

Management Discussion and Analysis

管理層討論及分析

I. BUSINESS OVERVIEW

In the first half of this year, the global economy was severely impacted by the COVID-19 pandemic. According to the latest forecast by the International Monetary Fund (IMF), the global economy is estimated to contract by 4.9% in 2020. In spite of the gradual resumption of works in the PRC since February, the input and output of labour production have yet to return to the normal level. Besides, the flooding problem of several main rivers starting from June has added uncertainties to China's economic growth. Meanwhile, the US economic outlook remains highly uncertain, and most regions in the country have been locked down since March, leading to a significant contraction of economic activities. In the European Union, owing to the lockdowns in several regions, the economy contracted sharply in the first half of this year. Even though the economy stabilised in the second half of the year, the annual growth rate has yet to return to the positive level. In Japan, economy has slipped into deeper recession, and postponement of the Tokyo Olympic Games has posed negative impacts on the country's GDP. For the emerging countries, their economies are easily impacted by the difficult global economic environment due to high reliance on manufacturing exports and certain natural resources, thus their economies could enter recession for the first time in the past 60 years. Economic prospects of the Middle East countries do not appear to be optimistic either, as hit by the pandemic, sanctions and low oil prices. Moreover, the subsequent uncertainty of Sino-US trade conflicts and also various factors, including the restructuring of global supply chains, unemployment waves and debt issues, have resulted in the trends of weakening growth of the major economies around the world, bringing long-term challenges to the worldwide economies.

In Vietnam, the GDP grew by 1.81% in the first half of 2020, which was the lowest growth rate over the past decade but remained a relatively high level compared to other countries in the world. The CPI rose by 4.19%. Total imports and exports amounted to US\$238,400,000,000, still with a trade surplus of approximately US\$4,000,000,000. Foreign Direct Investment (FDI) was approximately US\$15,670,000,000, equivalent to 85% of the amount in the same period of 2019, reflecting the effect of pandemic on the flows of foreign investment capital into Vietnam. The exchange rate of the Vietnam Dong against US dollar remained stable, only depreciating by 0.7%, mainly attributable to the supply and demand shifts in foreign exchange markets towards the shortage of US dollar. At present, as restrictions on the entry of foreigners are still being imposed by Vietnam, the pandemic situation of the country has been contained and relatively stable. However, its main trading partners are still struggling with the pandemic, so the country's economic growth is expected to slow down. Despite the fact that international landscape and conditions are expected to continue facing various unfavourable factors, a stable macroeconomic situation remains the main objective of Vietnam.

一、業務總覽

今年上半年受到新冠病毒疫情(COVID-19)影響，全球經濟遭受重挫，國際貨幣基金組織(IMF)最新預測二零二零年全球經濟將衰退4.9%。儘管中國自二月起逐步復工，但生產的勞動力投入及產出均未回復到正常水平；而從六月開始，受到數條主要河流水患的影響，中國經濟增長更添變數。美國經濟前景仍存在高度不確定性，多數地區自三月以來處於封鎖狀態，經濟活動顯著萎縮。歐盟亦由於數個地區的封鎖，經濟於上半年急劇收縮，即使下半年趨於穩定，全年增長率仍不足恢復到正值。日本經濟陷入更深的衰退，東京奧運延後一年，對國內生產總值(GDP)產生負面影響。新興市場國家因經濟高度依賴製造出口、特定自然資源等等，故更容易受到全球經濟困境的衝擊，預期60年來首見衰退。中東各國在受到疫情、制裁、低油價打擊下，經濟不容樂觀。加上中美貿易衝突的後續走向仍不明朗，全球產業鏈重組、失業潮、債務問題等諸多因素，使全球各主要經濟體之增長仍呈現疲弱之趨勢，並為各國經濟帶來長期挑戰。

越南二零二零年上半年國內生產總值(GDP)增長為1.81%，是十年來最小增幅，但與世界各國相比，仍處於較高水平。消費物價指數(CPI)上漲4.19%，進出口總額約為2,384億美元，貿易順差仍達約40億美元，外國直接投資(FDI)約156.7億美元，相當於二零一九年同期的85%，顯示疫情也影響流入越南的外國投資資本。越盾兌美元匯率走勢保持穩定，貶值幅度為0.7%，主要由於外匯供求朝著缺乏美元的方向變化。目前，越南仍然限制國外入境，以助國內較為穩定地控制疫情，但其主要交易夥伴仍遭受疫情困擾，因此經濟增長速度將有所放緩，雖然國際局勢與條件預測仍面臨很多不利因素，但穩定宏觀經濟仍是越南的首要目標。

During the first half of 2020 (the “Period”), the Group’s revenue amounted to approximately US\$173,936,000, a drop of 0.7% or approximately US\$1,240,000 compared to the first half of 2019 (the same period last year). The drop was mainly because of the declining market demand of specialty chemicals (soda and hydrochloric acid) due to the pandemic, resulting in a plunge in both sales volume and selling price. Since certain overseas markets adopted strategic price reduction due to price competition among the industry players, the revenue of MSG dropped. During the Period, the selling price of molasses raw materials rose significantly, whereas the selling price of cassava raw materials and energy price gradually stabilised. As the selling prices were unable to reflect the rising cost of products, the Group’s gross profit margin declined during the Period. Moreover, the Group’s net profit declined substantially as no exceptional gain was booked from the disposal of a subsidiary similar to the same period of 2019.

