



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

Looking into 2019, as global economies were affected by Sino-US trade conflict, regional tensions in Middle East and Europe, and weather events related to climate change, thus companies became more conservative in their investment. Global economic growth slowed down, but the rate of economic expansion of emerging markets still exceeded that of developed countries. In Vietnam, the economy kept growing in 2019, with GDP rising 7.02%. Foreign investments steadily flowed in, while the commodity index remained stable. Import and export trade surged to a new high as the country has recorded a trade surplus for several years. Exchange and interest rates were stable. The overall economy in Vietnam therefore grew steadily in the year providing an opportunity for us to develop our business.

綜觀2019年，全球經濟趨勢隨著中美貿易摩擦、中東與歐洲等區域情勢緊張，加上氣候變遷影響，使企業投資趨於保守，全球經濟成長趨緩，新興市場國家之經濟成長仍優於發達國家。年內，越南經濟景氣持續升溫，GDP增長率達7.02%，外資投資持續穩定增加，物價指數仍然穩定。進出口貿易額創歷史新高，並已維持連續數年貿易順差，匯率與利率亦維持穩定。越南於2019年之整體經濟因而穩定成長，成為集團業績正面發展之契機。

Chairman's Statement 主席報告書

However, the outbreak of COVID-19 in early 2020 quickly decelerated economic activities around the world, in particular in the PRC and Asia. In the past few months, consumption stagnated in general, and the supply of some commodities was out-of-balance for a short period of time. Overall economic growth is expected to be affected, adding uncertainties to the economic environment.

Regarding the Group's operations in 2019, following the changing economic atmosphere and demand in different regions, revenue and profit of our main products recorded both decreases and increases. Of which, revenue of modified starch, maltose, fertilisers and feed products were driven by the slowdown of material costs increase and rising product sales, while sales and profit of MSG, hydrochloric acid and soda products shrank as affected by lower selling prices amidst strong market competition and high prices of some raw materials. Therefore, the Group's operations focused on stabilising costs, actively expanding business and strengthening sales, as well as developing new products and new markets, with the hope to boost revenue and profitability.

Looking at our business operations and revenue during the period, the Group's revenue amounted to approximately US\$357,857,000, a solid increase of around US\$1,085,000, or around 0.3%, when compared with last year. In particular, modified starch, maltose, fertilisers and feed products and trade products in the PRC have recorded a notable increase, while the sales of MSG, hydrochloric acid and soda products dropped due to keen competition, which led to a decrease of revenue for these products. Gross profit for the period was around US\$66,565,000, and gross profit margin decreased by 0.3% from last year to 18.6%. The decrease in gross profit was mainly because the sales volume and selling prices of higher margin hydrochloric acid and soda products declined amidst intensifying market competition. During the period, due to the paper profit of a subsidiary in Shandong and impairment loss on goodwill of a subsidiary in Shanghai, net profit for the period amounted to US\$15,585,000, around US\$1,809,000 lower than the previous year. Net profit margin was 4.4%, and net profit attributable to owners was US\$15,563,000, which was 8.9% or US\$1,278,000 higher than the previous year.

然而在2020年初所爆發的「新冠肺炎」（新型冠狀病毒COVID-19）使全球，尤其是中國與亞洲地區的經濟活動急速降溫，過去數月整體消費停滯，部份商品供求短期失衡，預計將為整體經濟增長帶來衝擊，使經濟環境充滿變數。

隨著不同區域的景氣起伏與需求變化，集團於本期（2019年）之主要產品營收與獲利漲跌互現。其中變性澱粉、麥芽糖與肥飼料產品之營收因原料漲幅趨緩以及受新產品銷售推動而增加。另外，味精與鹽酸、蘇打產品市場之競爭仍然激烈，售價維持於低水平，相反部份原料價格仍然高企，使銷售與盈利受到壓縮。有鑑於此，集團本年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，開發新產品與新市場，以提升營收與擴展利潤空間。

綜觀集團於本期之營運與獲利，營業額約3億5千8百萬美元，較前期上升約109萬美元，增長約0.3%。其中變性澱粉、麥芽糖、肥飼料與中國區的貿易產品銷售有較明顯增幅，而味精與鹽酸、蘇打產品銷售則因競爭導致營業額下滑。另外，本期毛利約6,657萬美元，毛利率18.6%，較前期下跌0.3%。毛利下跌主要因為年內擁有較高毛利的鹽酸、蘇打產品銷售受競爭壓力影響，銷量與售價均有所下滑。另外，因處置所屬山東子公司之帳面利益與對上海子公司之商譽減損，本年淨利為約1,559萬美元，較前年減少約181萬美元，淨利率為4.4%。股東應佔淨利為1,556萬美元，較去年增加8.9%或約128萬美元。

