

# Chairman's Statement

## 主席報告書

In the first half of 2024, the global economy and demand continued to record a sluggish recovery, affected by international geopolitics and inflation. Economic growth in the world's major economies such as the US, the EU, and the PRC, as well as other regions including Asia as a whole, was affected. The weak economic climate also limited the Group's revenue growth. At the same time, although the increase in the prices of various raw materials had eased, prices were still at a high level. Although the Group's profits modestly recovered, the performance was still behind expectation. In addition, the interest rate hike in the US affected financial markets around the world, as well as interest rates and exchange rates in various countries, thereby impacting the already fragile economic recovery, and overall consumer sentiment remained conservative. Vietnam, the Group's largest market, recorded GDP growth of 6.42% in the first six months of 2024, roughly in line with the expected growth rate of 6.0%-6.5%, mainly due to the gradual recovery of exports in some industries. However, the business operations of the country's SMEs and end-consumer sentiment have not yet recovered as expected.

During the Period, the Group's revenue reached approximately US\$185,000,000, down by approximately US\$3,750,000 or 2.0% from the previous period. Affected by weak market sentiment and demand, as well as cut-throat price competition, revenue of several of the Group's major products, including MSG, hydrochloric acid, soda, and fertilizer and feed, all declined. Gross profit for the Period was approximately US\$32,900,000, representing an increase of 46.5% over the previous period, with a gross profit margin of 17.8%. The gross profit improvement was mainly attributable to the significant decline in energy cost in the first half of 2024. Borrowing interest rates slightly decreased in the first half of 2024, resulting in decrease financing costs. With the increase in gross profit, the Group's net profit for the Period was approximately US\$8,340,000, a significant improvement from a loss of US\$1,470,000 in the previous period, with a net profit margin of approximately 4.5%.

As market sentiment remained subdued, the performance of the Group's products declined in some markets. In Vietnam, market demand for products such as MSG, hydrochloric acid, soda and fertilizers decreased and market competition led to a decline in selling prices, resulting in a decrease in revenue of approximately 3.4%. The Group's operations in the PRC continued to be affected by the overall weak economy. However, during the Period, the Group stabilized its seasoning sales and actively expanded its distributed products including coffee beans, resulting in an increase in overall revenue in the PRC market of approximately 6.9% compared with the previous period. In addition, in Japan, despite the weak Japanese yen and fierce market competition, the Group still strived to promote new high-end modified starch products, resulting in an increase in revenue in this market of approximately 2.6% over the previous period. In the ASEAN market, revenue from MSG declined due to intense price competition, but the Group continued to increase sales of modified starch in the region, resulting in a modest rise of 1.9% in revenue during the Period compared with the previous period. In addition, in the US, the increase in interest rates to curb inflation dealt a blow to the economic recovery, leaving consumption sentiment and demand hanging in the balance, coupled with container shipping constraints, which caused the Group's revenue in this market to fall by approximately 11.5% compared with the previous period. The subsequent sales momentum in the overall market still needs to be driven by more diversified and flexible marketing methods.

2024年上半年，受到國際地緣政治與通貨膨脹之影響，全球經濟景氣及需求的復甦步伐仍較為緩慢。美國、歐盟、中國等世界主要經濟體，及亞洲其他地區之經濟增長皆受到影響，疲弱的經濟景氣亦限制集團營收增長。同時，各項原材料價格漲勢雖已較緩和，但卻仍處高位，使集團獲利雖有稍恢復，卻未如預期。另外，美元加息也影響全球金融市場與各國家貨幣之利率與匯率，衝擊原本便脆弱之經濟復甦，使得整體消費氣氛仍處保守觀望階段。集團最大市場越南2024年前6個月GDP錄得6.42%的增長，雖大致符合6.0%-6.5%的增長率預期，主要由於部份產業出口逐漸恢復，但其國內中小企業之經營與末端消費景氣卻仍尚未如期復甦。

集團期內營業額約1億8仟5佰萬美元，較前期下滑約375萬美元，下降約2.0%。受各主要市場景氣與需求仍未恢復、疊加競品低價競爭影響，集團幾項主要產品，包含味精、鹽酸、蘇打、肥飼料等營收均錄得下滑。期內毛利約3,290萬美元，較前期提升46.5%，毛利率為17.8%。毛利恢復主要為能源價格大幅下降所致。2024上半年集團借款利率稍為下降，融資成本亦有所下降。因毛利上升，集團期內淨利為約834萬美元，較前期虧損147萬美元有較大幅之進步，淨利率為約4.5%。

