

Chairman's Statement

主席報告書

In the first half of 2022, the COVID-19 pandemic (the "Pandemic") has improved and life in various regions has gradually returned to normal. However, economic activity and transportation in key regions around the world remained restricted, consumption slowed while shipping costs continued to surge. Meanwhile, the Russia-Ukraine war broke out at the beginning of the year has affected the transport and supply of raw materials, coal and oil, which caused prices of raw materials and energy to soar and inflation risk to escalate. Economic growth of the world's major economies, including the US, the EU, the PRC, Asia, and Central and South America has been significantly affected, adding uncertainty to the overall operating environment. Vietnam, the Group's largest market, has gradually recovered following improvement in the Pandemic situation. However, the country's overall economic growth has slowed due to the negative impact of global inflation, raw material supply shortages and the economic downturn of its key trading partners.

The Group's revenue for the period was approximately US\$229,277,000, an increase of approximately US\$33,192,000, or approximately 16.9%, over the same period last year. Several of the Group's major products, including MSG, starch, maltose, soda, fertilizers and feed products showed significant growth. Gross profit for the period was approximately US\$25,268,000, a year-on-year decline of 33.5%. The gross profit margin fell to 11.0%. The drop in gross profit was mainly due to the surge in prices of various raw materials as a result of the Russia-Ukraine war in the first half year, as well as rising shipping prices, which pushed up costs significantly. Net loss for the period was approximately US\$212,000, a year-on-year decrease of approximately US\$10,594,000. The net profit margin also fell to a loss of -0.1%.

The performance of the Group's products varied in different key markets during the period. In Vietnam, as market demand for products such as MSG, starch, soda and fertilizers increased and selling prices of products climbed in response to rising costs, revenue climbed notably by approximately 13.5% year-on-year. Regarding the PRC operation, the transportation and sales of the Group's various products were still affected by the Pandemic, resulting in a year-on-year decrease of approximately 4.1% in overall revenue in the PRC. In addition, in view of the modest improvement in economic conditions in Japan, the Group implemented a flexible sales strategy to meet local demand. As a result, sales of various products, such as MSG, modified starch, and fertilizers, increased, and overall revenue grew by approximately 23.5% year-on-year. In the ASEAN market, owing to faster recovery of growth momentum in society and stronger demand, the sales volume of core products, including MSG, modified starch and fertilizers, increased, leading to 19.4% year-on-year increase in sales in the region. Furthermore, as the Pandemic situation improved slightly in the US market, the demand for MSG, maltose and modified starch rose, resulting in sales growth of approximately 38.3%.

綜觀2022年上半年，雖然新型冠狀病毒(COVID-19)疫情(「疫情」)有所緩減，各地逐漸開始恢復正常生活，但全球各主要區域的經濟活動與運輸依然受到限制，各地消費持續放緩，相反，海運費價格高漲。與此同時，在今年初開始的烏俄戰爭，使各項原材料、煤炭與石油運輸供應緊縮，導致多項原材料與能源價格飆漲，通貨膨脹風險升溫。全球主要經濟體，包括美國、歐盟、中國、亞洲、中南美洲等的經濟增長都受到顯著影響與衝擊，使整體經營環境充滿變數。集團最大的市場—越南，雖然隨著疫情漸趨減緩而逐漸恢復，但受到全球性通貨膨脹、原材料供應短缺的衝擊與其貿易夥伴經濟下滑的影響，整體經濟增長速度有所放緩。

集團於本期之營業額約2億2千9百萬美元，較前期增加約3,319萬美元，提升約16.9%。集團幾項主要產品，包含味精、澱粉、麥芽糖、蘇打、肥飼料有較明顯之提升。另外，本期毛利額約2,527萬美元，較前期下降33.5%，毛利率降至11.0%。毛利下降主要由於上半年烏俄戰爭刺激能源與多項原材料價格飆漲，海運費大幅上漲，導致成本大幅提升。本期淨虧損為約21.2萬美元，較前期下降約1,059萬美元，淨利率降至-0.1%。

