

Management Discussion and Analysis

管理層討論及分析

I. BUSINESS OVERVIEW

The economic landscape in 2019 featured the protracted Sino-US trade war, international geopolitical uncertainties and weak investments by enterprises, contributing to a slowdown in global economic growth. The global economic growth rate in 2019 was only 2.4%, the lowest since the financial crisis in 2008. A report issued by the World Bank also stated that major countries in developed and developing economies as well as emerging markets all experienced a slowdown in economic growth compared with the previous year. Price fluctuations of bulk commodities were large with overall prices lower than those in 2018, while energy prices (excluding natural gas) rose on an overall basis. Economists forecast that tensions between the PRC and the US will continue despite signs of cooling down in the trade war. That plus the geopolitical, climate change and debt factors will bring challenges to the economies of different countries.

Although the global economy remained unstable, Vietnam recorded a GDP rise of 7.02% in 2019, the second consecutive year that the country recorded a GDP expansion exceeding 7% in addition to outperforming its growth target of 6.8%. This was also the second highest GDP level in Vietnam in the most recent decade. The Sino-US trade war has accelerated the relocation of production from the PRC. Exports to the US were up 28% year-on-year, and in particular, domestic demand for smartphones and retail apparel remained strong. Exports and foreign investments were also robust. Import and export trading volume amounted to US\$516,960,000,000 as trade surplus surged to a record high of US\$9,940,000,000. Total committed Foreign Direct Investment (FDI) was approximately US\$38,020,000,000, representing a year-on-year growth of 7.2%, a 10-year high. The inflow of FDI amounted to approximately US\$20,380,000,000, climbing to a new high and representing a year-on-year growth of 6.7%. The exchange rate of the Vietnam Dong against the US Dollar stayed stable throughout 2019, resulting in a controlled inflation rate. The consumer price index (CPI) was 2.7%, down from 3.5% in 2018 and less than 4% for four consecutive years. Interest rates were maintained at a stable level. Confronted by the slower global trade growth and the complex and changing political situation, Vietnam was still able to maintain rapid economic growth.

一、業務總覽

綜觀二零一九年之經濟局勢，由於中美貿易戰僵持、國際地緣政治不穩、以及企業投資疲弱，導致全球經濟增長放緩，二零一九年全球經濟增長率為2.4%，是自二零零八年金融危機爆發以來最低。世界銀行報告指出，發達和發展中經濟體的主要國家以及新興市場的經濟增長表現均較去年下滑。大宗商品價格大幅波動，整體價格水平較二零一八年底，但能源價格（除天然氣外），整體呈現上漲趨勢。相關經濟專家預測，儘管中美貿易戰稍為降溫，但衝突仍會持續，加上地緣政治、氣候變化、債務積累等多種因素，均為各國經濟環境帶來挑戰。

雖然全球經濟仍不穩定，但反觀越南在二零一九年國內生產總值(GDP)的增長率卻達到7.02%，連續第二年突破7%，同時超越既定的6.8%目標，創最近十年來越南的第二高的水平。由於中美貿易戰的影響，增加來自中國的生產轉移需求，其中對美國出口比去年增長28%，特別是智能手機和服裝等行業，也保持強勁的零售內需市場。出口及外國投資表現強勁，進出口貿易總額約5,169.6億美元，出口順差達到99.4億美元的新高紀錄；已承諾的國際直接投資(FDI)總額達到約380.2億美元，比去年增長7.2%，創十年來新高；已實現的FDI到位資金約達203.8億美元，比去年增長6.7%，創下歷史新高。此外，越南盾兌美元匯率在二零一九全年均維持穩定，導致通貨膨脹率得以控制，消費物價指數(CPI)由二零一八年的3.5%降至2.7%，連續第四年控制在4%以下，並努力保持利率穩定。在全球貿易增長放緩和政治形勢複雜多變的情況下，越南經濟仍然保持高速增長。



I. BUSINESS OVERVIEW (continued)

Vietnam indeed delivered a brilliant performance in 2019, with consumption and investment becoming the country's key economic growth drivers. Nevertheless, Vietnamese enterprises faced more intense competition and challenges. Profit of the Group's key products varied during the year. For example, revenue and gross profit of modified starch, maltose and fertilisers and feed products increased benefitting from the slower rise in raw material prices and the development of high value-added new products. However, both revenue and gross profit of MSG and specialty chemicals dropped due to price competition. In 2019, the Group's revenue increased by 0.3% or US\$1,085,000 year-on-year to US\$357,857,000, while gross profit decreased by 1.4% or US\$933,000 year-on-year to US\$66,565,000. Overall gross profit margin was down from 18.9% in 2018 to 18.6%. Its net profit declined by 10.4% or US\$1,809,000 as a result of the gain from the disposal of investment in a Shandong subsidiary and the impairment of goodwill of a Shanghai subsidiary, while net profit attributable to shareholders was US\$15,563,000, an increase of 8.9% or US\$1,278,000. The Group's net profit margin declined slightly to 4.4% from 4.9% in the same period of 2018, owing mainly to the stabilised costs of raw materials, adjustment in selling prices to reflect costs and the gain from the disposal of investment in a Shandong subsidiary which resulted in an increase in both revenue and profit during the period.

The global economy was originally expected to achieve a moderate recovery in 2020. However, the outbreak of the novel coronavirus (COVID-19) early this year has serious impact on the economic activities around the world, in particular the PRC and regions in Asia. During the year, the overall stagnant consumption and short-term imbalance in demand and supply of certain commodities will affect overall economic growth and market recovery is expected to remain fragile. Despite the temporary calm in the Sino-US trade dispute, the high tariffs still posed pressure on the PRC's economy. The escalating geopolitical conflict in the Middle East and the effects of extreme weather have also added risks to economic growth. Nevertheless, Vietnam has become one of the key beneficiaries of industrial relocation amidst the Sino-US trade war and the country remains committed to regional economic integration, including through the signing of the Free Trade Agreement (FTA) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) with developed economies such as the EU, Japan and Korea. This has helped Vietnam attract more foreign investors and strengthen its industry supply chain on one hand, but aroused greater concerns about the bursting of the economic bubble caused by weak global economic growth on the other hand. Confronted by the changes in the economic landscape, the Group will continue to adopt a prudent approach and formulate the best action plans and strategies to address challenges in the external environment. Besides, it will deepen its cooperation with multinational enterprises in the area of production, actively explore new products, new markets and new channels to secure raw material supplies and stabilise sales, aiming to build a strong foundation to create business breakthroughs for the Group.

