I. BUSINESS OVERVIEW

The global economy has rebounded gradually in 2017 with a broad-based worldwide recovery. The employment situation and the labour market have continued to show improvement, trading of bulk commodities and various raw materials has picked up and pushed up prices, and international trade has revived to end the continuous declining trend in the global economic growth rate. Forecast data issued by International Monetary Fund (IMF) indicated that global Gross Domestic Product (GDP) growth rate was higher in 2017 when compared with the same period in 2016. GDP in key economies including the US, the Eurozone and Japan has also generally increased, while emerging markets and developing economies are expected to experience their first GDP growth in seven years. Growth in global trading volume was satisfactory in 2017, and the recovery of international trade has become an important gear driving global economic growth. After remaining nearly stagnant in the past decade, the global economy has finally shown a clearer albeit mild inflection point. A number of economic analysis reports mentioned that the global financial crisis has essentially come to an end and the global economy is gradually entering into a long cycle of recovery.

In Vietnam, the GDP growth rate in 2017 was 6.81%, higher than its 6.7% target for the year. During the third and fourth quarters, its economic growth exceeded 7%, and, on average, the CPI was 3.53% higher than that in 2016. Besides, Vietnam set a new record in import and export trading volume in 2017, exceeding US$400 billion for the first time. Total exports and total imports increased by 21.1% and 20.8% year-on-year respectively, both representing the largest respective increases over several years. Investment capital lending rose 10.8% year-on-year at US$17.5 billion, reaching the highest level in history. Total capital arising from registration of new enterprises invested by foreign investors, an increase in capital injection and acquisition of equity interest by foreign investors grew by 44.4% year-on-year. Foreign exchange reserves also surged to a historic high and the growth in Vietnam's stock market was the highest in Asia. These outstanding performances plus the relatively stable interest rate and exchange rate have combined to create a prosperous year for Vietnam's economy in 2017.

一、 業務總覽

二零一七年世界經濟普遍逐步復甦，就業勞動市場持續改善，大宗商品與各種原料交易逐步轉趨活躍，價格上揚，國際貿易加速，結束全球經濟增長率連續下降的趨勢。國際貨幣基金組織(IMF)預測數據顯示，二零一七年世界國內生產總值(GDP)增長率同比前期上升。美國、歐元區和日本等主要經濟區域的GDP亦普遍提升，新興市場與發展中經濟體GDP亦有望實現七年以來的首次回升。二零一七年全球貿易量增長良好，國際貿易復甦已成為全球經濟提速換擋的重要動力。全球經濟經過近10年於底部徘徊，出現了較為清晰卻微弱的拐點，多篇經濟分析報告亦提到，國際金融危機基本上已經結束，世界經濟將逐漸進入復甦的長周期。

越南二零一七年GDP成長率為6.81％，超過預定增長6.7%之目標，其中，第三季度及第四季度的經濟成長率超過7%，而平均CPI比二零一六年平均上漲3.53％。另外，二零一七年越南創造了進出口貿易額的新紀錄，進出口貿易總額首次衝破4000億美元大關，出口總額同期相比增長21.1%，進口總額增長20.8%，兩者均是多年來增幅最大的一年。同時投資資金放款為175億美元，同比增長10.8％，亦為歷年來放款最高的一年。而外商投資的新增企業註冊、增加註資及收購股權等的資金總額同比增長44.4％，外匯存款創新高，越南股市在亞洲國家中漲幅最大，且利率與匯率相對地穩定，故二零一七年可以說是越南經濟取得良好成果的一年。

I. BUSINESS OVERVIEW (continued)

The recovery and invigouration of the global and Vietnamese economies was also accompanied by more intense competition and rises in raw material and energy prices. The Group saw both growth and decline in its main products. For example, growth in demand for specialty chemicals, fertilisers and feed products pushed up sales, while competition in the MSG, modified starch and maltose product markets led to drop in revenue and gross profit of these products. In 2017, the Group's turnover decreased by 1.5% or US$4,835,000 year-on-year to US$322,805,000; gross profit decreased by 13.8% or US$10,893,000 year-on-year to US$68,137,000, with the overall gross profit margin was down from 24.1% in 2016 to 21.1%. The Group's net profit for the year declined by 16% or US$3,495,000 year-on-year to US$18,738,000, with net profit margin down from 6.8% to 5.8% year-on-year. The drop in price of some of its products due to market competition and the increase in energy costs caused a slight decrease in the Group's revenue and profit during the period.