With regard to markets, revenue from Vietnam decreased by approximately US\$3,482,000 or 4.1% year-on-year, mainly due to a significant reduction in the sales of specialty chemicals as a result of sharply lower demand and import price competition with other industry players. Revenue from the PRC market jumped by approximately US\$1,484,000 or 7.4%. The notable revenue growth was mainly attributable to the effective marketing strategy of trading products. In Japan, revenue for the Period decreased by approximately US\$1,869,000 or 5.5% year-on-year, mainly due to the lower demand for MSG and modified starch and intensified market competition. Revenue from the ASEAN market also declined by approximately US\$1,420,000 or 10.4% year-on-year, mainly due to lower demand for MSG and modified starch and price competition in the market. Revenue from the US market for the first half of 2020 jumped by approximately US\$1,208,000 or 10.2% year-on-year, driven by the higher sales volume of maltose. In Taiwan and other markets, revenue for the first half of the year climbed by approximately US\$2,839,000 or 25.8%, mainly attributable to the notable revenue growth of MSG and modified starch.

With regard to products, the selling prices of most major products were adjusted downward due to price competition amidst the pandemic, hence the decline of revenue. Nonetheless, the Group’s effort in developing high value-added products in recent years has started reaping the harvest, particularly the organic products of maltose and high-end products of modified starch. Consequently, selling prices increased significantly, and overall revenue rose by approximately US\$836,000 or 2.8% year-on-year. As for other products, sales volume of coffee products and bulk food ingredients distributed in the PRC grew substantially, thereby driving up revenue by approximately US\$3,964,000 or 59.2%.

本集團二零二零年上半年（「期內」）營收達約173,936,000美元，較二零一九年上半年（去年同期）下滑0.7%，金額減少約1,240,000美元。營收衰退主要原因是越南國內特化產品（蘇打與鹽酸）之市場需求受疫情影響而萎縮，銷售量與售價均明顯下跌，而味精於部份外銷市場為應對同業低價銷售的競爭，採取策略性調降售價，導致營收減少。期內糖蜜原料價格較大幅度上漲，木薯原料與能源價格逐步回穩，因售價無法完全反映成本上漲之產品，導致本集團期內毛利率下滑。另外，今年與二零一九年同期相比，因去年處置子公司結算後帶來之利益，造成本集團期內淨利大幅減少。

在市場方面，越南市場營收較去年同期減少約3,482,000美元或4.1%，主要由於特化產品面對市場需求驟減與同業進口價格競爭，導致營業額大幅下滑。中國市場營收較去年同期增加約1,484,000美元或7.4%，主要是貿易產品的營銷策略奏效，使營收明顯增長。日本市場於期內營收較去年同期減少約1,869,000美元或5.5%，主要由於味精與變性澱粉市場需求減少與市場競爭加劇，導致營收明顯下滑。東盟市場營收亦較去年同期減少約1,420,000美元或10.4%，主要是因為味精與變性澱粉的市場需求減少及受到低價競爭影響，導致營業額下滑。美國市場二零二零年上半年營收較去年同期增加約1,208,000美元或10.2%，主要為麥芽糖銷售量增加，帶動營收增長。於台灣及其他市場於本年上半年的營收亦較去年同期增加約2,839,000美元或25.8%，主要因味精與變性澱粉之營收有較大幅度增長。

在產品方面，大部分主要產品售價為應對疫情導致的價格競爭而隨之調降，導致營收均有下滑。然而，本集團近年致力開發的高附加價值產品已初見成效，特別是麥芽糖之有機產品與變性澱粉之高階產品，售價明顯上升，整體營收較去年同期增加約836,000美元或2.8%。其他產品因中國區所代理之咖啡產品與大宗食材銷售量大增，推動營業額大幅增長約3,964,000美元或59.2%。

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The Group's gross profit for the Period amounted to approximately US\$30,827,000, a fall of approximately US\$4,168,000 or 11.9% compared to the same period of 2019. Its overall gross profit dropped to 17.7% from 20.0% in the same period of 2019. Its net profit declined by approximately US\$6,266,000 or 51.5% year-on-year to approximately US\$5,894,000, while net profit margin dropped to 3.4% from 6.9% in the same period of 2019. The decrease of gross profit and net profit during the Period was mainly due to higher production costs as a result of greater price hikes of some bulk raw materials. However, the selling prices of some products did not reflect the rising costs. Besides, compared to the gain (approximately US\$3,940,000) generated from the disposal of a subsidiary Shandong Vedan Snowflake Enterprise Co., Ltd. in the same period of 2019, no similar disposal gain was booked during the Period.