一、業務總覽（續）

雖然越南經濟在二零一九年內表現亮麗，消費和投資亦成為主要的經濟增長動力，但同時也為越南企業帶來更多競爭與挑戰。集團內主要產品利潤漲跌互現。譬如變性澱粉、麥芽糖、肥料與飼料產品的營收及毛利增長，這得益於原料價格漲幅趨緩，及開發高附加價值新產品；味精及特化產品卻受價格競爭影響，使營收與毛利同時下滑。二零一九年集團營業額達357,857,000美元，較去年增加0.3%或金額1,085,000美元；毛利達66,565,000美元，較去年下降1.4%或933,000美元。集團整體毛利率由二零一八年的18.9%微降至18.6%。由於出售山東子公司的投資帳面收益及上海子公司的商譽減值，其淨利潤下降了10.4%或1,809,000美元，而股東應佔淨利為15,563,000美元，較去年增加8.9%或1,278,000美元。集團淨利率則由二零一八年同期4.9%微降至4.4%。主要由於部分原料漲幅趨穩，調整售價反映成本，及出售所屬山東子公司之利益，致集團於本年之營收與利潤均錄得增長。

二零二零年原本預估全球經濟可能有望溫和反彈，但今年初所爆發的『新冠肺炎』（新型冠狀病毒COVID-19），使得全球，尤其是中國與亞洲地區的經濟活動急速降溫。於年內，整體消費停滯，部份商品供應及需求短期失衡，將衝擊整體之經濟成長，預期整體前景仍處於脆弱復甦的局面。中美貿易爭端雖然露出曙光，但高關稅問題仍使中國持續承受壓力，中東地緣政治衝突局勢升級，以及一系列的極端氣候事件等因素，都將對經濟增長增加風險。然而，越南成為中美貿易戰爆發後產業轉移最大的受益者之一，且非常積極投入區域經濟整合，如與歐盟、日本、韓國等發達經濟體簽訂自由貿易協議(FTA)、跨太平洋夥伴全面進步協定(CPTPP)等，更有利於吸引外國投資，強化產業供應鏈，但同時也存在受到全球增長疲弱而造成經濟泡沫破裂的隱憂。集團面對經濟情勢的變化，將保持審慎的態度，制定最佳的行動計劃和策略，以應付外部環境的挑戰，並致力於拓展與跨國企業在生產基礎上的產業合作，積極探索新產品、新市場、新渠道，以確保原料供應和穩定銷售，從而為集團打下堅實的基礎，創造業務突破。

Management Discussion and Analysis

管理層討論及分析

II. BUSINESS ANALYSIS

1. Sales Analysis by Market

二、營業分析

(一) 市場銷售分析

Unit: US\$'000

單位：千美元

Country	國家	2019 二零一九年		2018 二零一八年		Difference 差異	
		Amount 金額	%	Amount 金額	%	Amount 金額	%
Vietnam	越南	177,635	49.6%	177,753	49.8%	-118	-0.1%
Japan	日本	64,820	18.1%	63,015	17.7%	1,805	2.9%
PRC	中國	43,669	12.2%	39,004	10.9%	4,665	12.0%
ASEAN	東盟國家	26,857	7.5%	31,593	8.9%	-4,736	-15.0%
US	美國	21,394	6.0%	20,327	5.7%	1,067	5.2%
Others	其他	23,482	6.6%	25,080	7.0%	-1,598	-6.4%
Total	合計	357,857	100.0%	356,772	100.0%	1,085	0.3%

1. Vietnam

Vietnam is the largest market of the Group. In 2019, the Group's revenue was approximately US\$177,653,000, dropped slightly by 0.1% or US\$118,000 when compared with 2018. The share of revenue from the Vietnam market also decreased slightly to 49.6% of the Group's total revenue from 49.8% in 2018. Performance in the Vietnam market dropped slightly during the year, despite the upward adjustment in selling prices of MSG, modified starch and maltose, enhanced sales of products with higher margin and intensified promotion activities that pushed up revenue. Sales volume and selling price of specialty chemicals (hydrochloric acid and soda) were affected by market competition, hence the substantial reduction in revenue of the segment. The upward adjustment in selling price of fertilisers and feed products drove profit but caused overall sales volume to fall and thus drop in revenue, which eventually led to the lower-than-expected performance. As such, the Group will continue to secure new customers and improve the added value of these products.

1. 越南市場

越南為本集團第一大市場，二零一九年營收約177,635,000美元，較二零一八年稍減0.1%或118,000美元，營收佔比由二零一八年49.8%微降至49.6%。本年越南市場業績有稍下滑，雖然味精、變性澱粉、麥芽糖於年內進行售價調漲，並加強銷售高毛利產品與強化促銷活動，推升營收增長。但由於特化產品（鹽酸與蘇打）營收受到市場競爭影響，導致銷售量與售價同時下滑，致營業額大幅減少。肥飼料產品雖然以提高售價以增加獲利，但此亦使整體銷售量下滑，營收減少，致使整體業績未如預期增長，集團對此產品將持續致力開發新產業客戶及提升產品附加價值。

II. BUSINESS ANALYSIS (continued)

1. Sales Analysis by Market (continued)

2. Japan

The Group's performance in the Japan market managed to deliver growth for the year and remained its second largest market. The Japanese economy, driven largely by domestic demand, has been recovering at a rather slow pace. Facing market competition which affected the performance of its MSG offering, the Group has adopted a flexible pricing strategy to maintain the order volume but this led to a small drop in revenue. As for modified starch, due to the increasing demand for high-end products and the Group's efforts to secure new customers, promote cross-sector applications, raise added value of the products and increase selling price, revenue of the product segment grew despite the decline in overall sales volume. The growth also showed that the Group's investment in developing modified starch over the years has reaped returns as this product made a notable contribution to its results during the period. The Group's revenue from the market in Japan amounted to US\$64,820,000 during the year, representing an increase of 2.9% or US\$1,805,000 from 2018. The share of revenue generated from Japan accounted for 18.1% of the Group's total revenue, higher than the 17.7% share recorded in 2018.