Looking at 2018, it is generally forecast that the global economy will maintain its growth trend but still faces certain challenges. The unstable political environment in the Middle East and East Asia, and the potential disasters caused by extreme weather events, as well as the general economic factors such as rising trade protectionist sentiment in different countries, the monetary policies of the US Federal Reserve and the European Central Bank, changes in energy prices, inflation and market competition resulting from excess production capacity will affect the Group's operation in varying extents. Facing such uncertainties, the Group will prudently and proactively implement strategies aiming to strengthen its businesses, control production costs and develop new products and new markets in order to raise revenue and profitability.

一、 業務總覽（續）

雖然在全球及越南經濟面貌呈現復甦與活躍的情況下，另一方面也帶來競爭的增加與原物料與能源價格的上漲。綜觀集團主要產品互有漲跌，如特化產品、肥飼料因需求上升而銷售增加；味精、變性澱粉與麥芽糖等因市場競爭，營收與毛利則減少。二零一七年期內集團本期營業額達322,805,000美元，較去年減少1.5%或金額4,835,000美元；毛利達68,137,000美元，較去年減少13.8%或金額10,893,000美元；集團總體毛利率由二零一六年24.1%降至21.1%；集團淨利18,738,000美元，與較去年減少16%或金額3,495,000美元；淨利率則由同期6.8%降至5.8%。由於市場競爭，集團部份產品調降售價，且能源成本提升，致使集團於本年之營收和獲利均略為下降。

二零一八年度，預測全球經濟總體仍將保持成長的態勢，但同時也存在一些挑戰，除中東及東亞區域不穩的政治局勢與及極端氣候可能引發災難外，經濟上如各國貿易保護主義、美聯儲和歐盟央行對貨幣政策的調控、能源價格變化及通貨膨脹等總體因素仍然存在，加上由產品產能過剩所造成之市場競爭，均將對經營環境產生不同程度的影響。而有鑒於此等不穩定的變數，集團將以謹慎的態度，積極的策略，致力於業務之強化與生產成本之掌控以及新產品、新市場之開拓，以期提高營收與獲利。

II. BUSINESS ANALYSIS

二、 營業分析

(I) Sales Analysis by Market

（一） 市場銷售分析

Unit: US$'000 單位：千美元

Country	國家	2017 二零一七年 Amount 金額	2017 二零一七年 %	2016 二零一六年 Amount 金額	2016 二零一六年 %	Difference 差異 Amount 金額	Difference 差異 %
Vietnam	越南	**162,986**	**50.5%**	160,615	49.0%	2,371	1.5%
Japan	日本	**64,199**	**19.9%**	66,793	20.4%	–2,594	–3.9%
The PRC	中國	**29,056**	**9.0%**	31,853	9.7%	–2,797	–8.8%
ASEAN	東盟國家	**31,792**	**9.9%**	32,422	9.9%	–630	–1.9%
US	美國	**16,761**	**5.2%**	19,042	5.8%	–2,281	–12.0%
Others	其他	**18,011**	**5.5%**	16,915	5.2%	1,096	6.5%
Total	合計	**322,805**	**100.0%**	327,640	100.0%	–4,835	–1.5%

1 *Vietnam*

During the period, turnover from Vietnam amounted to approximately US$162,986,000, an increase of 1.5% or US$2,371,000 when compared with 2016. The growth in revenue was mainly because of the gradual improvement in overall economic sentiment in Vietnam. Sales volume and selling price, and hence turnover of soda products, fertilisers and feed products were boosted as market demand for these products increased. In contrast, revenue of MSG, hydrochloric acid and starch products dropped slightly due to import price competition among industry peers. The Group is actively exploring sales opportunities in the consumer food sector in a bid to capture the fast growing consumer product market, as well as consolidating its sales channels to enhance efficiency and increasing promotion of new products. As a result, the share of the Group's revenue generated from the Vietnamese market rose from 49.0% in 2016 to 50.5%.