本集團期內毛利達約30,827,000美元，較二零一九年同期減少約4,168,000美元或11.9%，本集團整體毛利率由二零一九年同期20.0%下降至17.7%。本集團淨利約為5,894,000美元，較二零一九年同期減少約6,266,000美元，相當於51.5%，淨利率由二零一九年同期6.9%降至3.4%。期內毛利與淨利減少主要因為部份大宗原料價格有較大幅度上漲，製造生產成本增加，部分產品售價反映不及成本之漲幅。另外，與二零一九年同期相比，期內未發生處置子公司山東味丹雪花公司結算後所帶來之利益（約394萬美元）。

II. BUSINESS ANALYSIS

二、營業分析

(i) Sales Analysis by Market

(一) 市場銷售分析

Unit: US\$'000

單位：千美元

Country	國家	First Half of 2020		First Half of 2019		Difference	
		2020年上半年		2019年上半年		差異	
		Amount	%	Amount	%	Amount	%
		金額	%	金額	%	金額	%
Vietnam	越南	81,259	46.7%	84,741	48.4%	(3,482)	(4.1%)
Japan	日本	32,051	18.4%	33,920	19.4%	(1,869)	(5.5%)
PRC	中國	21,534	12.4%	20,050	11.4%	1,484	7.4%
ASEAN	東盟國家	12,239	7.0%	13,659	7.8%	(1,420)	(10.4%)
US	美國	13,012	7.5%	11,804	6.7%	1,208	10.2%
Others	其他	13,841	8.0%	11,002	6.3%	2,839	25.8%
Total	合計	173,936	100.0%	175,176	100.0%	(1,240)	(0.7%)

1. Vietnam

Vietnam is the largest market of the Group. In the first half of the year, revenue decreased by approximately US\$3,482,000 or 4.1% year-on-year to approximately US\$81,259,000. Sales volume and selling price of soda and hydrochloric acid products dropped because of the lower market demand and import price competition among industry players, resulting in a notable decline of revenue. Selling prices of MSG and modified starch decreased due to market competition, thus effectively pushing up the growth in sales volume and revenue. During the Period, the Group actively promoted new fertiliser products with higher added value, gradually adjusted its product structure and implemented price adjustment strategy. As a result, the profitability improved significantly despite the decline in overall revenue of fertiliser products. The overall revenue contribution from Vietnam to the Group's total revenue fell to 46.7% from 48.4% in the same period last year.

2. Japan

Japan remains the second largest market of the Group. However, as Japan's economy recovered in an even slower pace due to the outbreak of pandemic during the Period, sales volume and revenue of the market fell. Meanwhile, for modified starch, sales of high-end products were affected by the slowdown in market demand, thus overall revenue decreased. Revenue for the Period declined by approximately US\$1,869,000 or 5.5% year-on-year to approximately US\$32,051,000. The share of revenue from Japan fell to 18.4% from 19.4% in the same period last year.

3. The PRC

During the Period, revenue from the PRC market grew by approximately US\$1,484,000 or 7.4% year-on-year to approximately US\$21,534,000. The share of revenue from the PRC increased to 12.4% from 11.4% in the same period last year. The increase in revenue from the PRC market for the Period was mainly because of the wider range of trading products distributed in the PRC and strengthened management and cooperation in supply chains. Consequently, the market achieved better sales performance when compared to that of the same period last year, with significantly higher revenue.

1. 越南市場

越南是本集團第一大市場，今年上半年營收約為81,259,000美元，較去年同期減少約3,482,000美元或4.1%。營收減少主要是由於蘇打鹽酸產品受市場需求減少與同業進口價格競爭，銷售量與售價同時下滑，致營業額有較大跌幅。味精與變性澱粉因應市場競爭而調低售價，有效推升銷售量與營收之增長。期內本集團致力推動高附加價值之肥飼料新產品，逐步調整產品結構，執行價格調整策略，雖然肥飼料整體營收下滑，但獲利能力明顯改善。越南整體營收佔本集團總營收由去年同期48.4%下降至46.7%。

2. 日本市場

日本仍為本集團第二大市場，期內由於日本受疫情影響，經濟復甦步伐更加緩慢，導致銷售量與營收下滑。同時，變性澱粉亦受市場需求放緩而影響高階產品之銷售，使整體營業額下降。期內營收達約32,051,000美元，較去年同期減少約1,869,000美元或5.5%，營收佔比由去年同期之19.4%下降至18.4%。

3. 中國市場

期內中國市場營收約為21,534,000美元，較去年同期增加約1,484,000美元或7.4%，營收佔比由去年同期11.4%增加至12.4%。中國市場期內營收增加，主要因為中國區所代理之貿易產品拓展多元品項，強化供應鏈之管理與合作，致銷售表現優於去年同期水準，營業額顯著上升。

4. The ASEAN market

Revenue from the ASEAN market, excluding Vietnam, fell by approximately US\$1,420,000 or 10.4% year-on-year to approximately US\$12,239,000 during the Period. The share of revenue from ASEAN market decreased to 7.0% from 7.8% in the same period last year. The decline of revenue in the Period was mainly due to the changes of market demand for modified starch amidst the pandemic and the low-price competition, leading to a more significant drop in both sales volume and revenue. Moreover, sales volume of MSG declined due to continued low-price competition in the market, resulting in a decrease of revenue. The Group has actively expanded in the ASEAN market, aiming to leverage its advantages in the industry for building an effective business model, forging close partnerships and capturing enormous business opportunities.

5. The US

Revenue from the US market rose by approximately US\$1,208,000 or 10.2% year-on-year to approximately US\$13,012,000 during the Period, accounting for 7.5% of the Group's total revenue, higher than 6.7% in the same period last year. The growth was mainly because the higher demand for organic products of maltose boosted both selling price and sales volume of the products. Consequently, revenue rose and contributed significantly to the profit. Since the Group has mastered the key technology with enhanced competitiveness of its products, it is expected to achieve impressive performance in the future.

