

Management Discussion and Analysis

管理層討論及分析

I. BUSINESS OVERVIEW

We experienced an unprecedented crisis in 2020, as COVID-19 spread across the world and brought significant changes to countries worldwide. Global economies fell into recession, with rising unemployment rates and borrowings. According to the International Monetary Fund ("IMF"), global economic growth for the year was -4.3%. In the PRC, strong domestic demand supported economic recovery, making it the first large economy to record positive growth in 2020, leaving other large economies such as the US, the EU and Japan, new emerging markets and developing economies in recession. However, it is still uncertain whether global economic activities can return to pre-pandemic levels. Besides, the prices of international bulk commodities and oil plummeted started to rebound in April, while weak market demand suppressed the prices of consumer products. Economic experts expect that rising levels of vaccination and further stimulus policies will be the keys to economic recovery. However, as employment and inflation rates remained at relatively low levels, the global economy will still face challenges in the post-pandemic era.

Thanks to the effective containment of the disease, significant foreign capital flew into Vietnam, and as a result the country's Gross Domestic Product ("GDP") grew by 2.91% in 2020. While this does represent the lowest growth in nearly 30 years, it is still exceptional compared with other countries around the world. Total imports and exports amounted to approximately US\$543.9 billion, with a trade surplus of approximately US\$19.1 billion, the highest since 2016. The US was the largest export market, with exports to the country having reached approximately US\$76.4 billion, representing a year-on-year increase of 24.5%. Foreign Direct Investment ("FDI") totaled approximately US\$28.53 billion, which dropped by 25% from 2019. However, many companies invest in Vietnam to utilise the benefits from joining Free Trade Agreement ("FTA"), so foreign investments have increased in the country. The exchange rate of the Vietnamese Dong against the US Dollar remained stable throughout 2020, resulting in a controlled inflation rate. The consumer price index (CPI) increased to 3.23% year-on-year, which was lower than its target 4%. Benefited from the quick and effective containment of COVID-19 and mechanisms and policies that are attractive to foreign capital, its economic activities have returned to normal and the market remains cautiously optimistic about its future economic growth.

一、業務總覽

綜觀2020年，世界正經歷一場前所未有的危機。由於新型冠狀病毒(COVID-19)席捲全球，導致經濟衰退、失業率上升、債務水平走高等現象加劇，對世界各國影響深遠。據國際貨幣基金組織(IMF)指出，2020年全球經濟增長率為負4.3%。其中，中國依賴內需刺激增長復甦強勁，在疫情下成為2020年主要經濟體中仍呈現正增長的國家，美國、歐盟、日本等主要經濟體，新興市場和發展中經濟體均面臨經濟衰退，距離全球經濟活動恢復至疫情爆發前水平依然充滿變數。此外，國際大宗商品價格與國際油價亦曾急劇下跌，自4月開始低谷回升，但市場需求疲軟拖累物價。經濟專家預測，疫苗普及及追加財政刺激政策是經濟復甦的主要關鍵，但就業率和通貨膨脹率將仍處於較低水平，全球經濟在後疫情時代會持續面臨挑戰。

因越南政府，成功遏制疫情爆發，在穩定控制疫情之後，境外資金大舉湧入，2020年國內生產總值(GDP)增長2.91%，雖然增速是近30年以來最低，仍比世界各國的經濟環境優異。進出口貿易總額約為5,439億美元，出口貿易順差達約191億美元，創2016年以來最高，其中美國是越南最大的出口市場，出口額約764億美元，年增24.5%。外國直接投資(FDI)約為285.3億美元，較2019年減少25%，但多家企業都轉向投資越南，以期利用越南加入自貿協定的優勢，使投資的外資專案持續增加。同時，越南盾對美元的匯率在2020年一直保持穩定趨勢，有效抑制通貨膨脹，消費物價指數(CPI)同比增長3.23%，達成低於4%的目標。鑒於越南快速有效地控制疫情，及制定具備足夠潛力吸引外資的機制和政策，經濟活動漸恢復正常，各界對於越南的經濟增長前景亦保持審慎樂觀的態度。

I. BUSINESS OVERVIEW (continued)

Following its success in containing the pandemic, Vietnam became one of the fastest-growing economies in the world in 2020. It attracted huge foreign investments and created more opportunities and competition for local companies. The Group's main products, modified starch and maltose, benefited from a slower rise in raw material costs, lower energy costs and the continuous development of new functional products, and thus recorded higher revenue and gross profit. As the raw material costs surged and product prices fell due to keen market competition, MSG and seasonings' gross profit dropped sharply. The selling prices and revenue of specialty chemicals also decreased notably due to weaker demand and cut-throat price competition amid COVID-19. Sales volume of coffee beans and bulk food ingredients increased and recorded a surge in revenue, thanks to the Group's effective sales strategy. The Group's revenue amounted to US\$360,741,000 for the year, representing an increase of 0.8% or US\$2,884,000, while gross profit grew 9.0% or US\$5,991,000 from the previous year to US\$72,556,000. The Group's overall gross profit margin climbed from 18.6% in 2019 to 20.1% in 2020. Due to the impairment of assets of a subsidiary in Vietnam and an impairment loss on goodwill of a subsidiary in Shanghai, net profit of the Group amounted to US\$16,677,000; 7.0% or US\$1,092,000 higher than the previous year. Net profit attributable to owners was US\$16,650,000, which was 7.0% or US\$1,087,000 higher year-on-year. Net profit margin increased from 4.4% in 2019 to 4.6%, which was mainly attributable to a slower rise in some of the raw material costs and rising sales volumes of products with higher added value, so the Group's revenue and profit for the year increased.