1 *越南市場*

本期內，越南市場營業額約162,986,000美元，較二零一六年增加1.5%或金額2,371,000美元。營收增加主要由於越南整體經濟景氣逐漸好轉，蘇打產品與肥飼料產品因市場需求增加，使銷售量與售價上升，營業額亦隨之增加。但味精、鹽酸與澱粉產品卻因同業進口價格競爭而營收略為下滑。集團目前也積極佈局消費食品之銷售商機，藉以投入發展迅速的消費品市場，同時整合銷售通路效率，強化新產品的推廣。越南市場營收於集團營收佔比由二零一六年49.0%增至50.5%。

II. BUSINESS ANALYSIS (continued)

(I) Sales Analysis by Market (continued)

2 *Japan*

During the period, revenue from the Japan market decreased by 3.9% or US$2,594,000 year-on-year to US$64,199,000, and the country remained as the second largest geographic sales market of the Group. The decrease in revenue was mainly due to the lower price of modified starch and the adjustment of product items, which caused the sales amount to drop. Revenue from the Japan market occupied 19.9% of the Group's total revenue during the period, which was slightly lower than 20.4% in 2016.

3 *The PRC*

Revenue from the PRC market reached US$29,056,000 during the period, representing a decrease of US$2,797,000 or 8.8% from 2016. Its share in the Group's total revenue was reduced from 9.7% in 2016 to 9.0%. The decrease was mainly because the competition in the modified starch and MSG markets brought down product selling prices, and the Group decided to avoid a price war and maintain the selling price and profit at a certain level to maintain profitable operations. Although the revenue decreased, the profit was still higher than the preceding year. The Group is consolidating its sales network and developing more new high value-added products in a bid to raise its performance and market share.

二、 營業分析（續）

（一） 市場銷售分析（續）

2 *日本市場*

日本市場期內之營業額達64,199,000美元，比二零一六年減少3.9%或金額2,594,000美元，仍為集團第二大銷售市場。營收減少主要由於變性澱粉價格下調與調整品項所致，致使銷售額減少。日本市場期內營收佔比為19.9%，略低於二零一六年之20.4%。

3 *中國市場*

本期中國市場營收為29,056,000美元，較二零一六年減少8.8%或金額2,797,000美元，營收佔比由二零一六年9.7%降至9.0%。營收減少主要也是由於變性澱粉與味精市場的競爭，產品售價下跌，而集團為維持獲利，避免陷入市場之價格競爭，維持一定的售價與利潤，故此雖然其營業額減少，但獲利仍較去年增加。集團亦正整合銷售網絡與開拓較高附加價值之新產品，以繼續提升業績及市場份額。

II. BUSINESS ANALYSIS (continued)

(I) Sales Analysis by Market (continued)

4 *ASEAN member countries*

During the period, revenue from ASEAN member countries, excluding Vietnam, decreased by 1.9% or US$630,000 year-on-year to US$31,792,000, and its contribution to the Group's total revenue remains at 9.9%. The decrease in revenue during the period was mainly because the revenue of MSG moderately declined due to price competition, but the sales of MSG and maltose had already rebounded slightly due to higher demand. As for the ASEAN market, the Group reinforced its market channels and actively developed new markets thereby managing to secure new customers. The market has replaced the PRC market as the Group's third largest geographic market as the Group is proactively setting up its presence there. The Group plans to establish a subsidiary in Cambodia, with the aim to enhance the business team, further develop the market and expand the sales network and structure of the Group's market in ASEAN.

5 *The US*

Revenue from the US market reached US$16,761,000 in the period, a decrease of US$2,281,000 or 12.0% from US$19,042,000 in 2016. The reduction in revenue was mainly due to lower selling prices of MSG products and slowing sales of maltose which was caused by decreasing demand from distributors. Its contribution to the Group's total revenue was down from 5.8% to 5.2%.