6. Other markets

Other markets mainly include Taiwan, Korea and the European Union markets. Total revenue from the markets achieved a notable growth owing to the increase of sales volume of MSG and modified starch. Total revenue climbed by approximately US\$2,839,000 or 25.8% year-on-year to approximately US\$13,841,000. The contribution of revenue from the markets to the Group's total revenue rose to 8.0% from 6.3% in the same period last year.

4. 東盟市場

期內東盟市場，除越南之外，營收約為12,239,000美元，較二零一九年同期減少約1,420,000美元或10.4%，營收佔比由去年同期7.8%下降至7.0%。期內營收衰退，主要原因是變性澱粉面對疫情連帶的市場需求變化產生的低價競爭，導致銷售量與營業額均有較大跌幅。另外，味精亦持續受到市場的低價競爭，導致銷售量減少，營收下滑。本集團持續積極拓銷東協市場，期望能發揮產業優勢，打造有效的營運模式，建立緊密的合作夥伴，把握龐大的潛在商機。

5. 美國市場

美國市場期內營收約為13,012,000美元，較二零一九年同期增加約1,208,000美元或10.2%，營收佔比由去年同期6.7%增加至7.5%。業績增長主要是因為麥芽糖之有機產品需求增加，帶動售價與銷售量上升，營業額隨之增長，對於獲利的貢獻顯著，本集團已掌握關鍵技術，產品競爭力提高，表現亮眼未來可期。

6. 其他市場

其他市場主要為台灣、韓國及歐盟市場，主要由於味精及變性澱粉之銷售量增長，以致營收有較大幅度增長。合計營收達約13,841,000元，較去年同期增加約2,839,000美元或25.8%，營收佔比由去年同期6.3%增至8.0%。

(ii) Sales Analysis by Product

(二) 產品銷售分析

Unit: US\$'000

單位：千美元

Item	項目	First half of 2020		First half of 2019		Difference	
		2020年上半年		2019年上半年		差異	
		Amount	%	Amount	%	Amount	%
		金額	%	金額	%	金額	%
MSG & seasonings	味精+調味料	111,978	64.4%	113,870	65.0%	(1,892)	(1.7%)
Modified starch & native starch & maltose	變性澱粉+天然澱粉+麥芽糖	30,223	17.4%	29,387	16.8%	836	2.8%
Specialty chemicals	特化產品	9,199	5.3%	12,704	7.3%	(3,505)	(27.6%)
Fertilisers and feed products	肥料與飼料	11,881	6.8%	12,524	7.1%	(643)	(5.1%)
Others	其他	10,655	6.1%	6,691	3.8%	3,964	59.2%
Total	合計	173,936	100.0%	175,176	100.0%	(1,240)	(0.7%)

1. MSG and seasonings

Revenue from MSG and seasonings products during the Period amounted to approximately US\$111,978,000, a decrease of approximately US\$1,892,000 or 1.7% year-on-year. The decline was mainly attributable to the significant lower demand in the PRC, Japan, US and European markets as affected by the COVID-19 pandemic in the first half and low-price competition among industry players, leading to a drop of both sales volume and revenue. Despite the sales growth in Vietnam and other markets, the performance of overall MSG and seasonings related products during the Period was still below the expectation. Thus the share of revenue decreased to 64.4% from 65.0% in the same period last year.

1. 味精與調味料

期內味精與調味料相關產品營收約111,978,000美元，較二零一九年同期減少約1,892,000美元或1.7%，味精業績衰退主要因上半年在中國、日本、美國與歐洲市場因受到肺炎疫情影響導致需求明顯減少，加上同業低價競爭，使銷售量與營收同時下滑。雖然越南與其他市場之銷售有增長，但整體而言，味精和調味料相關產品表現於期內仍遜預期，營收佔比由去年同期65.0%降至64.4%。

2. Modified starch/native starch/maltose

Overall sales of modified starch, native starch and maltose products were boosted as the selling price of cassava gradually stabilised. As a result, revenue from the products climbed by approximately US\$836,000 or 2.8% year-on-year to approximately US\$30,223,000. Sales of modified starch in the ASEAN market witnessed a greater decline due to the effect of low-price competition in the South East Asia. However, revenue from other markets achieved significant growth due to the recovery of demand for high-end modified starch. In particular, the increase in new customer base for organic maltose in the US market boosted sales volume of maltose and thus boosted the revenue growth. The revenue contribution from starch related products to the Group's total revenue climbed to 17.4% from 16.8% in the same period last year. The Group has actively developed high value-added products such as organic maltose and high-end modified starch and began to reap the harvest.

3. Specialty chemicals and fertilisers and feed products

Specialty chemicals including hydrochloric acid, soda and bleach are sold in the Vietnam's market. During the Period, users of basic chemical products were affected by the COVID-19 pandemic, so the demand of most customers in Vietnam and overseas shrank, which directly hit the output of specialty chemicals and stimulated price competition. Revenue from specialty chemicals amounted to approximately US\$9,199,000 during the Period, down by 27.6% or around US\$3,505,000, against the same period of 2019. This segment took up 5.3% of the Group's total revenue, compared to 7.3% in last corresponding period. In light of the intensified price competition of soda products, selling prices were lowered to maintain their competitiveness in the market. Hydrochloric acid also suffered from the keen competition of imported and local products. Considering the production and sales, overall sales volume of specialty chemicals dropped dramatically, along with the segmental results.