一、業務總覽(續)

越南抗疫成功後，在2020年成為經濟增速最快的國家之一，吸引大量外國投資流入同時，也為越南現有的企業製造了更多機會與競爭。於本集團內主要產品中，變性澱粉、麥芽糖受惠於原料成本漲幅趨緩，能源成本下降，並持續開發高功能新產品，帶動整體營收與毛利上升；味精、調味料產品因原料價格大幅上漲，且因應同業競爭而調整售價，致毛利明顯下降；特化產品因疫情影響需求量及受市場低價競爭影響，致售價與營收顯著下滑。此外，其他產品中的咖啡與大宗食材，因銷售策略奏效，銷售量明顯增加，帶動營收大幅增長。2020年期內集團營業額達360,741,000美元，較去年增加0.8%或2,884,000美元；毛利達72,556,000美元，較去年增加9.0%或5,991,000美元。集團整體毛利率由2019年的18.6%上升至20.1%，另因對越南子公司之資產減損與對上海子公司之商譽減損，最終集團淨利為16,677,000美元，較去年增加7.0%或1,092,000美元。股東應佔淨利為16,650,000美元，較去年增加7.0%或1,087,000美元；而淨利率則由2019年同期4.4%增長至4.6%。主要由於部分原料漲幅趨穩，同時增加高附加價值產品之銷售，致集團於本年（2020年）之營收與利潤均錄得增長。



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I. BUSINESS OVERVIEW (continued)

The timely containment of COVID-19 by governments in 2021 will determine which countries are the winners and losers economically in the coming year, which means vaccine rollout is the key to economic recovery. While the new administration has been inaugurated in the US, the tariffs are not expected to be lifted in the short-term. As both government budget and GDP within the Eurozone are in the red, quantitative easing policy is likely to remain in place, and thus raise the uncertainties in the economic growth. Despite a strong domestic market, the PRC still relies heavily on export trade and needs to improve its relationship with the US, and this will add uncertainties to its economic growth. However, as one of the few countries which has successfully managed to contain the disease, Vietnam's long-term economic growth remains stable. Moreover, many companies have chosen to relocate their production facilities to Vietnam in response to the intensifying conflicts between the PRC and the US. It also actively takes part in regional economic and trade consolidation by signing free trade zone agreements including FTA, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) or the Regional Comprehensive Economic Partnership (RCEP) with developed economies such as the UK, EU and the PRC. It has also accelerated the construction of infrastructure, nurtured skilled labor, and simplified different procedures systematically, in a bid to improve its business operating environment. In response to the influence that the changing international economic environment may have on the Group, Vedan will adhere to its prudent operating strategy, strengthen the operation, management and integration of its supply chain and seek to raise production standards by working with strategic alliances of its or other industries, in order to enhance the Group's core competitiveness and increase its value.

一、業務總覽 (續)

2021年各國政府控制疫情的速度，將決定性影響未來一年經濟上的贏家與輸家，意味著疫苗會成為經濟復甦的關鍵因素。美國在政黨輪替後，可能暫時不會取消對中國加徵關稅，雖然中國有強勁的國內市場，但仍高度依賴出口貿易，亟需改善與美國的關係；歐盟區經濟陷入政府預算與GDP雙赤字，並持續擴大量化寬鬆政策等因素，都將增加經濟增長的不確定性。反觀越南，作為應對疫情最為成功的幾個國家之一，長期經濟增勢穩定，更藉中美貿易戰的機遇，成為不少企業轉移生產基地的目標，且積極投入區域經貿整合，如與英國、歐盟、中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)、區域全面經濟夥伴協定(RCEP)等多個自由貿易區域聯盟，但同時仍應加速建設基礎設施、培養具有技能的勞動者、有系統簡化各項手續等，以便改善營商環境。集團面對國際經濟情勢變化，將選擇最佳的穩健經營策略，強化供應鏈之營運管理與整合，尋求與同業或異業之間的策略聯盟，持續提升產品製造規格，以期集團提升核心競爭力，創造更大經營價值。

二、營業分析

(一) 市場銷售分析

II. BUSINESS ANALYSIS

(1) Sales Analysis by Market

		Unit: US\$'000				單位：千美元	
		2020 二零二零年		2019 二零一九年		Difference 差異	
Country	國家	Amount 金額	%	Amount 金額	%	Amount 金額	%
Vietnam	越南	170,547	47.3%	177,635	49.6%	(7,088)	(4.0%)
Japan	日本	61,195	17.0%	64,820	18.1%	(3,625)	(5.6%)
The PRC	中國	47,016	13.0%	43,669	12.2%	3,347	7.7%
ASEAN	東盟國家	26,112	7.2%	26,857	7.5%	(745)	(2.8%)
The US	美國	26,717	7.4%	21,394	6.0%	5,323	24.9%
Others	其他	29,154	8.1%	23,482	6.6%	5,672	24.2%
Total	合計	360,741	100.0%	357,857	100.0%	2,884	0.8%

1. Vietnam

Vietnam is the Group's largest market. In 2020, the Group's revenue was approximately US\$170,547,000, down slightly by 4.0% or approximately US\$7,088,000 when compared with 2019. The share of revenue from the Vietnam market also decreased slightly to 47.3% of the Group's total revenue from 49.6% in 2019. The decrease in revenue in Vietnam in the year was mainly due to weaker demand for specialty chemical products (soda) and the price competition, which affected the overall sales volume and led to a below satisfactory performance. During the year, the Group adjusted the selling prices of MSG and modified starch based on market changes, strengthened inventory control and management, thus improved the production efficiency. These measures effectively boosted sales volume and revenue. In addition, the Group adjusted the product structure of fertilisers and feed products by adding new high-end products, which stimulated the ASP and revenue and improved profitability, even though the overall sales volume dropped.