3. The PRC

Revenue from the PRC market increased by 12.0% or US\$4,665,000 to US\$43,669,000 in 2019. The country's share of the Group's total revenue climbed from 10.9% in 2018 to 12.2%. The growth in revenue was mainly attributable to the increase in sales from the trading of distribution products developed by the Group in recent years and the strategy to strengthen supply chain product types started to bear fruit, leading to notable growth in revenue compared with last year. Stronger demand for modified starch also brought about year-on-year growth in sales volume and revenue. The Group's upward adjustment to the selling price of MSG in a bid to maintain reasonable profit caused a drop in sales volume at the same time, and thus decline in revenue.

二、營業分析(續)

(一) 市場銷售分析(續)

2. 日本市場

日本市場年內業績增長，為本集團第二大市場，主因日本經濟靠內需帶動，故此維持了緩慢復甦的步伐。味精產品的業績仍受到市場競爭的影響，故採取彈性售價銷售策略以維持訂單，致營業額略為減少。變性澱粉因高階產品市場需求增加，以及集團努力爭取新客群，促進跨行業應用，提升附加價值，進而提高售價，整體銷售量雖然下滑，但營收有所增長，顯示集團歷年積極投入開發變性澱粉，對本期業績有明顯的貢獻。本分部營業額於年內達64,820,000美元，較二零一八年增加2.9%或1,805,000美元，佔集團總營收由二零一八年的17.7%增至18.1%。

3. 中國市場

於二零一九年，中國市場營收為43,669,000美元，較二零一八年增加12.0%或4,665,000美元，營收佔比為12.2%，稍高於二零一八年之10.9%。營收的增幅要歸因於集團近年來開發的分銷產品貿易銷售增長，以及加強供應鏈產品類型的戰略開始展現成效，故營業額較去年大幅增長。同時變性澱粉因需求增加，售價與營收均較去年同期增長。但味精產品為維持合理利潤而提高售價，致銷售量減少，營業額亦隨之下滑。

II. BUSINESS ANALYSIS (continued)

1. Sales Analysis by Market (continued)

4. ASEAN countries

In 2019, the Group's revenue from ASEAN member countries, excluding Vietnam, decreased by 15.0 % or US\$4,736,000 year-on-year to US\$26,857,000 and its contribution to the total revenue was down from 8.9% to 7.5%. The decrease in revenue during the year was mainly due to the continued price competition of MSG leading to the decrease in both sales volume and revenue. Revenue of modified starch also contracted as a result of the price competition in the industry. The ASEAN market is a major long-term development focus of the Group and its subsidiary in Cambodia is positioned as a base for further development. The Group will also expand into other business segments with its core products, secure and allot distribution resources and expand sales channels, hoping to achieve a breakthrough in sales to the ASEAN market.

5. The US

Revenue from the US market reached US\$21,394,000 for the year, an increase of 5.2% or US\$1,067,000 against 2018. It accounted for 6.0% of the Group's total revenue against 5.7% in 2018. The revenue increase was owed mainly to stronger market demand for maltose, pushing up the corresponding selling price and sales volume of the products and also overall results. Demand for MSG products was affected by market competition and its revenue inevitably dropped. The Group will continue to actively develop the organic maltose and organic starch markets and deepen its cooperation with leading global manufacturers in order to deliver a satisfactory sales performance in the future.

6. Other regions

Other markets mainly include Taiwan, Korea and the European Union. Total revenue from the markets for the year amounted to US\$23,482,000, down 6.4% or US\$1,598,000, as compared with US\$25,080,000 in 2018. The share of the revenue from other regions lowered to 6.6% of the Group's total revenue from 7.0% in 2018. The decline was attributable to the drop in sales of MSG and modified starch. Revenue from fertilisers and feed products increased driven by the growth in market demand.

二、營業分析(續)

(一) 市場銷售分析(續)

4. 東盟市場

於二零一九年，東盟市場（除越南之外）營收為26,857,000美元，較二零一八年減少15.0%或4,736,000美元，佔集團總營收由8.9%下降至7.5%。年內營收減少主要由於味精銷售持續受到價格競爭，導致銷售量與營業額大幅下滑，變性澱粉亦受到同業削價競爭致使營收減少。東盟市場為集團主要持續發展之重點市場，目前以柬埔寨子公司作為前進基地，以核心產品拓展其他業務，強化掌握與分配行銷資源，擴大銷售渠道，期望日後對東盟各市場創造突破性銷售。

5. 美國市場

美國市場年內營收21,394,000美元較二零一八年增加5.2%，或1,067,000美元，營收佔比由二零一八年5.7%增至6.0%。主要由於麥芽糖因應市場需求增加，致售價與銷售量增長，帶動業績上升，但味精產品因市場競爭影響需求，造成業績略為下滑。集團持續積極拓展有機糖漿與有機澱粉市場，並擴大與全球領導廠商的合作領域，未來銷售表現值得期待。

6. 其他市場

其他主要為台灣、韓國及歐盟市場，年內合計營收達23,482,000美元，較二零一八年25,080,000美元減少6.4%或1,598,000美元，佔集團總營收由二零一八年7.0%降至6.6%。此等營收減少主要由於味精與變性澱粉之銷售下滑所致，但肥飼料產品因市場需求增加，營業額有所提升。

II. BUSINESS ANALYSIS (continued)

2. Sales Analysis by Product

二、營業分析(續)