Chairman's Statement 主席報告書

Major geographic markets and segment performance of the Group varied in accordance with the demand for products and level of competition in different markets. In Vietnam, overall economic sentiment steadily picked up and the performance of various products including MSG, seasonings, modified starch, maltose, fertiliser and feed products improved alongside the increasing market demand, benefitting from stable product quality, strong brand influence and the support of well-established sales channels. However, the selling price and sales volume and thus the revenue of the specialty chemical hydrochloric acid and soda dropped notably because of price competition in the market. Therefore, the Group's overall revenue from Vietnam slightly dropped by 0.1% from last year. In the PRC market, major products such as MSG and seasonings, which were still affected by price competition, also recorded a decrease in sales volume, so the Group's performance in those segments faced a downturn when compared with the previous year. In the period, revenue from starch and trading of distribution products increased substantially year-on-year, thanks to stronger sales channels, so overall revenue of the PRC market recorded growth of around 12.0% from last year. In Japan, the recovery of its economy was relatively slow. Many products still suffered from fierce price competition in the market, so selling prices of the Group's MSG and fertilisers products declined moderately. However, modified starch managed to boost its sales volume and selling price as the market had stronger demand for higher-end products, so the Group's general performance in this market grew around 2.9% from the previous year. In the ASEAN market, the sales volume of the Group's major products including MSG and modified starch dropped due to keen price competition, so the performance in this region plummeted 15% from last year. In addition, the operations in the US rebounded around 5.2% benefitting from rising sales of maltose products.

集團各主要市場與業務經營隨各地市場對不同產品的需求與競爭而有個別表現。在越南市場，因整體經濟景氣穩定成長，味精、調味料、變性澱粉、麥芽糖與肥飼料等業績藉穩定的品質、品牌與銷售通路，配合市場需求帶動銷售錄得增長。相反，鹽酸與蘇打特化產品因市場低價競爭，使售價與銷售量均下跌，令該類產品營收有較大幅度下滑。故此，集團於本期內的越南市場營收較去年微降0.1%。而集團在中國區的主要營運產品為味精與調味料產品，其仍受到市場價格競爭而令銷量減少，使本年業績較前期下滑。同時，年內澱粉與貿易代理品項目因銷售通路強化，營收較去年有較大幅增長，以致中國區整體營收較去年有約12.0%的增長。另外，日本市場的營運因經濟景氣復甦較慢，且多項產品價格於市場仍面對激烈競爭，集團於當地之味精與肥料產品因而售價略降，而變性澱粉則隨著市場對高階產品需求增加而提升銷售及產品售價，使集團於日本市場的業績較去年增長約2.9%。東盟市場的主要產品如味精與變性澱粉，則因市場低價競爭而令銷售量減少，使此等地區之業績與去年比較大幅下滑15%。除此之外，美國市場整體之營運因麥芽糖產品銷售回溫，業績也上升約5.2%。



Chairman's Statement 主席報告書

By items, the Group's major products are MSG and seasonings. Although the sales in Vietnam remained stable, those in other markets were affected by competition internationally, so overall revenue was around 0.1% lower than the previous year. Regarding another key product category – starch products – the supply and price of its raw material, cassava, stabilised as compared with the previous year, and demand increased slightly, so the sales volume and selling price of modified starch increased, generating a higher revenue for the Group. Maltose was another key starch product that also benefited from the stable price and supply of cassava and recorded higher sales volume and selling prices as well as revenue during the year. Therefore, revenue from starch and maltose products for the year saw an increase of approximately 4.9% against the last year. Observing the market potential and bright development prospects of these products, the Group is working hard on the development of these products and their variants, so that it may offer more diverse and value-added products. As for hydrochloric acid and soda within the specialty chemicals segment, the continuous improvement of the economy in Vietnam helped to stabilise the demand for basic chemicals, but the selling price and sales volume of hydrochloric acid both dropped due to intensifying market competition in the year. Soda in particular, also recorded a lower selling price and sales volume due to market competition, so revenue of this product fell notably in the period, while the overall revenue of specialty chemicals significantly decreased by 24.2% from last year. Regarding the Group's fertilisers and feed products, demand in Taiwan, Korea and Europe increased, and so did the selling prices and performance. As the Group has been actively developing fertilisers and feed products with higher added value, and seeking new customers, so their sales amount was approximately 15.2% higher than the previous year, generating greater revenue and profit to the Group.

In this period, seeing intense price competition and rising production costs of various products, we focused on strengthening the Group's business, improving the cost control measures and developing new products and new markets. A more flexible and comprehensive material procurement model and an upgrade of production technologies were implemented in the period, with the aim to stabilise costs and maintain the Group's competitiveness in production. In terms of marketing strategy, the Group has set up a subsidiary in Cambodia during the year to map out and strengthen its local sales network and look for new business opportunities. In order to boost sales, other than strengthening its efforts in the Vietnam market, the Group also allocated resources into developing emerging markets with promising growth potential. We have also strengthened our distribution channels and adjusted our sales and marketing strategy in the relatively mature sales channels to enhance and realise the full potential of our sales network. Furthermore, we have stepped up strengthening sales of researched new products and plan-introduced relevant new products, with the objective of substantially boosting our brand influence. Within the PRC operation, the Group has continued to strengthen its business development team, worked to boost the trading of the distribution products with higher added value and strived to expand markets in different regions to realise marketing efficiency.