1. 越南市場

越南為本集團第一大市場，年內營收約為170,547,000美元，較2019年減少約7,088,000美元或-4.0%，營收佔比由2019年49.6%降至47.3%。本年越南市場營收下滑，主要因特化產品（蘇打）受市場需求量萎縮與同業價格競爭影響，導致整體銷售量明顯減少，業績未如預期。味精與變性澱粉於年內因應市場變化調整售價，強化庫存控管與生產效率，故有效推升銷售量與營收之增長。年內集團致力以高規格新品調整肥飼料產品結構，帶動銷售單價與營收增長，雖然整體銷售量下滑，但獲利卻有所提升。

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II. BUSINESS ANALYSIS (continued)

(1) Sales Analysis by Market (continued)

2. Japan

Japan remained the Group's second largest market. With the intensifying pandemic clouding the country's economic recovery, the MSG market shrank, which dragged down the selling prices and sales volume, causing a notable decline in revenue. The modified starch segment recorded a lower sales volume due to weaker market demand. However, the Group continued to secure new customer groups, promote product use in different industries, develop products with higher added value and expand production capacity to reduce product costs, so profitability still grew substantially despite an overall decline in revenue. In 2020, revenue from the Japanese market fell approximately US\$3,625,000 or 5.6% from 2019 to approximately US\$61,195,000, and its contribution to the Group's total revenue decreased from 18.1% to 17.0%.

3. The PRC

In 2020, the Group's revenue from the PRC market was approximately US\$47,016,000, which was around US\$3,347,000 or 7.7% more than 2019, and its revenue contribution increased from 12.2% to 13.0%. The obvious growth in revenue from the PRC was a result of enhanced product mix and sales channels of the trading products distributed by the Group in the country, and further development and cooperation in between the industrial chain, so the growth strategy of leveraging its economies of scale started to bear fruits and boosted the sales volume and revenue considerably. However, revenue from the MSG segment decreased as the Group had to adjust selling prices due to market competition.

二、營業分析 (續)

(一) 市場銷售分析 (續)

2. 日本市場

日本為本集團第二大市場，年內由於疫情影響加劇，加上經濟復甦前景未明，導致味精消費市場萎縮，售價與銷售量同時減少，營收明顯下滑。變性澱粉亦受市場需求放緩而影響銷售量，但集團持續爭取新客群與促進跨界應用，並積極開發高附加價值產品，擴大產能，帶動成本下降。整體營收雖然下滑，但獲利明顯增長，年內營收約為61,195,000美元，較2019年減少約3,625,000美元或-5.6%，佔集團總營收由2019年的18.1%降至17.0%。

3. 中國市場

本年中國市場營收約為47,016,000美元，較2019年增加約3,347,000美元或7.7%，營收佔比由2019年12.2%增至13.0%。中國市場年內營收大幅增加，主要因中國所代理之貿易產品強化了產品組合與銷售渠道，並提升產業鏈之間的發展與合作，致營運規模成長策略奏效，銷售量與營業額表現顯著增長。但味精為因應市場競爭而調整售價，營業額隨之下滑。

II. BUSINESS ANALYSIS (continued)

(1) Sales Analysis by Market (continued)

4. ASEAN Countries

The Group's revenue from ASEAN countries (excluding Vietnam) dropped by approximately US\$745,000 or 2.8% year-on-year to approximately US\$26,112,000, and its revenue contribution decreased from 7.5% to 7.2%. During the year, the decrease in revenue was mainly attributable to weaker demand for modified starch, and intensifying price competition in the market, which resulted in a dramatically fall on both the sales volume and revenue. Nevertheless, sales volume and revenue of the MSG products improved moderately, benefited from an effective sales strategy. ASEAN countries remain the Group's key development market. With this in mind, the Group aims to leverage its edges in the industry, expand other businesses with its core products, establish closer partnerships, and further develop sales channels, so as to ultimately make breakthroughs in sales.

5. The US

Revenue from the US market rose by approximately US\$5,323,000 or 24.9% year-on-year to approximately US\$26,717,000 during the year, accounting for 7.4% of the Group's total revenue, an increase from the 6.0% of the previous year. The remarkable growth in results was brought about by the rising demand for organic maltose and high-end modified starch products, which boosted selling prices and sales volume, thus increasing its revenue and profitability. As the Group has seized key technologies and integrated the product value chain, it will continue to develop more functional products and enhance the competitiveness of products, so the sales volume is likely to increase 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 approximately US\$29,154,000, up 24.2% or approximately US\$5,672,000 from 2019. The share of the revenue from other regions increased to 8.1% of the Group's total revenue compared with 6.6% in 2019, mainly because the rising demand for MSG, modified starch and feeds and fertilisers significantly boosted revenue.

二、營業分析(續)

(一) 市場銷售分析(續)

4. 東盟市場

本年東盟市場(除越南之外)營收約為26,112,000美元,較2019年減少約745,000美元或-2.8%,佔本集團總營收由2019年7.5%降至7.2%。期內營收衰退主要由於變性澱粉的市場需求疲弱,同時受到市場價格競爭影響,致銷售量有較大跌幅,營業額亦明顯下滑。但味精產品銷售策略奏效,使銷售量與營收略為增長。東盟市場為本集團持續積極開發之重點市場,期能發揮產業優勢,以核心產品拓展其他業務,建立更緊密的合作夥伴關係,深耕銷售網絡,以創造突破性的銷售成績。

5. 美國

美國市場年內營收約為26,717,000美元,較2019年增加約5,323,000美元或24.9%,營收佔比由2019年6.0%增至7.4%。年內業績大幅增長主要因有機麥芽糖與高階變性澱粉產品的市場需求增加所致,帶動售價與銷售量表現,營業額亦隨之上漲。對於獲利貢獻顯著,集團已掌握關鍵核心技術,整合生產價值鏈,並持續開發功能性產品,以提高產品競爭力,未來銷售表現值得期待。

6. 其他市場

其他市場主要為台灣、韓國及歐盟市場,年內合計營收達約29,154,000美元,較2019年增加約5,672,000美元或24.2%,佔集團總營收由2019年6.6%增至8.1%。此等營收上升主要因味精、變性澱粉與肥飼料之市場需求增加,致營業額有較大幅度的增長。