二、 營業分析（續）

（一） 市場銷售分析（續）

4 *東盟市場*

本期東盟市場，除越南之外，營收為31,792,000美元，較二零一六年減少1.9%或金額630,000美元，佔集團總營收維持為9.9%。期內營收減少主要由於味精營收因競爭降價而稍微減少，而肥料與麥芽糖因需求增加，銷售已略為提升。對於東盟市場，集團致力鞏固市場通路，積極開發新市場及新客戶。東盟市場已取代中國市場成為集團第三大市場，集團也正積極佈局，並計劃於柬埔寨設立附屬公司，以強化業務團隊，再一步深耕市場，同時延伸東協之銷售網絡架構。

5 *美國市場*

美國市場期內營收16,761,000美元比二零一六年19,042,000美元減少12.0%，金額2,281,000美元。主要由於味精產品銷售價格下調，麥芽糖產品銷售因代理商客戶需求稍為放緩，致使營收減少。美國營收對公司佔比由5.8%降至5.2%。

II. BUSINESS ANALYSIS (continued)

(I) Sales Analysis by Market (continued)

6 *Other regions*

In other regions, mainly including Taiwan, Korea and the European Union ("EU"), total revenue during the period rose by 6.5% or US$1,096,000 to US$18,011,000, compared with US$16,915,000 in 2016. Its proportion in the Group's total revenue increased from 5.2% to 5.5%. The increase in revenue was mainly contributed from higher product sales of fertilisers and MSG.

二、營業分析(續)

(一)市場銷售分析(續)

6 *其它市場*

其他市場主要為台灣,韓國及歐盟市場,本期合計營收達18,011,000美元,比二零一六年16,915,000美元增加6.5%或金額1,096,000美元,佔集團總營收由5.2%增至5.5%。營收增加主要由於肥飼料及味精等產品的銷售增加所致。

(II) Sales Analysis by Product

(二)產品銷售分析

Unit:US$'000 單位:千美元

		2017 二零一七年		2016 二零一六年		Difference 差異	
Item	**項目**	**Amount 金額**	**% %**	Amount 金額	% %	Amount 金額	% %
MSG/GA	味精/谷氨酸	**220,491**	**68.3%**	228,893	69.9%	–8,402	–3.7%
Modified starch/ Native starch	變性澱粉/ 天然澱粉	**34,005**	**10.5%**	40,393	12.3%	–6,388	–15.8%
Specialty chemicals	特化產品	**29,012**	**9.0%**	22,518	6.9%	6,494	28.8%
Fertilisers and feed products	肥料與飼料	**18,425**	**5.7%**	15,613	4.8%	2,812	18.0%
Others	其他	**20,872**	**6.5%**	20,223	6.1%	649	3.2%
Total	合計	**322,805**	**100.0%**	327,640	100.0%	–4,835	–1.5%

1 *MSG/GA*

During the period, the revenue from MSG and GA amounted to US$220,491,000, a decrease of 3.7% or US$8,402,000 from 2016. The drop in the revenue from MSG was mainly because the Group realised there was fierce competition in major markets and lowered the selling prices and sales volume of MSG products in certain markets, so various markets recorded differing extents of reduction. In general, the contribution from the MSG and GA to the Group's total turnover decreased from 69.9% in 2016 to 68.3%. However, these items remained as the Group's most important products.

1 *味精/谷氨酸*

期內味精和谷氨酸營收220,491,000美元,較二零一六年減少3.7%或金額8,402,000美元。味精營收減少主要是由於幾個主要市場價格較為競爭,集團因應市場的競爭態勢,在不同市場地區,分別下調部份市場之味精售價與銷售量,導致營收於各市場有不同程度的減少。整體而言,味精和谷氨酸佔集團總營收由二零一六年69.9%降至68.3%,但仍然是集團的主力產品。

II. BUSINESS ANALYSIS (continued)

(II) Sales Analysis by Product (continued)

2 *Modified starch/Native starch*

The drop in the materials cost of starch during the period was conducive to controlling costs. However, fierce price competition in most of the markets, particularly in the PRC and Japan, resulted in a sharp decrease in selling prices of certain products, and the revenue dropped accordingly. The Group's revenue from modified starch and native starch during the period dropped by 15.8% or US$6,388,000 year-on-year to US$34,005,000 as the selling prices of modified starch obviously decreased in different markets. As a result of the drop in revenue, the contribution from starch products to the Group's total revenue also declined from 12.3% to 10.5%.