以產品個別分析，集團主要的味精與調味料產品方面，雖然越南市場之營運銷售仍維持穩定，但由於受到國際競爭影響，整體營收較前期略降約0.1%。集團另一項重要的澱粉產品，則因木薯原料供應與價格已較前期穩定，而且需求略增，使集團期內變性澱粉銷售量增加，售價亦有所調漲，營收隨之增加。集團澱粉產品中另一重要的麥芽糖產品，同樣於年內受惠於木薯原料價格穩定供應，使銷售量增加及售價調漲，以致營收亦見增加。故本年內，澱粉與麥芽糖產品之營業額較上期增加約4.9%。集團目前相當重視此類產品的潛力與市場發展，並致力於開發此類產品與延伸產品，以期發展多元化產品與開創更高之產品附加價值。另外，特化產品方面，雖然越南景氣持續提升，對鹽酸與蘇打產品等基礎化學品有穩定需求，但鹽酸產品因年內市場競爭加大，使價量俱跌，蘇打產品尤其受到市場低價競爭之影響，使售價下滑，同樣量價俱跌，令年內之營收有較大篇幅的下滑，故整體特化產品營收較去年明顯下跌24.2%。至於集團的肥飼料產品方面，台灣、韓國與歐洲市場需求上升，售價及銷售因而得以提升。集團目前正積極發展較高附加價值之肥飼料產品，以開發新客戶，推升營收與獲利，故肥飼料產品之銷售額較前期增加約15.2%。

於本年內，集團主要為應付市場多項產品的低價競爭與生產成本上升，故專注於強化業務與改善成本，同時致力於開拓新產品與新市場發展。集團於年內採取靈活多元的原料採購模式，並持續提升生產技術，以求穩定成本及維持生產競爭力。此外，在行銷戰略上，集團已於柬埔寨設立子公司，以便佈局並強化當地銷售與尋求新商機。同時，在行銷業務方面，集團精耕越南本地市場，並著力發展具潛力之新興市場，強化通路架構，在較為成熟的通路重新整合集團的行銷策略，同時深耕銷售網絡，以發揮通路價值。除此之外，集團亦積極強化包括研發新產品及藉由規劃導入相關新產品在內之銷售，延伸品牌的加乘效果。中國區營運方面，集團將持續強化業務團隊，發展高附加價值之貿易代理品，並致力於精耕區域市場以發揮行銷效益。

Chairman's Statement 主席報告書

Looking ahead to 2020, we realise that the Group's operations will continue to encounter rapid changes in the business environment. In particular, the possible shortage of local raw materials in Vietnam and the rising raw material prices in the international markets are greater hidden concerns. Regarding the issues of major raw material supply and the trend of continued competition in the market, there are still challenges for the Group's operation in the future. Nonetheless, Vietnam continues to experience economic growth. Well-positioned to tap the strong potential in that market, the Group will remain prudent yet optimistic. We will expedite investment in the development of new products and new markets in order to enhance its brand influence. By more effectively using our channels resources, we can more flexibly and dynamically operate the business. Thus we will formulate appropriate strategies aiming to help the Group to capture opportunities and cope with the rapidly-evolving business environment. At the same time, the Group will continue to strive to secure major sources of raw materials and alternative sources to stabilise production costs, and hasten development of new products and the pace of entering strategic alliances. In doing so, we shall be able to strengthen and effectively execute our sales strategies as Vietnam further opens its market and its economy continues to steadily grow. We shall also have greater opportunities to expand our different businesses and markets elsewhere. Building on its current solid business foundation, the Group believes that its businesses will continue to advance along the right development track. All of our managements at various levels are well aware of the opportunities and responsibilities in the changing business environment, hence they will pragmatically and diligently execute the Group's planned operational strategies with an open mind thorough proactive approach, and thereby develop and achieve breakthroughs in our operations and results.

By Order of the Board

Yang Tou-Hsiung
Chairman

24 March 2020



展望2020年，我們體會到集團在營運上仍面臨經營環境的快速變化，尤其面對越南本地原料可見的短缺，以及國際市場原料價格提升，皆是較大的隱憂。而面對主原料供應、市場持續競爭態勢等議題，集團在經營上仍充滿很大的挑戰。不過，在越南經濟持續增長下，面對深具潛力的商機，集團仍抱持審慎樂觀的態度，加快腳步投入新產品新市場的發展，藉擴大品牌效益，善用通路資源，以及提升經營的彈性與機動性，從而擬訂相關策略，以掌握時機及適應快速變化的經營環境。同時，集團將繼續努力取得主原料及替代性原料以穩定生產成本，加速新產品發展及策略聯盟的腳步，以期在越南開放市場與穩定經濟增長下，強化並發揮業務銷售策略，同時把握機會在各業務領域與市場進行更進一步拓展。集團相信，在目前經營基礎之下，集團將持續朝向正面的方向發展。而集團的各級管理層，亦深切體會到集團在多變的經營環境中的契機與所肩負之責任，並將會以開放的眼光與積極的心態，務實並謹慎地執行各項營運策略，使集團的業績有更大的突破與發展。

承董事會命

主席
楊頭雄

二零二零年三月二十四日