Management Discussion and Analysis

管理層討論及分析

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	2020 二零二零年		2019 二零一九年		Difference 差異	
		Amount 金額	% %	Amount 金額	% %	Amount 金額	% %
MSG and seasonings	味精+調味料	232,093	64.3%	233,524	65.3%	(1,431)	(0.6%)
Modified starch & native starch & maltose	變性澱粉+天然澱粉+麥芽糖	63,262	17.6%	58,866	16.4%	4,396	7.5%
Specialty chemicals	特化產品	18,828	5.2%	24,682	6.9%	(5,854)	(23.7%)
Fertilisers and feed products	肥料與飼料	24,966	6.9%	24,388	6.8%	578	2.4%
Others	其他	21,592	6.0%	16,397	4.6%	5,195	31.7%
Total	合計	360,741	100.0%	357,857	100.0%	2,884	0.8%

1. MSG and seasonings

During the year, revenue from MSG and seasonings related products amounted to approximately US\$232,093,000, representing a year-on-year decrease of 0.6% or approximately US\$1,431,000 from 2019, mainly owing to stagnant economic activities and weaker market demand in the PRC, Japanese, US and European markets due to COVID-19, as well as price competition from the Group's peers. Sales volume and revenue both dropped slightly as a result. The sales performance was better than the previous year in Vietnam, ASEAN countries and other markets, but overall revenue from MSG and seasonings related products reduced and their contributions dropped from 65.3% in 2019 to 64.3%.

1. 味精與調味料

年內味精與調味料相關產品營收約為232,093,000美元，較2019年減少約1,431,000美元或-0.6%，業績衰退主要因疫情影響，中國、日本、美國與歐洲市場之經濟活動與市場需求疲弱，加上同業價格競爭，致銷售量與營收同時稍微下滑。雖然在越南、東盟與其他市場之銷售表現較去年為佳，但整體的味精和調味料相關產品之營業額減少，營收佔比由2019年的65.3%降至64.3%。

II. BUSINESS ANALYSIS (continued)

(2) Sales Analysis by Product (continued)

2. *Modified starch/Native starch and Maltose*

Benefited from the stable price of its raw material, cassava, in the year, coupled with an effective strategic procurement plan and a rising demand for organic products, the overall sales volume and profitability of modified starch, native starch and maltose products have surged, thus generating a higher revenue of approximately US\$63,262,000, which was approximately US\$4,396,000 or 7.5% higher than 2019. The share of these products increased from 16.4% to 17.6% of the Group's total revenue. Affected by cut-throat price competition in South East Asia, sales of modified starch in the ASEAN market were dropped, but the sales volume and revenue in the US surged due to the rising demand for high-end products. Moreover, maltose reported an increase in sales volume and price in the US due to new customer groups and new usages of organic maltose, resulting in an increase in revenue from the product. It is worth waiting to see how much the profitability will benefit from the Group's efforts in developing new products with higher added value and deepen cooperation with leading companies around the world.

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

變性澱粉、天然澱粉與麥芽糖產品於年內因木薯原料價格持續回穩，計畫性採購策略應用得當，且有機產品需求明顯增長，整體銷售與獲利上升，營收約為63,262,000美元，較2019年增加約4,396,000美元或7.5%，佔集團總營收由2019年16.4%增至17.6%。變性澱粉在東南亞受到低價競爭影響，致東協市場銷售額明顯下滑；美國市場因高階產品需求增加，帶動銷售量與營收有較大幅度的增長。另外，麥芽糖因美國市場之有機糖漿新客群與新應用增加，推升售價與銷售量，營業額隨之上升。集團持續積極開發高附加價值新產品，深化與全球領先企業的合作領域，未來獲利潛力值得期待。

II. BUSINESS ANALYSIS (continued)

(2) Sales Analysis by Product (continued)

3. Specialty chemicals

Specialty chemicals including hydrochloric acid, soda and bleach are sold in the Vietnam market. During the year, users of basic chemical products were affected by the COVID-19 pandemic, leading to a decline in demand from key industries and hence the substantial price dropped in both international and domestic markets and contributed to intense price competition. Revenue from specialty chemicals amounted to approximately US\$18,828,000 during the year, down by 23.7% or around US\$5,854,000 from 2019. This segment accounted for 5.2% of the Group's total revenue, decreased from 6.9% in the previous year. In light of the intensified low-price competition of soda products during the year, selling prices of these products were adjusted according to market trading conditions, causing a drop in both sales volume and selling price and resulting in a decline in results performance. Hydrochloric acid also suffered from keen competition from imported and local products. Its selling price was adjusted based on production volume and market demand. Although sales volume and revenue increased, the product's profit was still lower than expected.

4. Fertilisers and feed products

Fertilisers recorded notable profit growth despite the decrease in the sales volume of various products during the year. This was mainly attributable to the impact of the pandemic and the climate which dampened overall market demand. As such, the Group proactively searched for new customers and improved product mix by launching new high-end products in addition to implementing its strategy to set higher prices, allowing it to achieve revenue and profit growth. Meanwhile, the Group will continue to promote high value-added special fertilisers and develop new sales channels in the future. Revenue from fertilisers and feed products increased by US\$578,000 or 2.4% year-on-year to US\$24,966,000 and its contribution to the Group's total revenue rose slightly from 6.8% to 6.9%.