受市場景氣影響，集團所經營之各項產品於部分區域營收錄得下滑。在越南市場，味精、鹽酸、蘇打與肥料等產品因期內市場需求降低，加上售價因競爭關係稍降，營收減少約3.4%。集團在中國區的營運，雖整體經濟疲弱，景氣仍未恢復，但集團於期內穩定調味品銷售，並積極拓展咖啡豆等代理品業務，使中國市場整體營收較前期逆勢提升約6.9%。另外，於日本市場，雖日圓疲軟、市場競爭嚴峻，集團仍努力推廣高端變性澱粉新產品，使該市場營收較前期增長約2.6%。而在東盟市場，雖然味精營收受競品低價競爭影響下滑，但集團持續提升於該區域之變性澱粉銷售，使期內營收較前期略升1.9%。除此之外，美國市場大幅加息以壓制通脹，卻衝擊經濟復甦，景氣與需求仍不穩定，再加上貨櫃航運限制，使集團於該市場期內營收較前期下降約11.5%，整體市場後續之銷售表現仍需更多元與靈活的營銷方法助推。

By product category, revenue from the Group's main MSG and seasoning products decreased by approximately 6.4% compared with the previous period due to the weak economy in Vietnam, Japan, the PRC and other major export markets, as well as low-price competition in various markets and pressure to lower selling prices. As for modified starch, which is another major product of the Group, as the Group continued to promote new product specifications and high value-added products, its revenue during the Period recorded steady growth in markets such as Japan, ASEAN and Vietnam. The revenue from starch sugar products performed satisfactorily during the Period due to the Group's efforts to develop customer demand in the US and Vietnam. As a result, revenue from the Group's starch products and starch sugar products during the Period increased by approximately 6.9% compared with the previous period. Seeing the great market potential and development prospects of this product category, the Group has continued to develop relevant products and their extensions with the aim of developing diversified products and new products with higher added value. In addition, as revenue from hydrochloric acid and soda products in the specialty chemicals category was affected by weak market demand in Vietnam and severe price competition during the Period, the overall revenue of specialty chemicals decreased by 7.7% compared with the previous period. Sales of the Group's fertilizer and feed products were affected by the sluggish international prices of chemical fertilizers and urea, and the market tended to believe that the decline would continue, resulting in a wait-and-see approach. As for the feed business, sales declined due to factors such as the spread of diseases on farms, high breeding costs and weak demand in some markets. Overall sales of fertilizer and feed products fell by approximately 5.4% compared with the previous period. In addition, with the consumer goods industry in Vietnam growing rapidly, the Group has cooperated with a number of internationally renowned brands in product distribution so as to increase the number of products in operations and expand its scale of operations. At the same time, the Group promoted the trade products that it distributes in the PRC, including coffee beans, and met the corresponding demand by segmenting the market, leading to an approximately 18.5% increase in overall performance of distributed products during the Period compared with the previous period.

以產品類別分析，因越南、日本、中國等主要市場的景氣尚未恢復，加上各地市場低價競爭，售價有下跌壓力，集團主要的味精與調味料產品營收較前期降低約6.4%。對於另一項重要的澱粉產品－變性澱粉，公司持續推展新規格與高附加價值產品，使其在日本、東盟、越南等市場的營收都錄得穩定的增長，而另一項澱粉糖產品的營收因集團努力開發美國與越南客戶之需求而表現不錯，推動期內澱粉產品與澱粉糖之營業額較上期合計成長約6.9%。集團相當重視此類產品於市場的潛力與發展，持續致力於此類產品與其延伸產品之開發，以期發展更多元化產品、開創更高的產品附加價值。另外，特化產品中的鹽酸與蘇打產品營收期內受隨著越南市場需求仍弱、競品低價競爭之影響，整體特化產品業績相較前期減少7.7%。而肥飼料產品營運方面，因國際化肥及尿素價格不振，肥料市場普遍有看跌不看漲的心理，觀望氣氛濃厚，集團銷售表現亦受波及。飼料方面，因部份銷售地區發生疫病、養殖成本偏高、市場需求偏弱等因素疊加，相關銷售表現錄得下滑。肥飼料整體銷售額仍較前期下跌約5.4%。此外，基於越南消費品產業成長快速，集團與多家國際知名品牌合作代理相關產品，以增加營運品項，擴大營運規模。同時，集團在中國區推廣咖啡豆等貿易代理商品，通過區隔市場滿足相應需求，使期內整體代理品業績較前期增加約18.5%。