2. 變性澱粉／天然澱粉／麥芽糖

變性澱粉、天然澱粉與麥芽糖產品於期內因木薯原料價格逐步回穩，有助推動整體銷售，營收約為30,223,000美元，較二零一九年同期增加約836,000美元或2.8%。變性澱粉受到在東南亞的低價競爭影響，導致東協市場銷售額有較大幅度下滑，但在其他市場，由於高階變性澱粉需求復甦，故營收明顯增長。尤其麥芽糖因美國市場之有機糖漿新客群增加，推動銷售量增加，同時帶動營業額增長，澱粉相關產品佔本集團總營收由去年同期16.8%增至17.4%。本集團近年致力開發的高附加價值產品，包括有機糖漿與高階變性澱粉，已初步顯現成效。

3. 特化產品與肥飼料

特化產品包括鹽酸、蘇打、漂白水，該等產品均於越南銷售。期內，由於基礎化學工業用戶受到肺炎疫情影響，大部份客戶的產品在越南內銷與外銷之需求量均萎縮，直接影響特化產品之出貨，連帶使產品價格競爭激烈，特化產品營收期內合計達約9,199,000美元，較二零一九年同期減少約3,505,000美元或27.6%，營收佔比由去年同期7.3%下降至5.3%。期內蘇打產品同業低價競爭，為保持市場競爭力而調降售價，鹽酸產品亦面臨進口與本地廠商之市場競爭，加上考慮產銷因素，導致整體特化產品銷售量大幅下降，業績下滑。

In general, fertilisers recorded lower revenue due to unstable weather and the decreasing product demand in Vietnam and the PRC. Regarding the feed products, as African swine fever was still spreading in Vietnam and deterred sales during the Period, the Group strategically adjusted production lines based on business needs. Though sales volume plunged during the Period, the Group proactively looked for new customers with new higher-end products that boast higher selling price and better profit margin. Revenue of fertilisers and feed products was approximately US\$11,881,000, which decreased by 5.1% or US\$643,000 from the last corresponding period, and its contribution to the Group's total revenue down from 7.1% to 6.8%.

4. Other products

Revenue of other products increased by 59.2%, or approximately US\$3,964,000, from the same period of 2019 to approximately US\$10,655,000, mainly attributable to higher sales volume of coffee beans and bulk food ingredients distributed in the PRC, thanks to the improved product mix and sales channel which boosted the revenue notably. This segment's contribution to the Group's total revenue grew from 3.8% to 6.1%.

III. MAJOR RAW MATERIALS/ENERGY OVERVIEW

(i) Cassava

In the production season of 2019/2020, countries like Vietnam, Thailand and Cambodia gradually resumed plantations. However, the COVID-19 pandemic has reduced the demand for ethanol, so the prices of cassava and starch raw materials remained stable compared to 2019. The cassava plantations still experienced pest problem, lower demand for feed products and plantations of alternative agricultural products, so product price and supply remained volatile. In the future, the Group will establish information linkage to strengthen strategic procurement and supply channel, timely seize the sources of raw materials, and ensure the supply of raw materials.

肥料產品整體而言，本期主要因氣候不穩定，越南與中國市場對肥料需求下降，使營業額減少。飼料產品因期內越南非洲豬瘟仍蔓延，銷售受到限制。故本集團以策略考量，配合業務需求調整產線，雖然期內銷售量大幅下滑，但本集團積極以新高規格產品開發新客戶，帶動售價大幅提升，獲利明顯改善。本集團肥飼料產品營收達約11,881,000美元，較二零一九年同期減少643,000美元或5.1%，佔本集團總營收由7.1%降至6.8%。

4. 其他產品

其他產品營收約為10,655,000美元，較二零一九年同期增加約3,964,000美元或59.2%，業績增長主要是由於中國區所代理之咖啡產品與大宗食材之銷售量明顯增長，透過強化產品組合與銷售渠道，推動營業額大幅度增長，此等其他產品佔本集團總營收由3.8%增至6.1%。

三、主要原料／能源概況

(一) 木薯

二零一九／二零二零年產季由於越南、泰國、柬埔寨等地逐步恢復種植面積，因疫情影響，乙醇酒精市場需求下降，使木薯與澱粉原料價格也較二零一九年趨於穩定，但此等地區之木薯產業仍面臨病蟲害、飼料需求降低、其他農作物替代生產等因素，致價格波動供應量起伏不定。本集團將持續建設資訊連結，強化策略性採購與策盟供應管道，適時掌握原料來源，確保原料供應穩定性。

(ii) Molasses

Regarding the international price of molasses, decline in the output of major production areas including Thailand, India and EU areas in 2019/2020 created excessive demand for the product globally, and drove up product price to a new high in the year. However, the upward trend of molasses price reversed when the ethanol price in countries including Brazil and India decreased notably, and the supply-end changed because productions could not resume to normal in the short-term for the reason of pandemic. Given the bountiful harvest of major production nations in 2020/2021, global molasses output is expected to rise substantially by 6.1 million tonnes to 64.9 million tonnes, enough to offset the decrease of 5.8 million tonnes in the previous year. However, it is not equivalent to over-supply. Depending on the pace of economic recovery of that country, the demand for sugar cane and export of ethanol, the price of molasses will eventually go up after the market undergoes a short period of adjustment. Besides, Vietnam imported more molasses from the ASEAN countries, after its import quota was cancelled in the year, which affected and brought challenges to local molasses factories, including those supplied by the Group in Vietnam which is expected to reduce accordingly. The Group will keep an eye on any changes in the related product supply, and will look for alternative sugar sources, in order to secure a reliable supply of raw materials.