(二) 產品銷售分析

Unit: US\$'000

單位：千美元

Item	項目	2019 二零一九年		2018 二零一八年		Difference 差異	
		Amount 金額	%	Amount 金額	%	Amount 金額	%
MSG and seasonings	味精+調味料	233,524	65.3%	235,331	66.0%	-1,807	-0.8%
Modified starch & native starch & maltose	變性澱粉+天然澱粉+麥芽糖	58,866	16.4%	56,128	15.7%	2,738	4.9%
Specialty chemicals	特化產品	24,682	6.9%	32,552	9.1%	-7,870	-24.2%
Fertilisers and feed Products	肥料與飼料	24,388	6.8%	21,165	5.9%	3,223	15.2%
Others	其他	16,397	4.6%	11,596	3.3%	4,801	41.4%
Total	合計	357,857	100.0%	356,772	100.0%	1,085	0.3%

1. MSG and seasonings

During the year, revenue from MSG and seasonings-related products amounted to US\$233,524,000, representing a year-on-year decrease of 0.8%, or US\$1,807,000, mainly owing to the decrease in shipments in the PRC and ASEAN markets due to price competition. Revenue from MSG sales in Japan, the US and Europe also modestly declined. Although the Group adjusted the selling price of some of the products upward in Vietnam hoping to improve revenue, overall sales performance was still lower than expected and affected the revenue of MSG and seasonings-related products. Share of these products in the Group's total revenue dropped from 66.0% in 2018 to 65.3%.

1. 味精與調味料

年內味精和調味料相關產品營收233,524,000美元，較二零一八年減少0.8%或1,807,000美元，味精營收減少主要由於在中國與東盟市場因價格競爭而減少出貨量，致使營收下滑，而在日本、美國與歐洲之味精營收亦稍有回落。雖然越南市場於年內有調高部份產品售價而提升營收，但整體銷售表現於年內低於預期，導致集團味精與調味料相關產品之營業額減少，佔集團總營收由二零一八年66.0%降至65.3%。

II. BUSINESS ANALYSIS (continued)

2. Sales Analysis by Product (continued)

2. *Modified starch/Native starch/Maltose*

The plague of pests on cassava plantations still prevailed but improved somewhat during the year, as the increase in costs of raw materials slowed down. Regarding modified starch, native starch and maltose products, through its effective procurement strategy for cassava starch and the higher sales of new organic products, the Group was able to increase their selling prices and revenue. During the year, revenue from modified and native starch and maltose products climbed 4.9% year-on-year or US\$2,738,000 to US\$58,866,000, accounting for 16.4% of the Group's total revenue, which was 15.7% in 2018. The sales volume of modified starch recorded higher growth in Japan, the PRC and Vietnam through increasing market demand. For maltose, the revenue from the US also climbed considerably. Currently, the Group is actively developing high value-added product categories such as organic maltose and high-end modified starch, promoting cross-sector applications and strengthening cooperation through strategic alliances and new product development to build higher profit potential.

3. *Specialty chemicals/Fertilisers and feed products*

Specialty chemicals including hydrochloric acid, soda and bleach are sold in the Vietnam market. During the year, competition intensified for basic chemical products due to international trade factors. Revenue from specialty chemicals amounted to US\$24,682,000, down by 24.2% or US\$7,870,000, against 2018. The product segment accounted for 6.9% of the Group's total revenue, versus 9.1% recorded in 2018. Soda products were also affected by import price competition among industry players, resulting in lower selling prices and sales volume, and therefore a drop in revenue. The sales volume of hydrochloric acid products declined, owing to production and sales considerations and competition with local manufacturers and importers, thus revenue from the products also decreased. The Group will complete the expansion of hydrochloric acid plants in 2020, which will enable it to provide more products with different specifications to both meet internal needs and for sale in the market.

二、營業分析（續）

（二）產品銷售分析（續）

2. *變性澱粉／天然澱粉／麥芽糖*

年內原料木薯產區之病蟲害影響持續存在但已有好轉，原料價格上漲幅度稍有減緩。變性澱粉、天然澱粉與麥芽糖產品，因集團採購澱粉策略調整得當，且新有機產品銷售增加，致售價與營業額同時增長。集團年內變性澱粉、天然澱粉與麥芽糖產品營收達58,866,000美元，較二零一八年增加4.9%或2,738,000美元，佔集團總營收由15.7%增至16.4%。變性澱粉的銷售在日本、中國與越南因市場需求增加而隨之增長。麥芽糖在美國市場之營業額亦有明顯增加，目前集團積極開發高附加價值的有機糖漿與高階變性澱粉，深化跨界應用，加強策略聯盟之合作與新產品開發應用，未來獲利潛力值得期待。

3. *特化產品及肥料與飼料*

特化產品包括鹽酸、蘇打、漂白水均於越南銷售。年內受到國際貿易競爭影響，基礎化學工業產品市場競爭日趨激烈，特化產品營收年內合計達24,682,000美元，較二零一八年減少24.2%或7,870,000美元，佔集團總營收由9.1%降至6.9%。蘇打產品亦因同業進口價格競爭，使售價與銷售量皆錄得減少，致使營收顯著下滑。鹽酸產品因考量產銷供需因素，且受到本地與進口廠商低價競爭而使銷售量下降，致業績下滑。集團於二零二零年即將完成鹽酸廠擴廠計畫，預期將提供更多規格產品以期滿足自用與市場銷售量。

II. BUSINESS ANALYSIS (continued)

2. Sales Analysis by Product (continued)

3. Specialty chemicals/Fertilisers and feed products (continued)

The sales volume of fertilisers and feed products fluctuated during the year. Overall, revenue of this segment recorded growth despite the reduction in overall sales volume as demand from Taiwan, Korea and Europe continued to grow and selling prices were set higher. The Group continued to promote and develop high value-added special fertilisers and feed products and attract new customers thanks to products with new specifications. This direction helped boost revenue of this business segment. The Group's revenue from fertilisers and feed products strongly increased by 15.2%, or US\$3,223,000 year-on-year to US\$24,388,000 and its contribution its total revenue rose from 5.9% to 6.8%.