二、營業分析 (續)

(二) 產品銷售分析 (續)

3. 特化產品

特化產品包括鹽酸、蘇打、漂白水均於越南銷售。年內因基礎化學工業用戶受到疫情影響，主要產業需求萎縮，導致國際及國內市場價格大幅下跌，引發激烈的價格競爭，特化產品營收年內合計約為18,828,000美元，較2019年減少約5,854,000美元或-23.7%，佔集團總營收由2019年6.9%降至5.2%。蘇打產品因同業低價競爭而依照市場交易情形調整售價，致銷售量與售價同時減少，業績隨之下滑。鹽酸產品亦因面臨本地與進口廠商之市場競爭而依照產量與市場需求修訂售價，銷售量與營收雖然增加，但獲利低於預期。

4. 肥飼料產品

至於肥料產品，年內各產品銷售量雖然減少，但獲利大幅增加。主要受疫情與氣候影響，整體市場需求量減少，但集團積極投入新高規格產品，有效開發新客戶與改善產品結構，推動漲價策略，伴隨營收與獲利增長。日後將持續推廣高附加價值專用肥料產品，開發新銷售渠道。集團肥飼料產品營收達約24,966,000美元，較2019年增加578,000美元或2.4%，佔集團總營收由2019年6.8%微增至6.9%。

II. BUSINESS ANALYSIS (continued)

(2) Sales Analysis by Product (continued)

5. Other products

Revenue of other products increased by approximately US\$5,195,000 or 31.7% from 2019 to approximately US\$21,592,000 this year. This segment's contribution to the Group's total revenue grew from 4.6% to 6.0% year-on-year, which was mainly attributable to the strong sales volume of coffee beans and bulk food ingredients distributed in the PRC, as the Group strengthened the depth and breadth of its products in this category in order to meet different market demand for similar products and enriched product offerings to drive high revenue growth.

III. MAJOR RAW MATERIALS/ENERGY OVERVIEW

1. Cassava

In the production season of 2019/2020, operations gradually resumed at plantations in main production countries like Thailand, Vietnam and Cambodia. However, the prolonged COVID-19 pandemic discouraged consumption demand, and therefore the price increases of cassava and starch raw materials slowed compared with 2019. The cassava industry also continued to experience various challenges such as pest problems, competition from alternative agricultural products, drastic climate change and changes in market size and supply and demand, thus product prices remained volatile. The Group will continue to consolidate its long-term strategic partnership with suppliers, seize new sources of raw materials in a timely manner and stabilise the supply chain procurement cost.

二、營業分析(續)

(二) 產品銷售分析(續)

5. 其他產品

其他產品營收約為21,592,000美元，較2019年增加約5,195,000美元或31.7%，佔集團總營收由2019年4.6%增至6.0%。年內業績增長主要因中國所代理之咖啡與大宗食材產品銷售量明顯增加，透過強化產品的深度與廣度及增加不同產品種類，滿足市場對同類產品的各種需求，帶動營業額大幅增長。

三、主要原料／能源概況

(一) 木薯

泰國、越南、柬埔寨等主要產地在2019/2020年產季已逐步恢復種植面積，但由於全球疫情持續，消費市場需求疲軟，致木薯與澱粉原料價格漲幅較2019年趨緩。但木薯產業持續面臨諸多考驗，例如：木薯病害、替代農作物競爭、劇烈氣候變化、市場規模供需等因素，致價格波動漲跌不一。集團將持續強化長期的策略性供應商聯盟，快速掌握原料來源，穩定供應鏈採購成本。

III. MAJOR RAW MATERIALS/ENERGY OVERVIEW (continued)

2. Molasses

In the beginning of the 2019/2020 production season, the output of major sugar production regions was unsatisfactory and the production volume of molasses also continued to drop, resulting in a shortage in supply in the global market. However, the international sugar market changed in the wake of the pandemic, when it experienced an excess supply once again. The gap between supply and demand caused the prices to rise initially then drop and rebound again. In the 2020/2021 production season, the International Sugar Organisation issued a report stating that, as the world enters the post-pandemic era with strong recovery in consumption and demand, the supply gap in the global molasses market is expected to be approximately 3,500,000 tons. Although Brazil and India, the two major production countries, delivered higher molasses production volumes, these countries remained affected by factors such as extreme climate, surge in fuel and ethanol consumption and tight animal feed markets which created a gloomy prospect for the production volume, export and economic outlook of molasses. The product's price continued to stand firm.

In addition, since the beginning of 2020, Vietnam has cancelled the import tariff quota for imported molasses from ASEAN countries to Vietnam. This policy, plus import tariffs on molasses of only 5%, has substantially increased the number of imported molasses in 2020, which have not only posed a threat to the interests of local molasses plants and consumers in Vietnam, but also directly affected the supply and costs associated with the Group's molasses procurement in Vietnam. The Group will monitor the movement in the international molasses market and actively look for alternative sugar sources in order to secure a reliable raw material supply.

三、主要原料／能源概況(續)

(二) 糖蜜

2019/2020年產季初期，由於主要糖產區產量不佳，糖蜜產量也持續下降，全球糖市供應量短缺。但在疫情發生後國際食糖格局發生變化，供給逐步重回過剩時代，供需缺口端的變化，致使糖價先漲後跌再反彈上行。進入2020/2021年產季，國際糖業組織(International Sugar Organization)報告指出，預期市場進入後疫情時代，消費需求強烈恢復，全球糖市供應缺口約350萬噸，儘管兩個最大的生產國巴西、印度產量增長，但供應仍受極端氣候困擾、燃料乙醇消耗量急劇增加及動物飼料市場吃緊等因素影響，致使糖蜜的產量、出口、經濟前景不甚樂觀，價格持續堅挺。

同時，越南於今年起，取消自東協國家進口糖至越南之進口關稅配額(Quota)，且在糖進口關稅僅5%，此項政策使得2020年進口糖數量大增，對越南本地糖廠與消費者利益構成威脅，也直接影響集團於越南採購本地糖蜜之供應量及成本。集團將持續觀察國際糖蜜市場的變化動態，積極尋找有效的替代性糖源，確保原料來源穩定供應。