(iii) Energy

Compared to other bulk commodities, global coal production was less affected by the COVID-19 pandemic in the first half of 2020. Its annual output is expected to record moderate growth. However, as economic activities have slowed down amidst the pandemic, global coal and oil markets are expected to face excessive supply in the short term. Owing to the impacts of other unfavourable factors, international oil prices plummeted and coal price went downward. With regard to natural gas, as consumption plunged due to a warm winter in the northern hemisphere at the beginning of this year, over-supply of the product dragged down its price. According to the forecast of International Energy Agency (“IEA”), global energy demand in 2020 will decline year-on-year by 6%, of which natural gas will meet the biggest challenge of demand in history. However, experts estimate energy demand and supply to improve as the pandemic gradually mitigates in different countries in the second half of 2020, by then oil price will rebound. But for now, the Group will monitor the changes in energy industry.

Regarding the price of electricity, the Vietnamese government lowered tariff from April to June 2020 based on different demand of users, aiming to stabilise economic growth and alleviate the impacts of pandemic. The Group adopts a cogeneration power generation system for its part. As it mainly uses self-generated electricity, the adjusted electricity tariff has limited benefit on the Group.

(二) 糖蜜

由於泰國、印度及歐盟等主要產糖區於二零一九／二零二零年的產量不佳，國際糖價於全球出現需求大於供給，價格上揚至該年度新高，然而，糖價上揚的走勢隨著巴西、印度等國因乙醇酒精價格驟降，且受到疫情的衝擊影響，生產經營在短期內無法恢復到正常水平，供需端的變化使糖價下跌。二零二零／二零二一年的全球糖蜜產量由於主要生產國的豐收，預期能大幅增加610萬噸，達到6,490萬噸，將足以抵消上一年580萬噸的下降，但這不意味將出現大量的供應過剩，價格取決於該國經濟的恢復速度，蔗糖需求、乙醇酒精的出口需求，經過一段時間的市場調整，致使糖蜜價格上揚。同時，越南於今年起，由東協國家進口糖至越南之進口額度(Quota)政策取消，使得進口糖數量增加，致使越南本地糖廠經營受到相當之挑戰與衝擊，預計本集團於越南糖蜜之供應數量將會下降。本集團將持續觀察糖蜜供應變化，同時尋找替代性糖源，以達到原料穩定供應的目標。

(三) 能源

相較於其他大宗商品，全球煤炭於二零二零年上半年的生產受到疫情蔓延的影響有限，預計年產量仍維持微弱的增長。但在疫情全球化的情況下，經濟活動放緩，全球煤炭、石油市場供給短期預計可能過剩，國際油價受多重不利因素疊加而出現暴跌，致煤炭價格也呈現下行趨勢；天然氣亦受到年初北半球暖冬影響，消費量大幅減少，產量過剩及價格下跌。國際能源署(IEA)預測二零二零年全球能源需求將同比下降6%，其中天然氣將面對歷史上最大的需求衝擊。不過，專家預期二零二零年下半年各國疫情影響將逐漸消退，能源供需市場有望改善，屆時油價將會反彈，本集團仍需持續觀察能源產業變化。

在電價方面，越南政府為維持穩定經濟增長與減緩疫情帶來的影響，於二零二零年四月至六月根據不同用戶需求調降電價與電費，但本集團自用汽電共生發電系統，使用自生產電力為主，故外購電力價格的調降對本集團助益有限。

IV. FINANCIAL REVIEW

(i) Liquidity and financial resources

The Group had cash and bank deposits of approximately US\$40,642,000, down by US\$18,758,000 or around 31.6% compared to the end of 2019. Short-term bank borrowings increased by US\$6,950,000 or around 28.1% year-on-year to approximately US\$31,698,000. Medium-to-long-term bank borrowings increased by US\$1,450,000, or around 9.4%, to approximately US\$16,826,000. Total bank borrowings were US\$48,524,000, up by US\$8,400,000 or around 20.9% compared to the end of 2019. Of the total borrowings, 97.6% were denominated in US dollars, while short-term and medium-to-long-term bank borrowings occupied 65.3% and 34.7% respectively.

Trade receivables were US\$34,226,000, representing an increase of US\$4,715,000 or around 16.0% compared to the end of 2019. Around 65.0% of the trade receivables were aged within 30 days. Total inventory was approximately US\$107,933,000 as at 30 June 2020, up by US\$12,105,000 or around 12.6% compared to the end of 2019. The increase in inventory was mainly attributable to the growth in raw materials inventory as the Group procured more bulk agricultural commodities during the Period.

