故在生產成本提高的前提下,獲利仍受壓縮。有鑑於此,集團本年度的主要營運重點仍致力於穩定成本,積極拓展業務與加強銷售力度,開發新產品及拓展新市場,以擴增利潤空間。

綜觀集團於本年度的營運與獲利,營業額約3億5仟7佰萬美元,較去年增加約3,397萬美元,增幅約10.5%。增長主要因為多項產品需求增加,使銷售量與售價均見上升,推升整體營業額。另外,雖然糖源價格略跌,但由於能源成本與部份原料價格上漲,使整體生產成本上升,本年度毛利額約6,750萬美元,毛利率為18.9%,較去年下跌0.9%;淨利為1,739萬美元,較去年減少約134萬美元,淨利率為4.9%。

就集團各主要市場與業務經營而言,各地市場對不同產品的需求與競爭均有個別表現。在越南市場,因整體經濟發展穩定,味精、調味料、變性澱粉、麥芽糖、蘇打與肥飼料等業績表現亦隨著市場需求增加而提升,其中只有特化產品鹽酸,因期內集團內部生產使用量增加及市場低價競爭,以致該產品售價、量價俱跌,收益因而有所下降。總體而言,集團在越南市場藉由穩定的品質、品牌知名度與銷售通路,配合市場需求推升業績增長,使越南整體區域內業績較去年提升9.1%。至於集團在中國區的營運,主要產品味精與調味料產品仍受到市場價格競爭影響,業績與去年比較約略提升。同時,澱粉與貿易品項之營收均較去年有大幅增長,以致中國區整體營收較去年增長約34.2%。另外,日本市場方面,因經濟景氣恢復速度較慢,且多項產品的市場價格仍競爭激烈,該市場的主要銷售產品如味精與肥料產品的售價因而略有下降,使集團的銷售量下滑,業績亦較去年下滑約1.8%。東盟市場方面,雖然受惠於年內肥飼料及變性澱粉的需求提升而營收增加,但味精與麥芽糖因市場競爭而令銷售量降低,使本年此等地區的業績與去年比較約略持平。除此之外,美國市場整體營運因味精與

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in this market also fell and revenue was down by about 1.8% when compared with the previous year. With respect to the ASEAN market, while strong demand fuelled revenue from fertiliser and feed products and modified starch, competition restricted the sales volume of MSG and maltose, therefore results of the market were about the same when compared with last year. In the US, with the sales of MSG and maltose products rising, overall performance of this market moderately rebounded, while in Europe, increasing demand bolstered the performance of MSG, modified starch and fertiliser and feed products.

By product, revenue from the Group's major products, MSG and seasonings, with market competition easing, grew by about 5.2% when compared with the previous year. As for starch products, another key segment of the Group, with price of the raw material cassava and demand for products surging during the year, the Group sold more modified starch and cassava starch at higher selling prices, and as a result revenue from the segment swelled. Maltose was another key starch product that also benefited from the higher price of cassava and recorded higher sales volume, selling prices as well as revenue during the year. Therefore, revenue from starch products and maltose for the year saw a notable increase of approximately 27.0% against the last corresponding period. Seeing the market potential and bright development prospects of these products, the Group is striving to develop and explore as well as extend its reach to different products, so that it may offer a greater diversity to customers while developing products of higher value. Regarding the specialty chemicals segment, basic chemicals like hydrochloric acid and soda have been in steady demand in Vietnam as the economy there has continued to improve. Hydrochloric acid, however, saw a drop in sales volume and selling price due to the internal use in production and market competition during the year. Soda, on the other hand, recorded notable growth in revenue, and hence the entire specialty chemicals segment saw a 12.2% increase in revenue against last year. As for the fertiliser and feed products, they were in higher demand in Vietnam, ASEAN countries, Taiwan and Europe, hence both their selling prices and sales performance increased. In particular, the Group secured new feed products customers in Vietnam, hence achieving relatively better sales of the products. In all, the sales volume of fertiliser and feed products grew by approximately 14.9% year-on-year.