III. MAJOR RAW MATERIALS/ENERGY OVERVIEW (continued)

3. Energy

Global coal output saw a year-on-year decline of 6.5% in 2020. Affected by the pandemic at the beginning of the year, coal consumption was relatively low and the recovery in coal production was faster than consumption. The market's concern for coal demand caused coal prices to decline. Later, the market reduced coal production and supply, and the price of coal then stopped its downward trend and began to rise. Global oil and natural gas prices also dropped due to the pandemic and weak market demand. Major energy suppliers around the world started to downsize oil exploration. According to the forecast by the International Energy Agency ("IEA"), global energy demand in 2020 is expected to record a year-on-year decline of 5%, and the rollouts of COVID-19 vaccines will not be able to offset the large-scale negative impact brought by the pandemic to global crude oil demand. While international oil prices are expected to increase in 2021 and the international natural gas market will begin to recover, the pace of growth in various aspects would still be below expectation. The greatest risk of price fluctuations is another drop in demand and relative increase in supply. The Group will pay close attention to the changes in the energy industry so as to formulate corresponding plans in advance.

Regarding the price of electricity, to help enterprises or units navigate the difficult time under the pandemic, the Vietnamese Government implemented the electricity price concession policy in 2020 and continued to transform and upgrade electricity engineering to meet the electricity demand generated from the resumption of work and production following the containment of the COVID-19 virus. The Group has been using the cogeneration power generation system to ensure stable electricity supply. As the Group mainly uses self-generated electricity, the reduction in purchased electricity cost has had a limited impact on it.

三、主要原料／能源概況(續)

(三) 能源

2020年全球煤炭產量同比減少6.5%，初期受疫情影響，使得煤炭消耗量偏低，煤炭生產恢復快於耗用需求，市場對需求端的擔憂導致煤炭價格大幅下滑，後期由於煤炭減產供給下降，煤炭價格回調轉而持續上漲。國際石油與天然氣價格亦因疫情震盪走低，市場需求疲軟，全球各大能源供應商紛紛削減油氣探勘規模。國際能源署(IEA)報告指出，2020年全球能源需求總量下降5%，而疫苗將不會很快逆轉疫情對全球原油需求造成的衝擊。雖然預計2021年國際油價有望上漲，國際天然氣市場開始復甦，但諸多方面增速低於預期，價格波動最大風險是需求再次放緩和供應相應增加。集團將持續關注能源產業變動，以提早規劃因應對策。

在電價方面，越南政府為對受疫情影響的企業或單位度過難關，於2020年實施了電價減免政策，並持續改造升級電力工程，以滿足疫情過後復工復產用電需求。集團使用汽電共生發電系統，確保電力供應穩定，故以自產電力為主，外購電力成本的調降對集團影響有限。

IV. FINANCIAL REVIEW

1. Liquidity and financial resources

The Group's cash and cash equivalents, short-term bank deposits and structured bank deposits amounted to US\$72,158,000, an increase of US\$12,758,000 or about 21.5% compared with the end of 2019. Short-term bank borrowings increased year-on-year by US\$11,695,000 or about 78.0% to US\$26,694,000. Medium-to-long-term bank borrowings decreased by US\$5,460,000, or approximately 21.7%, to US\$19,665,000. Total bank borrowings were US\$46,359,000, an increase of US\$6,235,000 or approximately 15.5% compared with the end of 2019. The rise in total bank borrowing was mainly due to capital expenditure. 95.5% of the total borrowings were denominated in US dollars and the remaining 4.5% were denominated in New Taiwan dollars. The proportions of short-term and medium-to-long-term bank borrowings were 57.6% and 42.4% respectively. Owing to the increased Vietnamese Dong fixed deposits, net finance income for the year grew by US\$302,000 year-on-year.

Trade receivables were US\$30,298,000, representing an increase of US\$787,000 or around 2.7% when compared with the end of 2019. Around 68.1% of the trade receivables were aged within 30 days. Total inventory was US\$91,665,000, down by US\$4,163,000 or around 4.3% when compared with the end of 2019. The decrease in inventory was mainly attributable to the reduction in the Group's raw materials during the period.

As a result of the slight increase in both total borrowings and total equity, the Group's gearing ratio (total borrowings to total equity ratio) was 16.4%, higher than the 15.0% recorded at the end of 2019. With cash on hand exceeding borrowings, net gearing ratio (total borrowings less cash and deposits to total equity ratio) was -7.6%, lower than the -5.6% recorded in 2019. During the period, as the increase in short-term borrowings increased the current liabilities, the Group's current ratio decreased from 3.4 at the end of 2019 to 3.2, and quick ratio was at a similar level as the 1.8% recorded at the end of 2019. The Group maintained a healthy financial structure.

2. Capital expenditure

During the year, capital expenditure amounted to approximately US\$33,957,000, US\$16,188,000 more than the capital expenditure of US\$17,769,000 recorded in 2019. The increase in capital expenditure was mainly due to the funds used in the specialty chemicals production facility expansion project of the Group's Vietnam subsidiary and the gelatinised starch project of the starch plant.

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、銀行短期存款和結構性銀行存款為72,158,000美元，較2019年底增加12,758,000美元，約21.5%。短期借款為26,694,000美元，較2019年底增加11,695,000美元，約78.0%；中長期借款為19,665,000美元，較2019年底減少5,460,000美元，約21.7%。借款總額為46,359,000美元，較2019年底增加6,235,000美元或約15.5%，借款總額增加，主要因資本支出需求。借款以美元為主，佔95.5%，其餘為新台幣佔4.5%；短期和中長期借款比率為57.6%比42.4%。因越南定期存款增加，今年淨財政收入同比2019年增加302,000美元。

應收貿易帳款為30,298,000美元，較2019年底增加787,000美元，約2.7%，30天期內應收帳款佔比約68.1%。存貨總額為91,665,000美元，較2019年底減少4,163,000美元，約4.3%。存貨減少主要因期內集團原料減少所致。