4. Other products

Other products mainly include trading products that the Group distributes and sells in Vietnam and the PRC. Revenue reached US\$16,397,000, up 41.4% or US\$4,801,000 compared with 2018, making up 4.6% of the Group's total revenue, up from 3.3% in the past year. The growth in revenue was attributable to the Group's efforts in setting up a dedicated sales unit and its effective sales channel integration strategy. Sales volume of coffee beans and bulk food ingredients distributed in the PRC also grew substantially and pushed up revenue.

二、營業分析(續)

(二) 產品銷售分析(續)

3. 特化產品及肥料與飼料(續)

至於肥料與飼料產品，年內各產品銷售量互有漲跌，主要由於台灣、韓國與歐洲之市場需求持續增加，策略性調高售價，致整體銷售量雖然減少，但營收錄得增長。此外，集團持續積極佈局發展高附加價值專用肥料與飼料產品，以新規格產品開發新客戶，有助於推升營收表現。集團肥料與飼料產品營收達24,388,000美元，較二零一八年增加15.2%或金額3,223,000美元，佔集團總營收由5.9%增至6.8%。

4. 其他產品

其他產品主要為集團於越南與中國所經營之貿易產品，營收達16,397,000美元，較二零一八年增加41.4%或4,801,000美元，佔集團總營收由3.3%增至4.6%。主要由於集團成立專責銷售單位，整合銷售渠道的策略奏效，尤其中國所代理之咖啡豆與大宗食材產品銷售量明顯增加，帶動營業額增長。

III. MAJOR RAW MATERIALS/ENERGY OVERVIEW

(1) Cassava

In the 2018/19 production season, the pest problem in cassava plantations continued but was alleviated eventually. In turn, this helped to slightly restore the plantation areas in Vietnam, Thailand and Cambodia. The price of cassava and starch raw materials also stabilised when compared with 2018. Nevertheless, in 2020, the cassava raw materials still faced challenges such as stopping the spread of the epidemic, economic value competition and global climate changes. Therefore, the plantation areas remained limited, and consequently the supply is expected to remain affected. The Group will endeavor to select and consolidate its suppliers and forge strategic partnerships as it adopts a flexible procurement strategy in order to accurately ensure stable raw material supply sources and pricing.

(2) Molasses

The selling price of molasses in the international markets plummeted due to the oversupply from molasses production countries to the global molasses market in the 2018/2019 production season. According to the report published by the International Sugar Organization, global molasses output in 2019/2020 is expected to drop by 3.6 million tonnes to 61.1 million tonnes from the 2018/2019 production season. The decrease was mainly because Brazil and Thailand used the majority of their sugar cane crop to produce ethanol and restricted mass export of sugar cane. Besides, as sugar cane farmers shifted to plant higher-valued crops and the plantation areas in the European Union and India shrank due to severe climate, the molasses output in the US and Cuba was less than expected. Owing to these factors, the selling price of molasses in the international market showed an apparent increase in the second half of the year, following the relatively stable selling price in the first half of 2019.

三、主要原料／能源概況

(一) 木薯

二零一八／二零一九年產季所發生的木薯病蟲害問題雖然仍存在，但情況已減緩，有助於越南、泰國、柬埔寨等地逐步恢復木薯的種植面積，木薯與澱粉原料價格也較二零一八年回穩。儘管如此，二零二零年木薯原料仍面臨抑制疫情蔓延，經濟價值競爭與全球氣候變遷等挑戰，種植面積仍會受限，預期供應仍將受到影響。集團將更致力於供應商的選擇、整合，建立策盟關係，並靈活運用採購策略，以準確地掌握原料供應與價格。

(二) 糖蜜

全球糖市在二零一八／二零一九年產季因產糖國供應過剩，國際糖蜜價格一度暴跌。根據國際糖業組織(International Sugar Organization)報告，預計二零一九年／二零二零年全球糖蜜產量較二零一八／二零一九年產季減少360萬噸至6,110萬噸，主要原因是巴西、泰國將大部分的甘蔗用於生產乙醇，限制大規模的出口，同時蔗農轉向種植更高價值的農作物，歐盟、印度因惡劣氣候導致種植面積減少，美國、古巴的產量低於預期等因素影響，使二零一九年國際糖蜜價格在上半年保持相對穩定之後，於下半年有明顯上漲。

III. MAJOR RAW MATERIALS/ENERGY OVERVIEW (continued)

(2) Molasses (continued)

Meanwhile, starting from January 2020, Vietnam abolished the quotas on sugar imports from the ASEAN countries to Vietnam which could possibly lead to a significant increase in those imports. As a result, domestic sugar producers in Vietnam will face fierce competition from the imported sugar products. Smaller sugar refineries will generally operate in a difficult business environment. As part of the Group's local molasses procurement in Vietnam will be affected by such circumstances, the Group will monitor and observe the fluctuation of molasses supply and prices in the current season, maintain a flexible procurement strategy and look for alternative sugar sources in order to secure a reliable raw material supply.

(3) Energy

Global coal output maintained a slight growth trend in 2019 after returning to a recovery path for two years. The selling price of coal in the international market slid slightly due to the oversupply as a result of the contracted demand in key markets such as the US and Europe. Global oil prices surged in 2019 and recorded the largest yearly growth within the past three years, mainly driven by the geopolitical risks in the Middle East and further output reduction by OPEC. According to the report by the International Energy Agency (IEA), the world's energy landscape is changing. The rise of prices of natural gas and renewable energy have grown rapidly, so downward pressure on the coal market increases, with limited room to climb recently. The Asian economies have experienced rapid growth and hence will replace the western countries as coal consumption markets. In particular, there is surging demand in Vietnam and India. However, owing to the outbreak of the novel coronavirus pneumonia epidemic at the beginning of this year, the supply and demand activities have slowed down. Whether this will cause changes in the overall transportation and energy industries is still worth observing.