集團各主要市場所經營之各項產品業績，本期在不同市場有不同程度的表現。在越南市場，味精、澱粉、蘇打與肥料等產品因市場的需求增加，同時各項產品售價因應成本上漲有所提升，故營收有較明顯的增長，按年增加約13.5%。至於在中國區的營運，集團各項產品之運輸與銷售仍受到當地疫情影響，以致中國區整體營收較前期下滑約4.1%。另外，集團有見日本市場經濟景氣較之前稍有恢復，故配合當地需求，進行彈性之銷售策略，使各銷售產品，如味精、變性澱粉、肥料等銷售均有增長，整體營收較前期上升約23.5%。而在東盟市場，因社會動能恢復較快，需求較旺盛，主要的銷售產品，包括味精、變性澱粉與肥料之銷售量均有增加，使本期於此區域之營收較前期增長19.4%。除此之外，美國市場疫情稍趨緩和，對味精、麥芽糖與變性澱粉等食品之需求增加，使營收增長約38.3%。

With respect to product categories, as the Pandemic was relatively stable compared with the same period last year, the demand for the Group's MSG and seasonings products increased in all main markets. Also, the Group increased selling prices in response to cost increases, which resulted in its MSG and seasonings products recording year-on-year growth of approximately 21.9% in revenue. Another of the Group's key products, modified starch, saw an increase in demand during the period and products with new specifications were launched, resulting in steady growth in the European and Vietnamese markets, which led to an increase in the Group's overall sales and revenue of modified starch. As for maltose, the Group's other key product, benefiting from the stable selling price and supply of raw materials as well as the launch of high value-added products during the period, sales volume increased, especially in the United States. However, sales of starch products in the PRC recorded a greater decline due to the impact of the Pandemic on the sales and transportation of the products during the period. Consequently, revenue of starch products and maltose during the period increased slightly by approximately 0.9% as compared with the same period last year. The Group currently attaches great importance to the market potential and development of these products and is working hard on the development of these products and their variants, aiming to offer more diverse and higher value-added products. As for hydrochloric acid and soda products in the specialty chemicals segment, with the rise of both demand and selling price in Vietnam, overall revenue increased by 50.4% year-on-year. With regard to the Group's fertilizers and feed products, overall sales jumped by approximately 29.3% year-on-year, as a result of the Group's efforts in securing new customers, meeting market demand, consolidating sales channels, and improving product mix, as well as the higher selling price of the products driven by the growing demand during the period. To capitalize on the rapid growth in the consumer goods industry in Vietnam, the Group is negotiating with internationally renowned brands on product distribution, aiming to diversify the Group's operation and expand its scale of operation. With regard to the trade products distributed by the Group, including bulk food ingredients and coffee beans, in the PRC, the sales volume reduced due to the impact of the Pandemic, resulting in a drop of around 12% in revenue in this period compared with the last corresponding period.

以產品類別分析，由於本期疫情相較前期穩定，各主要市場對集團味精與調味料產品需求均有提升，而且售價也因應成本上調，故集團味精與調味料產品營收較前期增長約21.9%。集團另一項重要的變性澱粉產品，於期內需求增加，且推展新規格品項，在歐洲與越南等市場都有穩定的增長，帶動集團整體變性澱粉銷售與營收增加。集團另一項重要的麥芽糖產品，同樣於期內得益於原料價格供應穩定與高附加價值產品的推展，銷售量增加，尤其在美國的銷售有不俗的增長。但中國區之澱粉銷售，因期內疫情因素影響產品銷售與運輸，有較大幅之下滑。因此，本期澱粉產品與麥芽糖之營業額較上期僅微增約0.9%。集團目前相當重視此類產品於市場的潛力與發展，將致力於此類產品與其延伸產品之開發，以發展多元化產品與開創更高之產品附加價值為目標。另外，在特化產品中的鹽酸與蘇打產品，本期隨著越南市場需求與價格提升，整體營收相較前期提升50.4%。集團的肥飼料產品營運方面，由於集團致力開發新客戶、配合市場需求，整合銷售通路與改善產品結構，本期產品售價亦隨需求增加與價格提升，使肥飼料整體銷售額仍較前期提升約29.3%。另基於越南消費品產業成長快速，集團正與國際知名品牌洽詢產品代理，以增加集團營運品項，擴大營運規模。此外，在中國區的大宗食材與咖啡豆等貿易代理商品，因期內疫情影響，銷售量下降，使本期營收較前期下滑約12%。