Looking ahead to the second half of the year, the economic and business environment will remain relatively complex, influenced by factors such as the ongoing Russia-Ukraine war, the conflict in the Middle East and other geopolitical risks, high energy and raw material prices, unstable supply, global inflation, and volatile exchange and interest rates, which will affect the Group's operating risks and opportunities in the second half of the year. Although energy prices have come down somewhat, helping to stabilize production costs and profits to some extent, the Group expects the supply of various international and local raw materials to be uncertain. It believes that inflation risks will persist, consumption demand will still be recovering and market competition for various products will intensify. These factors will pose challenges to the Group's operations in the near term, hence the Group will closely monitor the situation and respond accordingly. In view of the current business environment, in addition to making daily operations more flexible, the Group is accelerating the development of new products and improving its technical capabilities. At the same time, it is expediting the formation of strategic alliances and has begun to cooperate with several internationally renowned and outstanding enterprises, entering into production and sales-related cooperation and joint ventures in the fields of food and fertilizer, so as to accelerate the introduction of new products and development of new businesses. In the future, the Group will continue to step up its pace and efforts in building strategic alliances so that it can benefit from advantages provided by its allies and realize greater efficiency, as well as explore more diverse business areas.

Although economic activities in Vietnam have slowed down slightly due to the impact of various short-term factors in the economic environment, the market has an outstanding business environment and the support of trade agreements such as EVFTA, UKVFTA and RCEP signed with countries and regions including ASEAN member countries, the EU and the UK. Thus, once the short-term uncertainty is over, it can be expected to have great development potential. Therefore, while remaining cautiously optimistic about its business, the Group will not only stabilize the foundation of its operations and enhance their flexibility and agility, but also actively embark on new businesses by forming strategic alliances with a focus on new products and new business areas. The Group believes that its operations, supported by solid strategies, will continue to progress and develop in the right direction. Well aware of the opportunities and also their responsibilities in the changing business environment, all members of the Group will strive to seize these opportunities with a pioneering vision and a positive attitude, and carefully and pragmatically implement the Group's operational strategies to achieve greater breakthroughs and development in its results and operations.

By Order of the Board

**Yang Tou-Hsiung**  
Chairman  
20 August 2024

展望下半年，烏俄戰爭與中東地區衝突等地緣政治風險仍持續、能源與原材料價格仍處高位，且供應仍存在不穩定性，而全球通貨膨脹、匯率與利率波動等因素，仍將對經濟與經營環境帶來相當之複雜度，影響集團下半年的經營風險與契機。雖然能源價格已稍趨緩和，對穩定生產成本與利潤亦已顯現一定程度的助益，惟集團預期各項來自國際及本地原料供應仍存在變數、通貨膨脹風險亦持續、消費需求尚未恢復，尤其各項產品面臨的市場競爭更有增無減，短期的經營尚充滿挑戰，集團也將密切觀察與應對。有鑒於目前的經營環境，集團除將更靈活強化日常營運之外，更正加快新產品開發並強化技術實力。同時，集團也將加快策略聯盟的腳步，已開始與數家國際知名的優良企業合作，在食品與肥料領域，展開產銷合作及合資經營，以加快拓展新產品與新事業之步伐。集團在未來將持續加快、加深策盟力道，發揮經營槓桿與效率，開拓更多元之經營領域。

雖然越南短期內仍受到各等經濟環境因素的影響，整體經濟活動仍處在復甦階段，但憑藉優越的總體經營環境以及其與多國，包含東盟、歐盟、英國與區域各國簽訂的EVFTA、UKVFTA與RCEP等貿易協定，預期其在短期經濟波動趨穩定後，仍將有龐大的發展潛力。集團將仍抱持審慎樂觀的態度，除穩定既定營運基礎、提升經營的彈性與機動性之外，更進一步，將以策盟的方式，積極開發新產品與新事業、開創嶄新之營運範疇。同時集團相信，在穩健的策略下，經營將持續朝向正面的方向發展。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，把握機會，並務實謹慎地來執行集團擬具之各項營運策略，以期讓集團的業績與經營取得更大的突破與發展。

承董事會命

主席  
**楊頭雄**  
2024年8月20日