三、主要原料／能源概況（續）

（二）糖蜜（續）

同時越南於二零二零年一月起，取消來自東盟國家進口糖製品到越南之配額限制。此配額限制之取消，將可能造成自東盟國家進口到越南之糖產品數量明顯的增加，而越南本地的糖生產廠商亦將受到進口產品之嚴重競爭與衝擊，一般預期規模較小之糖廠將面臨經營困難之窘境。此形勢也將影響集團於越南部份採購本地糖蜜之運作，故集團將持續注意及觀察糖蜜供應及價格在當前季節的波動，並維持靈活之採購策略，並尋求替代性糖源，以確保原料的穩定供應。

（三）能源

全球煤炭產量經歷兩年的恢復性增長後，於二零一九年仍保持小幅增長態勢，由於受到美國、歐洲等關鍵市場需求萎縮影響，導致供過於求，國際煤炭價格輕微下滑。二零一九年全球石油價格上漲，創下三年來最大的年度增幅，主要是由於中東的地緣政治風險，石油輸出國家組織（OPEC）擴大減產等因素。國際能源署（IEA）報告中指出，全球能源格局正在發生變化，天然氣、可再生能源快速增長，煤炭市場下行壓力持續加大，近期上調的空間將有限，然而因亞洲經濟迅速增長，將取代西方國家的煤炭消費市場，尤其是越南、印度需求激增。惟於今年初新冠肺炎的發生，供需活動趨緩，是否會對整體運輸與能源產業產生變化，仍值得觀察。

III. MAJOR RAW MATERIALS/ENERGY OVERVIEW (continued)

(3) Energy (continued)

Regarding the price of electricity, the retail electricity tariff in Vietnam was raised by 8.36% in March 2019, to cope with the rising power generation costs. This adjustment has exerted pressure on the Vietnam government's policies to drive economic growth and to stabilise consumer prices. The Group for its part, uses a cogeneration power generation system. As it mainly uses self-generated electricity and relatively less purchased electricity, the adjusted electricity tariff has limited impact on the Group.

IV. FINANCIAL REVIEW

1. Liquidity and financial resources

The Group had cash and cash equivalents, short-term bank deposits, pledged bank deposits, and structured bank deposits of US\$59,400,000, US\$955,000 or about 1.6% less than that at the end of 2018. Short-term bank borrowings increased year-on-year by US\$5,826,000 or about 63.5% to US\$14,999,000. Medium-to-long-term bank borrowings decreased by US\$1,868,000, or approximately 6.9%, to US\$25,125,000. Total bank borrowings were US\$40,124,000, US\$3,958,000 or approximately 10.9% more than at the end of 2018. The rise of total bank borrowing was mainly due to the increased procurement of raw materials to ensure stable raw material sources and prices and meeting capital expenditure requirements. Of the total borrowings, 95.0% were denominated in US dollars and the remaining 5.0% were denominated in New Taiwan dollars. The proportions of short-term and medium-to-long-term bank borrowings were 37.4% and 62.6% respectively. Owing to the decreased interest rate for Vietnam Dong deposits, net finance income for the year fell by US\$144,000 year-on-year.

三、主要原料／能源概況（續）

（三）能源（續）

在電價方面，二零一九年三月越南零售電價增加8.36%，以因應日益升高之發電成本，但此項調整也對於越南政府推動經濟增長及穩定物價政策構成壓力。集團使用汽電共生發電系統，自產電力為主，外購電力比例相對較少，故電力價格調整而受影響的程度有限。

四、財務回顧

（一）流動資金與財政資源

集團現金及現金等價物、銀行短期存款、抵押銀行存款和結構性銀行存款為59,400,000美元，較二零一八年底增加955,000美元，約1.6%。短期借款為14,999,000美元，較二零一八年底增加5,826,000美元，約63.5%；中長期銀行借款為25,125,000美元，較二零一八年底下降1,868,000美元，約6.9%。借款總額為40,124,000美元，較二零一八年底增加3,958,000美元或約10.9%。借款總額增加，主要因為增購原料以穩定來源與價格，及資本支出需求。借款以美元為主，佔95.0%，其餘為新台幣佔5.0%；短期和中長期借款比率為37.4%比62.6%。因越南盾存款降息緣故，今年淨財政收入同比較二零一八年減少144,000美元。

IV. FINANCIAL REVIEW (continued)

1. Liquidity and financial resources (continued)

Trade receivables were US\$29,511,000, representing a decrease of US\$3,640,000 or around 11.0% when compared with the end of 2018. Around 72.1% of the trade receivables were aged within 30 days. Total inventory was US\$95,828,000, up by US\$4,726,000 or around 5.2% when compared with the end of 2018. The increase in inventory was mainly attributable to the growth in the Group's raw materials for production and finished products during the period.

As a result of the slightly increase in both total borrowings and total equity, the Group's gearing ratio (total borrowings to total equity ratio) was 15.0%, higher than the 12.6% recorded at the end of 2018. With cash on hand exceeding borrowings, net gearing ratio (total borrowings less cash and deposits to total equity ratio) was -5.6%, higher than the -7.8% recorded in 2018.

During the year, current liabilities dropped significantly due to the decrease of payables. Consequently, the Group's current ratio improved to 3.4 from 3.3 recorded at the end of 2018 and its quick ratio similar to 1.8 recorded at the end of 2018. The Group maintained a healthy financial structure/status.

2. Capital expenditure

During the year, capital expenditure amounted to approximately US\$17,769,000, US\$7,751,000 less than the capital expenditure of US\$25,520,000 recorded in 2018.