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16.4%，高於2019年底的15.0%；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-7.6%，低於2019年的-5.6%。期內，因短期借款增加導致流動負債增長，流動比率因此由2019年底之3.4降為3.2，速動比率與2019年底之1.8%類近，集團財務結構仍保持穩定狀態。

(二) 資本支出

年內資本支出共約33,957,000美元，較2019年資本支出的16,188,000美元增加17,769,000美元，主要為越南子公司酸鹼廠擴建案與澱粉廠預糊化專案之款項。

IV. FINANCIAL REVIEW (continued)

3. Exchange rate

Benefiting from the strong export recovery, Vietnam achieved new high in foreign exchange reserves. The ample foreign exchange reserves also served as a foundation for maintaining the stability in the exchange rate of the Vietnamese Dong. As the Vietnamese Government refused to stimulate export by adopting a currency depreciation approach, the performance of the Vietnamese Dong was strong relative to major ASEAN economies including Singapore, Indonesia and Thailand amid the pandemic in 2020. The State Bank of Vietnam announced that the Vietnamese Dong appreciated 0.1% in 2020, from 23,155 Vietnamese Dong to US\$1 at the end of 2019 to 23,131 Vietnamese Dong to US\$1 at the end of 2020. Vietnam's COVID-19 situation has been brought under control, and that, coupled with the country's introduction of new Free Trade Agreements signed with the EU and the UK has created important drivers for its economic recovery. Moreover, Vietnam has also enhanced various beneficial measures to attract continuous foreign investment. Hence, various sectors expect Vietnam to continue its export growth momentum, maintain a trade surplus position and keep inflation at a low level in 2021. The Vietnamese Dong will continue to stay strong under a generally stable macroeconomic environment.

The Group's subsidiaries in the PRC are mainly responsible for local sales with transactions denominated in RMB. In 2020, the exchange rate between the RMB and the US dollar initially appreciated followed by a depreciation. In early to mid-January, the signing of the first-phase trading agreement between the PRC and the US drove the RMB to a strong level of 6.84. In late January to May, the RMB depreciated to 7.18 as a result of heightened risk aversion in the global financial market and the US dollar liquidity crisis due to the pandemic. Later, in June to December, RMB continued to appreciate to 6.5 as affected by the implementation of liquidity easing policies by central banks in various countries. Experts expect the RMB to maintain higher flexibility and a relatively stable trend in the coming year compared with other key currencies, despite its appreciation pressure. The Group will continue to monitor the exchange rate trends between the RMB and the US dollar going forward.

4. Earnings per share and dividends

Basic earnings per share were 1.09 US cents for the year. The Board resolved to pay a final dividend of 0.462 US cents per share. The dividend payout ratio was 60%.

四、財務回顧(續)

(三) 匯率

受惠於越南出口復甦強勁，使得外匯存底持續攀升創新高，充足的外匯存底有助越盾幣值穩定。此外，由於越南政府的匯率方針為不實施貨幣貶值來刺激出口，致使在今年疫情衝擊下，越盾表現相對新加坡、印尼、泰國等主要東協經濟體強勢。越南國家銀行公佈的中心匯率2020年升值0.1%，由2019年底的23,155越幣／美元，升值至2020年底的23,131越幣／美元。越南因疫情控制良好，加上實施與歐盟、英國等新自由貿易協定，為經濟復甦提供重要動力，同時改善各種優惠措施吸引外資持續投入，各界預測越南2021年將延續出口增長趨勢，保持貿易順差態勢，通脹仍控制在較低水平，整體宏觀經濟穩定，越盾將保持穩健。

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。2020年人民幣對美元的匯率呈現先升後貶再升的走勢，1月中上旬，由於中美簽署第一階段貿易協定，推升人民幣走強至6.84；1月末至5月，因疫情引發全球金融市場避險情緒與美元流動性危機，貶至7.18；6月至12月，受各國央行流動性寬鬆政策影響，人民幣持續震盪走升至6.5。專家預期明年人民幣雖然有升值壓力，但仍保持較高彈性，整體走勢相較其他主要貨幣穩健，集團將持續關注人民幣與美元幣值之間的匯率變動。

(四) 每股盈利及股息

本期每股基本盈利為1.09美仙。董事會決定派發期末股息每股0.462美仙，派息率為60%。

V. PROSPECTS

- The world experienced substantial change in early 2020. The global outbreak of COVID-19 forced countries to introduce lockdown, quarantine and closure measures, which hit economic activities hard and resulted in huge economic recession. Although the development of vaccines and further stimulus packages are expected to help support global economic recovery in 2021, major negative factors such as the rise in new strains of the virus, reactivation of lockdown measures and uncertainty surrounding vaccine efficacy will continue to bring challenges to various economies.

Although facing an unprecedented economic environment, the Group has made some progress with initial achievements in the development of regional markets. Looking ahead, it will continue to improve the flexibility of the overall operation, adjust business portfolios and models, strengthen organisational operations to raise management efficiency, actively develop new products, expand production scale, focus on satisfying the demand from customers and consumers, optimise cost structure and industry chain integration, implement set action plans and create new growth drivers to raise profitability. The main tasks and direction are listed below:

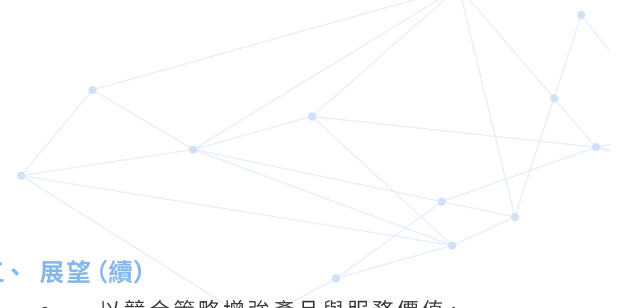
- Expand product lines and optimise product mix to partially upgrade existing third-party products, launch a series of extended commodities and develop more flavors. The Group will also increase the proportion of highly functional and high value-added products to enlarge market share and boost profit from product sales.
- Actively expand new channels and new markets, identify customers and consumers with the same product demand in different markets, adjust product positioning and sales methods, look for cooperative partners to expand market size, strengthen brand positioning and competitive advantages so as to improve the Group's results performance.
- Continue to advance production technologies and enhance production efficiency, develop customised products, improve operational and management techniques and utilise key technologies to enhance core competitiveness so as to achieve the dual objectives of raising quality and lowering costs.
- Capture the price trends of bulk raw materials, actively look for alternative raw material solutions, maintain long-term cooperative relations with domestic and overseas suppliers and execute procurement strategies to ensure a stable supply of raw materials.