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Looking ahead to the second half of 2022, factors such as the continuation of the Russia-Ukraine war, fluctuations in energy and raw material prices, rising inflation risks in various regions, USD interest rate hikes, and pandemic control measures are set to bring a considerable degree of impact and complexity to the financial and economic environment. These uncertainties will also affect the operating risks and opportunities in the second half of the year. The Group expects that the supply of various international and local raw materials, energy, and packaging materials will continue to be affected in the second half of the year, causing prices to remain at a relatively high level. At the same time, inflation risk will continue to rise and demand will turn more conservative, and these factors will make the second half of the year full of uncertainties and concerns, giving little room for optimism. In view of this, the Group will be more flexible and strive to make raw material procurement arrangements to stabilize production costs, adjust and strengthen sales strategies in a timely manner, accelerate the development of new products or formation of strategic alliances, and also pay greater attention to fund management and prudent investment evaluation. It will also save costs and monitor account receivables in order to stabilize the pace of operations.

Although Vietnam's overall economic activity has slowed down slightly in the short term due to these economic factors, it still has tremendous potential for development once the short-term economic volatility is over due to its overall advantageous business environment and various trade agreements, such as EVFTA, UKVFTA and RCEP, it has signed with many countries and regions, including ASEAN members, the EU, and the UK. Therefore, the Group will remain cautiously optimistic, stabilize the pace of its operations, and enhance the flexibility and agility of its operations to grasp opportunities and respond to the rapidly changing operating environment. Building on its solid long-term business foundation, the Group believes its businesses will continue to advance along the right development track and all members of the Group are well aware of the opportunities and responsibilities in the changing business environment. The Group will adopt a pioneering and active approach, and with pragmatism and prudence, execute the planned operational strategies in order to achieve greater breakthroughs and developments in its results and operations.

By Order of the Board

Yang Tou-Hsiung
Chairman

23 August 2022

展望2022年下半年，烏俄戰爭持續、能源與原材料價格波動、各地通貨膨脹風險升溫、美元加息、疫情控制等因素，勢必對金融與經濟環境，帶來相當程度之衝擊與複雜性，此等不確定因素也牽動下半年的經營風險與契機。集團預期下半年各項國際與本地原材料、能源與包裝材料供應也將持續受到影響，使價格持續維持在較高水平。同時通貨膨脹風險持續維持高企，需求趨保守，此等均將使下半年的經營充滿變數與隱憂，不容樂觀。有鑒於此，集團將更彈性及努力進行原料採購安排，以穩定生產成本，適時調整與強化銷售策略，加速新產品發展或策略聯盟的腳步，也會更注意資金管理與審慎進行投資評估，並再要求節約各項費用與留意應收帳款，以期穩定經營之步調。

雖然越南短期受到此等經濟環境因素的影響，整體經濟活動稍放緩，但憑藉其優越的總體經營環境、與東協、歐盟、英國等區域各國簽訂EVFTA、UKVFTA與RCEP等貿易協定，預期在短期經濟波動告一段落後，仍將有龐大的發展潛力。因此，集團將仍抱持審慎樂觀的態度，穩定營運腳步，並提升經營的彈性與機動性，以掌握時機及應對快速變化的經營環境。同時，集團相信，在長期經營的基礎之下，業務將持續朝向正面的方向發展。而集團的所有成員，亦深切體認處於多變的經營環境中，集團的契機與所肩負之責任，將會以開創的眼光與積極的心態，務實並謹慎地來執行集團擬具之各項營運策略，以期集團的業績與經營有更大的突破與發展。

承董事會命

主席
楊頭雄

2022年8月23日