四、財務回顧(續)

(一) 流動資金與財政資源(續)

應收貿易帳款為29,511,000美元，較二零一八年底減少3,640,000美元，約11.0%，30天期內應收帳款佔比約72.1%。存貨總額為95,828,000美元，較二零一八年底增加4,726,000美元，約5.2%。存貨增加主要是期內集團原料與成品增加所致。

因借款及股東權益都稍為增加，資本負債比（總借款比股東權益）為15.0%，高於二零一八年底的12.6%；由於現金高於借款，淨資本負債比（總借款扣除現金和存款比股東權益）為-5.6%，高於二零一八年的-7.8%。

本年因應付款項減少，導致流動負債大幅減少，流動比率因此由二零一八年底之3.3提升為3.4，速動比率與二零一八年底之1.8類近，集團財務結構仍保持穩健。

(二) 資本支出

年內資本支出共約17,769,000美元，較二零一八年資本支出的25,520,000美元減少7,751,000美元。

IV. FINANCIAL REVIEW (continued)

3. Exchange rate

In 2019, although the trade friction between the PRC and the US led to a decline in global trade and slow down the export growth, Vietnam continued to report high economic growth, thanks to stable foreign investment and increased domestic consumption. Driven by these factors, the exchange rate between the RMB and the US dollar exceeded the 7.0 threshold. However, the exchange rate between the Vietnam Dong and the US dollar remained stable and unchanged, against the backdrop of the rising pressure brought by the depreciating RMB. The State Bank of Vietnam announced that the Vietnam Dong depreciated 1.44% in 2019, from 22,825 Vietnam Dong to USD1 at the end of 2018 to 23,155 Vietnam Dong to USD1 at the end of 2019. Despite the expectation that the global economy would continue to face various unfavourable factors in 2020, the continued inflow of foreign capital and robust export growth in Vietnam contributed to optimism about economic prospects of Vietnam. Its trade surplus is also beneficial to the accumulation of foreign exchange reserves. Total foreign exchange reserves during the year reached approximately US\$6.8 million. Vietnam managed to maintain a low inflation rate, critical for ensuring a stable macroeconomy. The Vietnam Dong is generally forecast to remain stable in 2020.

The Group's subsidiaries in the PRC are mainly responsible for local sales with transactions denominated in RMB. In 2018, the exchange rate between the RMB and the US dollar initially appreciated followed by depreciation. After the RMB exchange rate rebounded to 6.7 in the first half of 2019, it fell below 7 in August and once dropped to the lowest point of close to 7.2, and then bounced back to around 6. The exchange rate for the full year of 2019 depreciated around 1.65%, still far less than the 5.04% in 2018. Trade disputes between the PRC and the US remain a key factor that affects the RMB exchange rate. According to some experts, if the tariff can be abolished gradually, the RMB exchange rate in 2020 will likely remain between 6.7 and 7.2. However, the outbreak of COVID-19 at the beginning of 2020 has increased the downside risks for economic growth. As such, the Group will continue to monitor the exchange rate trends between the RMB and the US dollar.

四、財務回顧（續）

（三）匯率

二零一九年儘管因中美貿易摩擦導致全球貿易衰退及出口增長減慢，但越南因外國投資維持穩定及國內需求量增加，經濟仍維持高增長率，這些因素有助於美元兌換人民幣匯率突破7.0大關，及人民幣連續貶值而施加壓力的背景下，越南盾兌美元的匯率卻仍持穩不變。越南國家銀行公佈的中心匯率二零一九年貶值1.44%，由二零一八年底的22,825越盾／美元，貶值至二零一九年底的23,155越盾／美元。雖然二零二零年全球經濟預測仍面臨諸多不利因素，但越南在外資持續湧入與出口強勁增長下，經濟前景看好，貿易順差有助於外匯儲備積累，年內外匯儲備總額達到約680萬美元，且控制通貨膨脹率維持在低水平上，對於保持宏觀經濟穩定極為重要，一般預測，越南盾於二零二零年總體將保持穩定。

集團中國區子公司主要以中國國內銷售為主，交易以人民幣計算。二零一八年人民幣兌美元匯率先呈現升值，再貶值的走勢，二零一九年上半年反彈至6.7後，在8月時跌破7，最低時接近7.2關口，而後重見6字頭，二零一九年全年貶幅約1.65%，仍大幅低於二零一八年的5.04%。中美貿易戰仍是影響人民幣匯率的關鍵因素，專家預期若關稅能逐步取消，二零二零年人民幣匯率有望保持在6.7至7.2之間，但年初爆發新冠肺炎疫情，增加經濟增長下滑的風險，集團將持續觀察人民幣與美元幣值之間的此消彼長。

IV. FINANCIAL REVIEW (continued)

4. Earnings per share and dividends

Basic earnings per share were 1.02 US cents for the year. The Board has resolved to declare payment of a final dividend of 0.214 US cents per share. The dividend payout ratio was 60%.

V. PROSPECTS

Looking ahead to 2020, the world's economies will continue to be affected by Brexit and the Sino-US trade disputes, alongside the uncertainties such as geopolitical conflicts in the Middle East, the US presidential election and the effects of the COVID-19 outbreak. Overall economic recovery may slow down. According to the observation of economic experts, there would only be a weak growth in global trade this year. Despite an ongoing oversupply of the production capacity of many products, price cut competition in the market is expected to continue. Moreover, the Group may face rising costs of some of its raw materials due to supply shortages. Amid the fast-changing business environment, the Group will remain prudent while actively responding to the fluid situation and continuously strengthen the cooperation with upstream and downstream enterprises in innovation, implement new marketing strategies for development and adopt various effective measures to meet its profitability target.

In recent years, the Group has adopted various measures to fortify its foundation, including improving production efficiency, lowering production costs, securing stable raw material supplies, developing new product markets and new clientele, establishing strong customer relationships and boosting development overseas. These efforts have started to bear fruit. Looking ahead, though the operating environment will continue to be uncertain, the Group will continue to forcefully implement its planned development strategies, strengthen its operations and enhance its competitiveness so as to raise its operational efficiency. These strategies include:

- Bolstering the utilisation and mix of product lines with a focus on core products, aiming to raise the proportion of high value-added and high-end products and reduce that of low gross profit items, therefore increasing profit generated by products to a reasonable level.