As a result of the increase in both total borrowings and total equity, the Group's gearing ratio (total borrowings to total equity ratio) was 16.7%, slightly higher than the 13.9% recorded at the end of 2019. With cash on hand less than borrowings, net gearing ratio (total borrowings less cash and deposits to total equity ratio) reversed from -6.7% at the end of 2019 to 2.7%. During the Period, as the substantial increase of short-term borrowings increased the current liabilities, the Group's current ratio lowered from 3.4 at the end of 2019 to 3.2. The Group maintained a healthy financial structure.

四、財務回顧

(一) 流動資金與財政資源

本集團現金和銀行存款約為40,642,000美元，較二零一九年底減少約18,758,000美元，約31.6%。短期借款約為31,698,000美元，較二零一九年底增加約6,950,000美元，約28.1%；中長期借款約為16,826,000美元，增加約1,450,000美元，約9.4%。借款總額約為48,524,000美元，較二零一九年底增加約8,400,000美元，約20.9%。借款以美元為主，佔97.6%；短期和中長期借款比率為65.3%及34.7%。

應收貿易賬款約為34,226,000美元，較二零一九年底增加約4,715,000美元，約16.0%，30天期內應收帳款佔約65.0%。存貨總額於二零二零年六月三十日約為107,933,000美元，較二零一九年底增加約12,105,000美元，約12.6%，主要因為期內本集團增購農產品大宗物資，致原料庫存增加。

由於借款及股東權益均增加，資本負債比（總借款比股東權益）為16.7%，略高於二零一九年底的13.9%；淨資本負債比（總借款扣除現金和存款比股東權益），因現金小於借款，由二零一九年年底-6.7%轉為2.7%。期內，短期借款大幅增加導致流動負債增加，流動比率由二零一九年底之3.4降為3.2，財務結構仍然穩健。

(ii) Capital expenditure

During the Period, capital expenditure amounted to approximately US\$21,014,000, or US\$14,199,000 more than the capital expenditure of approximately US\$6,815,000 recorded in the same period of 2019.

(iii) Exchange rate

Vietnam Dong has rebounded since the beginning of April 2020, and its exchange rate to US dollar gradually stabilised, given the impacts of pandemic on the global financial markets, and investors looking for safe haven for their assets which drove US dollar to record higher growth globally in the first half. The State Bank of Vietnam announced that the Vietnam Dong depreciated 0.7% in the first half of 2020, from 23,066 Vietnam Dong to USD1 at the end of June in 2019 to 23,229 Vietnam Dong to USD1 at the end of June in 2020. Benefited from improved macro-economy and effective management measures to stabilise the markets by the State Bank, FDI is expected to expand continuously and trading will record a surplus. Marring the effective control of COVID-19 pandemic in the country, Vietnam Dong is expected to remain stable.

The Group's subsidiaries in the PRC are mainly responsible for local sales with transactions denominated in RMB. Following the mitigation of trade conflicts at the end of 2019, RMB to US dollar had been stabilising, but such trend was halted by the COVID-19 pandemic. In April 2020, the exchange rate of RMB to US dollar returned to RMB7 again. Facing the sluggish outlook of trade market, the growing tension of Sino-US relationship and the US presidential election, experts expect the exchange rate to be volatile moderately in the short-term and it is unlikely to rebound sharply. As such, the Group will continue to monitor the exchange rate trends.

(iv) Earnings per share and dividends

Basic and diluted earnings per share were 0.387 US cents for the Period. The Board has resolved to declare payment of an interim dividend of 0.194 US cents per share. The dividend payout ratio was 50%.

(二) 資本支出

期內資本支出共約為21,014,000美元，較去年同期資本支出約6,815,000美元增加約14,199,000美元。

(三) 匯率

二零二零年自四月初以來，越盾價格出現回升，越盾兌美元匯率逐漸穩定，主要由於疫情導致全球金融市場波動震盪，投資商企圖尋找安全資產的需求增加，致美元在全球市場於上半年有較大幅的上漲。越南國家銀行公佈的中心匯率二零二零年上半年貶值0.7%，由二零一九年六月底的23,066越盾／美元，貶值至二零二零年六月底的23,229越盾／美元。越南因宏觀經濟改善及國家銀行採取穩定市場的管理措施，預計外國直接投資(FDI)持續擴大，貿易保持順差，加上國內疫情控制得宜，因此預期越盾將保持穩健。

本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。二零一九年年底受經貿紛爭緩和影響，人民幣兌美元匯率一路回穩，然而，隨著疫情在全球蔓延，人民幣升勢戛然而止，二零二零年四月人民幣兌美元匯率重回7元關口。由於中國貿易前景疲弱，加上中美關係緊張、美國大選等因素，專家預期匯率在短期可能維持區間走勢，看不到大幅反彈，本集團仍需持續觀察匯率波動。

(四) 每股盈利及股息

期內每股基本及攤薄盈利為0.387美仙。董事會議決派發股息每股0.194美仙，派息率為50%。

V. PROSPECTS

The global economic sentiment has been deteriorating significantly this year. Although various countries are expected to pass the peak of COVID-19 pandemic in the second half of 2020 and the global economy could start its recovery slowly, they still have to face various uncertainties, such as a potential new wave of infections after resuming the economic activities, international geopolitical risks and volatile Sino-US relationship.