五、展望

世界在2020年年初發生了巨大的變化，疫情在全球蔓延，各國陸續實施封鎖、隔離、關閉等措施，對經濟活動造成嚴重影響，全球經濟大幅下滑。但隨著疫苗研製成功及各國推出更多財政刺激政策，全球經濟有望在2021年逐漸復甦，但仍存在新變異病毒感染人數激增、封鎖措施重新啟動、疫苗效力存在不確定性等重大不利因素，各國經濟前景充滿挑戰。

雖然集團面對前所未見的經濟環境，但多年來深耕區域市場已取得階段性成效，將持續提升整體營運的靈活性，調整業務組合與商業模式，強化組織運作以提高管理效率，積極開發新品並提升生產規模，更加重視貼近客戶與消費者的需要，改善彈性成本結構與整合產業鏈，落實組織既定的行動方案，創造新成長動能以期提高獲利能力。主要重點工作與方向，略述如下：

- 擴展產品線與優化產品組合，將現有代理產品進行局部改造，推出一系列的延伸商品，逐漸發展出多種口味。同時增加高功能與高附加價值產品的佔比，以增加市場佔有率與產品銷售利潤。
- 積極拓展新通路與新市場，針對不同市場尋找具相同產品需求的客戶與消費者，調整產品定位與銷售方式，尋得合作夥伴來擴大市場規模，強化品牌定位與競爭優勢，以提升集團業績表現。
- 持續改善生產技術與提升生產效率，同時發展客製化產品，改善經營管理技術，掌握關鍵技術以提升核心競爭力，達到提高品質與降低成本的相乘效益。
- 掌握大宗原料市場行情變動趨勢，積極尋求原料替代方案，致力與國內外供應商維持長期合作關係，有效執行採購策略，以確保原料供應穩定。



V. PROSPECTS (continued)

- Adopt the co-opetition strategy to boost product and service value, use its production base in Vietnam to actively develop the ASEAN market and the markets which are signatories of the Free Trade Agreement (FTA), Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Regional Comprehensive Economic Partnership (RCEP), offer mutual support within the Group and realize core advantages to expand the Group's business presence.
- Accelerate the formation of strategic alliance or cooperation with different businesses to jointly develop the markets through effective consolidation of resources and strengthen its Research and Development (R&D) function surpassing the technological threshold, facilitating the upgrading and transformation of the Group, in addition to the development of new products, expansion of business scale and improvement of business performance.
- Establish a strategic organisational structure and special strategic teams to enhance the organisational efficiency of all units, explore the products or distribution products that match business needs, explore the manufacturers that offer cost competitiveness, and develop products that fit customer requirements in order to improve revenue, profit and economies of scale.
- Expedite the introduction of an electronic process and information system for the management and application of big data, so as to obtain immediate feedback information for optimising business processes, understanding customers and developing better corresponding strategies.
- Adopt financial management for ongoing management of capital allocation, improve the operational efficiency of assets and reduce risks of exchange rates, interest rates and prices amidst the volatility of the global financial market.

Looking ahead to 2021, the prospects of economic recovery remain uncertain following another wave of the COVID-19 pandemic, which has hit many economies worldwide. The Group's business operations will encounter significant challenges. It will continue to develop new drivers for its operations in the future, maintain competitiveness in the industry by adapting its mindset to cope with the changes in the environment, adopt a flexible business strategy, and capitalise on the initial results from core technologies, market penetration and sales channels and the exports and development advantages of various products produced by Vietnamese factories. The Group believes that by leveraging its integrated operational strengths and building on its existing business foundation, it will create a strong growth momentum.

五、展望(續)

- 以競合策略增強產品與服務價值，透過越南生產基地，持續發展東盟市場以及與越南有簽訂自由貿易協定(FTA)，跨太平洋夥伴全面進步協定(CPTPP)，及區域全面經濟夥伴協定(RCEP)的市場，並於集團內互相支援，發揮核心優勢擴展集團事業版圖。
- 加速策略聯盟或異業合作，有效整合資源共同開發市場，強化研發功能以跨越技術門檻，推動集團升級轉型，拓展新產品之經營，擴大經營規模與經營績效。
- 建置戰鬥型組織及專責策略小組，提升各單位組織效率，尋找業務需求之產品或代理品，及具成本競爭力廠商；開發符合客戶需求之產品項目，達到擴增營收、利潤與規模之綜效。
- 加速導入電子化與資訊系統，進行大數據的管理及應用，取得即時回饋資訊，優化業務流程，理解客戶並提出更好的應對策略。
- 運用財務管理運籌帷幄，持續管控資金調配策略，同時提高資產營運效率，並在全球金融市場動盪之際，降低匯率、利率、價格的市場風險。

展望2021年，全球經濟因新一輪疫情的來襲，為經濟復甦前景帶來極大的不確定性。集團經營亦將面臨相當大的挑戰，經營層面將持續佈局未來新動能，因應環境變動轉變思維來維持產業競爭力，運用彈性的經營策略，配合核心技術、市場深耕、銷售渠道等初步的成果，加上越南廠房多種產品的出口力度與發展優勢，集團相信，將持續發揮集團營運綜效，在現有的經營基礎上再繼續往前邁進，創造未來成長動力。