四、財務回顧(續)

(四) 每股盈利及股息

本年每股基本盈利為1.02美仙。董事會議決派發末期股息每股0.214美仙。派息率為60%。

五、展望

展望二零二零年，全球經濟仍受到英國脫歐與中美貿易糾紛影響，加上中東地緣政治衝突、美國總統大選與新冠肺炎疫情之影響等不確定性因素，預期整體經濟復甦的速度可能放緩，經濟專家觀察，全球貿易增長乏力，雖然多項商品產能仍存在供大於求的情況，市場將持續低價競爭，但另一方面，集團部份原料卻可能面臨供應短缺而造成成本上揚。集團面對經營環境的快速變化，將保持積極應變與審慎的態度，持續加強與上下游企業的合作創新，推行可發展之營銷策略，採取各種有效措施達成獲利目標。

經過近年來，集團紮實執行各項基礎工作，包括各項措施提高生產效率、降低生產成本、掌握穩定原料供應、開發新產品市場與新客群、建立穩固的客戶關係及加強海外市場拓展，已可見初步改善成效。展望未來，集團仍面臨許多經營的不確定性，但將落實組織既定的發展策略，強化經營能力，提升公司競爭力以達成經營成效，其中包含：

- 強化產品線的應用與組合，把焦點集中於核心產品上，提升高附加價值與高階產品的比重，減少低毛利品項，以提高產品的合理利潤。

Management Discussion and Analysis

管理層討論及分析

V. PROSPECTS (continued)

- Actively developing new products, expanding new market businesses, and enhancing market positioning and brand competitiveness; enlarging the scale of its operations through forging new partnerships and adjusting business structure; at the same time, further developing current market channels and relationships with customers, giving full play to its brand value, all to the end of strengthening the Group's overall business performance.
- Capturing the price trends of bulk raw materials and energy prices, diversifying sources of procurement and implementing procurement plans in line with its procurement strategy.
- Continuing to improve production technology and product quality, raising production efficiency to maximise effectiveness of its production equipment, increasing capital expenditure on expanding production capacity of products with potential, and also continuing to source alternative energy solutions to lower operational costs.
- Accelerating the consolidation and use of the Group's resources and the innovation breakthroughs from its business strategies, continuing to strengthen its cooperation with strategic partners in order to improve efficiency; gearing up for developing customised products, focusing on those third-party products with development potential and bolstering its product channels and marketing strategies so as to meet consumers' needs.
- Adopting the co-opetition strategy to boost its competitiveness and use its production base in Vietnam to actively develop the ASEAN market and the markets which are signatories of the Free Trade Agreement (FTA), The European Union-Vietnam Free Trade Agreement (EVFTA) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), with the goal of developing new businesses with competitive advantages.
- Continuing to extend its trade network in ASEAN countries, stepping up expansion of the segment related to its core businesses, extending its marketing network and broadening its brand influence, eventually expanding its business presence, so as to create new growth streams.

五、展望(續)

- 積極投入新產品開發，拓展新市場業務，強化在市場中的定位與品牌競爭優勢。透過新合作夥伴與業務組織調整來擴大經營規模，同時深耕既有的市場通路與客戶，發揮自身優勢與品牌價值，以強化集團整體業績的表現。
- 掌握關鍵大宗原料與能源價格趨勢，原料採購來源多元化，按採購策略執行採購計劃。
- 持續提高生產技術與產品品質，追求生產設備高效化，增加資本支出以擴充潛力產品的產能規模，並持續尋求新的能源替代方案，以降低營運成本。
- 加速集團資源整合與運用，及經營策略的創新突破，持續加強策略聯盟之深度合作，提升集團效能。產品朝向以客為主的模式發展，並聚焦經營有發展潛力之代理產品，強化產品渠道之行銷策略，以滿足消費群體需求。
- 以競合策略擴大競爭能力，利用越南生產基地，積極發展東盟市場與有簽訂自由貿易協定(FTA)、越南與歐盟自由貿易協定(EVFTA)，及跨太平洋夥伴全面進步協定(CPTPP)的合作市場，發展具競爭優勢的新業務。
- 持續在東盟國家建立經貿網絡，加強核心業務相關領域的擴展，並延伸行銷網路與提高品牌營銷力度，擴增集團的事業版圖，打造新成長曲線。

V. PROSPECTS (continued)

- Strengthening its customer relationship management and online marketing tools, utilising data analysis and consolidating customers' information and incorporating such information with its marketing strategy and boosting performance through diversified marketing channels, in a bid to increase the value and satisfaction of customers.
- Through enhancing financial management, optimising capital utilisation, reducing operational costs and maximising the value of the Group; taking steps to manage working capital to mitigate foreign exchange and interest rate fluctuation risks so as to cope with the increasingly turbulent international financial conditions.

Looking into the future, in the face of the unfavourable conditions around the world and the uncertainties of its operating environment, the Group will formulate flexible and diversified action plans for its operations, enhance its organisational and management strengths, constantly change its mindset and consolidate its strategic approach as required to maintain competitiveness and cooperation. Although many challenges lie ahead, the Group believes there are also development opportunities in the market. It will capitalise on Vietnam's economic growth trend and economic advantages in the region and move forward building on its existing business foundation. The Group will remain prudent in its business management, set the marketing trends and review and implement its strategies to leverage its integrated operational strengths and achieve further business development and advances.

五、展望（續）

- 加強客戶關係管理與網路行銷工具，利用數據分析與整合客戶資訊，並結合行銷策略，透過多元行銷渠道增加績效，以提升客戶的價值與滿意度。
- 運用財務管理，致力於提高資產利用效率與降低營運成本，創造公司價值最大化，並於金融市場震盪幅度頻繁之際，做好營運資金管理，減少匯率、利率的波動風險。

展望未來，面對全球景氣的不樂觀與經營環境的不確定性，經營層面將保持彈性靈活的多元行動方案，加強組織管理，不斷轉變思維與整合策略模式來保持競爭與合作。集團雖然面臨各項挑戰但仍存在發展機會，利用越南的經濟增長趨勢與區域經濟優勢，在現有的經營基礎上再更往前走，並持續抱持審慎經營管理，開創行銷業務的態度，檢視及推動各項策略，發揮集團營運綜效，創造成長性的發展。