Despite facing an uncertain operating environment and other difficulties such as intensified price competition and rapid change of industrial structure as the pandemic affects the supply and demand of energy, the Group already imposed alternative energy solutions a couple of years ago to reduce production costs. The moves to improve production efficiency, proactively develop new products, and strengthen the development of regional markets to gain brand recognition from customers also began to reap the harvest. In the future, the Group will march forward in an orderly manner according to its preset operational strategies. It will also accelerate the integration of upstream and downstream operations, set up alliance, enhance the ability of innovation to strengthen its competitiveness, and reinforce itself so as to reach the profit target. The main tasks and direction are listed below:

- Continues to optimise its strategic product mix to increase the proportion of higher-end products and those with added value, and improve products with lower margins in order to maintain market share and reasonable product margins.
- Further develops its current market channels and relationships with customers, actively expands other products and channels, and enlarges the scale of operations by exploring new markets in order to enhance its market presence and competitiveness of its brands, giving full play to its brand value.
- Continues to improve its production technology and product quality, develop related projects from core products for new markets, strengthen competitiveness, and explore alternative material solutions to reduce energy consumption and production costs.

五、展望

今年以來，全球景氣呈現大幅衰退的局面，儘管二零二零年下半年預期各國逐漸擺脫疫情高峰時的陰霾，全球經濟展開緩慢復甦之路，但多國仍需面對經濟活動開放後疫情反彈、國際地緣政治風險、中美關係更加動盪等不確定性因素。

雖然本集團處於不確定的經營環境，同時面對原料與能源供需波動、因疫情影響供需，而帶動市場價格競爭激烈、產業組織變化迅速等困難，但本集團多年來已實行替代能源方案降低成本，提高生產效率並積極開發新產品，深耕區域市場取得客戶的品牌認同等方面的初步成效，將持續依照制定的經營策略循序漸進，加速產業鏈上下游的整合與策盟，提升創新能力以增加競爭力，強化經營體質以達成利潤目標。主要重點工作與方向，略述如下：

- 持續優化策略性產品組合，提升高階產品與高附加價值產品的佔比，改善低毛利品項，以維持市場佔有率與產品合理利潤。
- 深耕既有市場與客戶的同時，積極擴展其他產品與銷售渠道，尋找新市場來擴大經營規模，以強化市場定位與品牌競爭優勢，延續與發揮品牌價值。
- 持續提升生產技術與產品品質，以核心產品開發出新市場的關聯項目，取得未來的競爭優勢，並尋求原料替代方案，降低能源消耗及生產成本。

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- Captures the price trend of bulk raw materials, works with domestic and foreign factories, and executes strategic procurement plan.
- Utilises its production base in Vietnam to integrate resources and strengthen supply chains, continues to develop the ASEAN, Middle Asia, EU markets, and the markets which are signatories of the Free Trade Agreement (FTA), The European Union-Vietnam Free Trade Agreement (EVFTA), Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Regional Comprehensive Economic Partnership (RCEP), with the purpose of expanding profitable businesses.
- Establishes a strategic organisational structure and special strategic teams, explores products or distribution products that match its business needs, develops products that suit customer demand, establishes strategic alliance with supplier or customer to enhance its core competitiveness and improve revenue, profit and economies of scale.
- Accelerates informatisation and electronic process to strengthen financial management, improve the efficiency of capital use, better control the risks of exchange and interest rates amidst the volatility of international financial markets, and optimise the operational efficiency of management and business expansion.
- 掌握關鍵大宗原料的行情變動趨勢，與國內外廠商合作，執行策略性採購計畫。
- 利用越南生產基地，集中資源強化供應鏈戰略，持續開發東協、中亞、歐盟市場及與越南有簽訂自由貿易協定(FTA)、歐盟自由貿易協定(EVFTA)、跨太平洋夥伴全面進步協定(CPTPP)及區域全面經濟夥伴關係協定(RCEP)的市場合作，擴展相關具價值優勢的事業。
- 建立戰鬥型組織架構及專責策略小組，尋找業務需求之產品或代理品，開發客戶需求及產品項目，並與供應商或客戶進行策略聯盟之合作，以提升核心競爭力，達到擴增營收、利潤與規模之綜效。
- 加速執行資訊化與電子化的流程，除了增強財務管理能力，提高資金使用效率，並於國際金融市場動盪之際，做好匯率、利率的風險控管，同時有效改善管理能力、業務拓展能力等等，從而提升經營效率。

Looking into the second half, the markets will be filled with uncertainties and changes. The Group's operations will face numerous challenges, but with its already in place operational strategies, enhanced development of domestic and overseas markets, a well-established sales network, and advantage of exporting an array of products from Vietnamese factories, the Group is confident to overcome these difficulties, leverage its integrated operational strength and create a strong momentum of growth.

展望下半年，局勢仍充滿不確定性與變數，本集團經營亦將面對一定挑戰。然而，本集團已制定經營策略，配合已深耕國內外市場的力度與深度，已建立的銷售網路等成果，加上越南廠多種產品的出口力度優勢，本集團仍具信心，除可克服相關困難外，將發揮本集團營運綜效，再造成長動力。