

Chairman's Statement

主席報告書

Looking at the first half of 2021, the global economy was still suffering from the heavy blow dealt on by the COVID-19 pandemic. Economic activities in major regions had still not yet been recovered and overall consumption was slow. Many regions were locked down and transportation was inconvenient which led to a short-term imbalance between supply and demand of some commodities. Major economies including the United States, European Union, the PRC and in Asia, and Central and South America were seriously affected and hard hit, making the overall business environment uncertain. In Vietnam, the Group's largest market, the pandemic started to worsen in the second quarter in 2021 with most regions reporting infection cases. To contain infections, the government started implementing social distancing rules in provinces and cities, and tightened the restrictions on companies' operations, as a result, sales and production activities slowed down in most regions. At the same time, as major trading partners were also affected by the pandemic, export was affected. Thus, the overall economic growth rate of Vietnam is expected to decrease.

Regarding the Group's operations and profitability in the period, revenue reached approximately US\$196,085,000, an increase of approximately US\$22,149,000, or around 12.7%, against the previous same period. The performance of the Group's major products, including MSG, modified starch, maltose, soda, hydrochloric acid, fertilisers and feed products, trade products and coffee beans distributed in China, was notably better due to higher demand. In addition, gross profit of the Group for the period was approximately US\$38,022,000, a surge of 23.3% relative to the previous same period, and gross profit margin was 19.4%. The increase in gross profit was mainly attributable to reduced production costs and the rise in selling prices of MSG, starch products, fertilisers and feed products. Net profit for the period amounted to approximately US\$10,382,000, approximately US\$4,488,000 more than in the previous same period, with net profit margin at 5.3%.

The products sold in different markets of the Group all recorded growth to various extents in the period. In Vietnam, major products including MSG, starch products, chlor-alkali products and fertilisers and feed products, of stable quality and complemented by strong brand presence and sales channels, and market demand, recorded growth results with overall revenue in the period up by 8.9% compared with the previous same period. In the China market, the sales volume of MSG, seasonings and starch decreased, thus their performance had a slight decline. However, the revenue from trade products, namely bulk food ingredients and coffee beans, which the Group distributed in the market during the period achieved notable growth, thanks to better defined sales regions and strengthened sales channels. Therefore, the Group saw an about 44.4% growth in overall revenue in China against the previous same period. Regarding the operations in Japan, with the pandemic persisting there, the economy was recovering very slowly. Several products, MSG in particular, still suffered from price competition, thus the sales of MSG declined. The performance of modified starch, fertilisers and feed products, however, improved due to rising demand. Thus, overall revenue from the market rose slightly by approximately 1.0% when compared with the same period last year. In the ASEAN market, the sales volume of major products, namely MSG, modified starch, fertilisers and feed products, increased, and the performance of the market at large rose by 13.2% in the period relative to the previous same period. In the US, benefiting from increased sales of MSG and modified starch, the results there also increased, by approximately 4.1%.

綜觀2021年上半年，全球經濟仍受到新型冠狀病毒(疫情)衝擊，各主要區域的經濟活動均尚未恢復，整體消費趨緩，加上很多區域實施社交距離限制，運輸受阻，使部份商品供需短期失衡。全球主要經濟體中，美國、歐盟、中國、亞洲、中南美洲等經濟增長都受到顯著衝擊，使整體經營環境充滿變數。集團最大的市場，越南，於2021年第二季起疫情逐漸升溫，並在全國大部份區域擴散。為控制疫情，政府實施省市區域間的社交距離措施及對企業運行有較嚴格的限制，令大多區域的銷售與生產活動均趨緩。同時，主要貿易夥伴也遭受疫情影響，產品不利外銷，預計越南整體經濟增長速度將會放緩。

集團於期內之營業額約196,085,000美元，較去年同期增加約2,214.9萬美元，上升約12.7%。集團各項主要產品，包含味精、變性澱粉、麥芽糖、蘇打、鹽酸、肥飼料與中國區的貿易代理品及咖啡豆等業績因需求上升，獲利有較明顯增加。另外，期內毛利約3,802.2萬美元，較去年同期上升23.3%，毛利率達19.4%。毛利增加主要因生產成本下降及味精、澱粉產品、肥飼料產品之售價提升所致。本期淨利約1,038.2萬美元，較去年同期增加約448.8萬美元，淨利率為5.3%。

集團各主要市場所經營之各項產品在期內有不同程度的增長。在越南市場，各主要產品包括味精、澱粉產品、酸鹼產品與肥飼料等產品因穩定的品質、品牌力與銷售通路，加上配合市場需求，令業績推升，故期內之整體營收較去年同期上升8.9%。至於集團在中國區的營運方面，因味精、調味料與澱粉銷售量減少，業績較去年同期略降；但期內之貿易代理品項如大宗食材與咖啡豆因強化銷售區域區隔與通路，營收較去年同期有較大幅之增長，致中國區整體營收較去年同期有約44.4%的增長。另外，日本市場的營運方面，因其疫情仍然嚴重，經濟復甦較為緩慢。幾項產品，尤其味精；因受市場價格競爭影響，導致味精銷售下滑。但變性澱粉及肥飼料產品因需求增加令營收上升，故整體營收較去年同期微升約1.0%。東盟市場方面，主要產品如味精、變性澱粉與肥飼料產品的銷售量均有增加，使期內此區域之業績較去年同期增加13.2%。除此之外，美國市場受惠於味精與變性澱粉之銷售增加，業績亦上升約4.1%。