麥芽糖產品銷售回溫，業績也略有提升，而在歐洲，味精、變性澱粉與肥飼料等亦因需求提升而使業績均有所上升。

以產品個別分析，集團主要的味精與調味料產品，由於競爭趨緩影響，整體營收較去年增長約5.2%。集團另一項重要的澱粉產品，於年內因木薯原料價格飆升，需求急增，使集團的變性澱粉與木薯澱粉銷售量均有所增加，售價亦調漲，營收也隨之增加。集團於澱粉產品中另一項重要品項—麥芽糖產品同樣於年內受到原料木薯價格調漲影響，使銷售量增加，售價調漲，營收亦增加。因此，澱粉產品與麥芽糖之營業額較去年明顯增加約27.0%。集團目前相當重視此類產品於市場的潛力與發展，並致力開發此類產品與延伸產品，以發展多元化產品與開創更高產品價值。另外，在特化產品中的鹽酸與蘇打產品，因越南景氣持續提升，對基礎化學品有穩定需求，雖然鹽酸產品因期內生產使用量增加與市場競爭而使價量俱跌，但蘇打之業績卻有顯著增長，故整體特化產品的營收相較去年提升12.2%。而集團的肥飼料產品，因越南、東盟、台灣與歐洲市場的需求提升，售價提升，業績增加，其中飼料產品於越南本地成功開發新客戶，銷售較佳，故肥飼料產品之銷售額較去年增加約14.9%。

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During the year, with a number of products facing price competition and bearing higher production costs, the Group has focused on strengthening its businesses and improving cost control, and at the same time developing new products and new markets. Towards that end, the Group has adopted a more flexible approach to procurement of raw materials and continued to improve production technologies during the year to help stabilise costs, as well as maintain competitiveness in its production. In terms of marketing strategy, the Group has set up a subsidiary in Cambodia during the year in order to promote a local sales network and look for new business opportunities. On boosting sales, other than growing the Vietnam market, the Group also put effort into developing emerging markets with promising growth potential. It has also strengthened its distribution channels and, for the relatively mature sales channels, the Group adjusted its sales and marketing strategy, to enhance and realise the full potential of its sales network. Furthermore, it has stepped up research and development of new products, which will be introduced to the market with the objective of substantially boosting its brand influence. Within the PRC operation, the Group has continued to strengthen its business development team, strived to expand markets in different regions and introduced new high gross profit products.

集團於年內主要應付市場多項產品的低價競爭與生產成本的提升，故專注於強化業務與改善成本，同時致力於開拓新產品與擴展新市場。集團於年內除採取靈活多元的原料採購模式與持續提升生產技術，以穩定成本及維持生產競爭力外，在行銷策略方面，集團已於年內設立柬埔寨子公司，以佈局並強化當地銷售與尋求新商機。同時，在行銷業務方面，除精耕越南本地市場，集團亦著力發展具潛力之新興市場，強化通路架構，對於較為成熟的通路，將再整合集團的行銷策略，深耕銷售網絡，以發揮通路價值；同時，積極強化研發新產品與規劃引進相關新產品之銷售，延伸品牌的加乘效果。而在中國區的營運，集團將持續強化業務團隊，努力於區域市場精耕與開發高毛利新產品。

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Looking into 2019, we are aware that the Group will still be operating in a fast-changing environment. The prices of some raw materials may rise and the market will continue to be competitive. However, the expected sustained growth of Vietnam economy presents huge business opportunities. Therefore, the Group will make more forceful strides into new markets and in developing new products to enhance its brand influence, by more effectively using its channel resources, as it aims to raise the flexibility and capability action of its operations. Relevant strategies will be formulated to help the Group to capture opportunities and cope with the rapidly evolving operating environment. At the same time, the Group will continue to strive to stabilise production costs, hasten development of new products and the pace of strategic alliances. In doing so, we shall be able to strengthen and effectively execute our sales strategies in Vietnam as the country opens its market and its economy steadily grows. We shall also have opportunities to further expand our different businesses and markets. Building on its existing solid business foundation, the Group believes its businesses will march in a positive direction towards growth. The management team are well aware of the opportunities in the changing operating environment and their responsibilities, thus they will pragmatically execute the operational strategies set with open mind and proactive attitude, and thereby help the Group develop and achieve breakthroughs in its operations and its results.

By Order of the Board
Yang Tou-Hsiung
Chairman

26 March 2019

展望2019年，我們體會到集團在營運上仍面臨經營環境的快速變化，包括部份原料上漲的可能性，市場持續競爭的態勢，但是越南經濟持續增長，同時也帶來深具潛力的商機。集團將更大腳步投入新產品及新市場發展，藉此擴大品牌效益，善用通路資源，提升經營彈性與機動性，擬訂相關策略，以掌握時機及回應快速變化的經營環境。同時，集團將持續努力穩定生產成本，加快新產品發展或策略聯盟的腳步，才能在越南開放的市場與經濟穩定成長下，強化並發揮業務銷售策略，同時也將有機會於各事業領域與市場進行更進一步的拓展。集團相信，在目前的經營基礎之下，經營將持續朝向正面與成長的方向發展。而集團的管理層，亦深切體會到處於多變的經營環境中，集團的契機與所肩負之責任，將會以開放的眼光與積極的態度，務實並謹慎地執行集團擬訂之各項營運策略，以期對集團的業績與經營帶來更大的突破與發展。

承董事會命
主席
楊頭雄

2019年3月26日