By product, sales of the Group's main products, MSG and seasonings, had grown in Vietnam in the first quarter versus the same last quarter because of improved market atmosphere. However, in China and other overseas markets, at the impact of the pandemic and international competition, overall revenue only increased by about 3.5% compared with the previous same period. As for another key product category modified starch products, with the supply and price of raw material cassava more stable than in the same period last year and products with new specifications launched, sales and revenue of the product category saw steady growth in markets like Japan, Vietnam and the US during the period. Maltose was another key starch product with boosted sales volume, thanks also to stabilising raw material price and supply plus the launch of high value-added products. It performed particular well in Vietnam, hence the revenue from starch products and maltose increased by approximately 19.1% against the same period last year. The Group is paying close attention to the potential and development of the product type in the market and will work hard on developing diverse items to widen and give greater added value to the product range. As for specialty chemicals, hydrochloric acid and soda products, which were hit hard by COVID-19 last year, started recovering a little this year, with overall performance increased by 14.5% compared with the previous same period. With regard to the fertilisers and feed products operation, at the Group's effort to secure new customers, consolidate sales channels and improve product mix, the operation overall recorded total sales approximately 25.9% more than in the previous same period. As for distribution of trade products, including bulk food ingredients and coffee beans, in the PRC, results of the business improved notably in the period recording a 55.2% growth year-on-year owed mainly to the Group's strategy to strengthen product mix and sales network.

Looking ahead at the second half year, we truly understand that there will still be uncertainties surrounding the Group's operations, in particular, in Vietnam still troubled by the pandemic. Shortage of packing materials, slowdown of production and business activities have already affected the Group's operations to a certain extent. Then, there are other major worries including possible shortage of local raw materials supply in Vietnam, rising raw material prices in the international markets, product price competition, weakened demand amid the pandemic, as well as inflation risk and rising international shipping costs. In view of that, the Group's Vietnam plant will continue to comply with government anti-pandemic measures and do its best to maintain and resume normal operations. At the same time, it will strive to secure major raw materials as well as alternatives so as to stabilise production costs, and will also hasten development of new products and forging strategic alliances to strengthen and put to work its sales strategies, thereby enable the Group to quickly stabilise its operation.

按產品類別分析，集團主要的味精與調味料產品，因越南第一季整體市場氣氛較為熾熱，故銷售較去年同期增長，但中國與外銷各地市場方面，由於受到疫情與國際競爭的影響，整體營收僅較去年同期增加約3.5%。集團另一項重要產品—變性澱粉，於期內因木薯原料供應及價格較前期穩定，並推展新規格品項，在日本、越南、美國等市場有穩定的增長，使集團整體變性澱粉銷售與營收增加。另一項集團重要澱粉產品—麥芽糖，同樣於期內因原料價格穩定及推展高附加價值產品，使銷售量增加，尤其越南的銷售有不俗的表現，故期內澱粉產品與麥芽糖之營業額較上期增加約19.1%。目前，集團相當重視此類產品於市場的發展潛力，將致力於此類產品與其延伸產品之開發，希望發展多元化產品與開創更高的產品附加價值。另外，在特化產品中的鹽酸與蘇打產品，在去年因疫情影響而受到較大衝擊，但因今年市場營運狀態稍有恢復，故整體特化產品業績相較去年同期上升14.5%。肥飼料產品營運方面，由於集團致力開發新客戶、整合銷售通路與改善產品結構，使肥飼料整體銷售額較去年同期增加約25.9%。另外，在中國區的大宗食材與咖啡豆等貿易商品，透過強化產品組合與銷售網絡，使期內業績大幅增加，較去年同期增長約55.2%。

展望下半年，我們深知集團在營運上仍面臨多項經營變數，尤其越南的疫情至今仍然嚴峻，部份產品的包裝物料面臨供應短缺、生產及業務活動放緩，對集團營運有一定程度的影響。同時，面對越南本地原料可能出現短缺，國際市場原料價格上升、多項產品於市場以低價競爭、需求因疫情趨緩、通貨膨脹與國際運費飆漲等多項不確定因素，為集團帶來重大經營隱憂。有鑒於此，集團越南工廠將持續努力配合政府的抗疫工作，盡最大可能恢復及維持正常營運；同時將努力取得主原料與替代性原料以穩定生產成本，加速新產品發展和策略聯盟，進一步強化並發揮業務銷售策略，以加速穩定經營步調。

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Although Vietnam, hit by the pandemic lately, has seen overall economic activities slow down, its overall operating environment remains sound, and armed with such trade agreements such as EVFTA, UKVFTA and RCEP with many countries including EU, the UK and other regions, it will still have tremendous development potential post-pandemic. The Group remains cautiously optimistic of its business outlook. We will strive to move forward our business in steady pace, enhance operational flexibility so as to grasp opportunities and quickly respond to the fast-changing operating environment. Also, the Group believes, having a solid foundation, its businesses will continue to develop on the positive track. And, well aware of the opportunities the Group has and the responsibilities it carries in the changing business environment, all of our member companies will adopt an open and active approach, and with pragmatism and prudence, execute the Group's planned operational strategies, all to the end of helping the Group achieve greater breakthroughs and development in its results and operation.

By Order of the Board

Yang Tou-Hsiung
Chairman

24 August 2021

雖然越南近期受到疫情影響，整體經濟活動放緩，但憑藉越南優越的經營環境，及與多國，包含歐盟、英國與區域各國簽訂EVFTA、UKVFTA和RCEP等貿易協定，預計在疫情告一段落後，仍將有龐大的發展潛力。集團仍對業務抱持審慎樂觀的態度，希望藉著穩定營運模式，提升經營彈性，以掌握時機及變化萬千的營商環境。同時，集團相信，在目前的經營基礎下，業務將持續朝向正面的方向發展。於多變的經營環境中，集團全體成員亦深切體會到集團的契機及所肩負之責任，將會以廣闊的眼光與積極的心態，務實並謹慎地來執行集團所擬具之各項營運策略，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

2021年8月24日