3 *Specialty chemicals/Fertilisers and feed products*

The Group's specialty chemicals including hydrochloric acid, soda and bleach are sold in the Vietnam market. During the period, driven by steady economic growth in Vietnam, the demand for basic chemicals increased, resulting in a notable surge of sales volume of this product category when compared to 2016. Revenue from specialty chemicals climbed by 28.8% or US$6,494,000 year-on-year to US$29,012,000 while the contribution to the Group's total revenue rose from 6.9% to 9.0%.

As for fertilisers and feed products, subsequent to the short-term drop of demand for the former due to agricultural products in different regions being adversely affected by the weather in 2016 and the over-supply of chemical fertilisers, the demand gradually picked up in 2017, particularly in the Vietnamese and ASEAN markets. Although selling prices remained within the low price range of 2016, sales volume surged significantly. The Group's revenue from fertilisers and feed products increased by 18% or US$2,812,000 year-on-year to US$18,425,000 and its contribution to the Group's total revenue rose from 4.8% to 5.7%.

二、 營業分析（續）

（二） 產品銷售分析（續）

2 *變性澱粉／天然澱粉*

本期澱粉原料價格下降，雖然有利於成本控制，但於大部份市場，尤其在中國，日本等市場之價格競爭激烈，導致部份產品之售價大幅下滑，營收也隨著減少。集團期內變性澱粉與天然澱粉產品營收達34,005,000美元，比二零一六年減少15.8%或金額6,388,000美元，變性澱粉在各市場的銷售均有較大幅的價格下降調整。因營收減少，澱粉產品佔集團總營收由12.3%降至10.5%。

3 *特化產品／肥飼料產品*

特化產品包括鹽酸、蘇打、漂白水均在越南銷售。期內因越南經濟穩定成長，基礎化學產品需求增加，銷售量較二零一六年大幅增加，特化產品營收達29,012,000美元，較二零一六年增加28.8%或金額6,494,000美元，佔集團總營收由6.9%增至9.0%。

至於肥飼料產品，經過二零一六年受氣候影響，各地農作物收成受到波及，肥料短期需求下降，以及化學肥料產能過剩所影響，二零一七年需求已逐漸回升，尤其越南、東盟國家尤為明顯。雖然價格仍維持在二零一六年的低價範圍，但銷售量已明顯增加，集團肥飼料產品營收達18,425,000美元，較二零一六年增加18.0%或金額2,812,000美元，佔集團總營收由4.8%增至5.7%。

II. BUSINESS ANALYSIS (continued)

(II) Sales Analysis by Product (continued)

4 *Other products*

Other products principally include the new products and trading products business that the Group operates in Vietnam and the PRC. Revenue reached US$20,872,000, up 3.2% or US$649,000 year-on-year, thanks to higher revenue from trading products in the PRC and Vietnam. The contribution from other products to the Group's total revenue increased from 6.1% to 6.5%.

The amylase products including maltose that the Group has launched in recent years generated revenue of US$10,177,000 in 2017. The decrease of US$637,000, or 5.9% recorded year-on-year is believed to represent a short-term adjustment of product items. The Group is highly confident in the potential of this product and its quality has increasingly gained recognition from its customers. Thus, the Group is developing related products, so as to broaden the scope of its business and the source of its profitability.

二、 營業分析（續）

（二） 產品銷售分析（續）

4 *其他產品*

其它產品主要為集團於越南與中國區所經營之新產品與代理品，營收達20,872,000美元，比二零一六年增加3.2%或金額649,000美元。營收增加主要是中國區與越南之代理銷售產品營收增加，此等其他產品佔集團總營收由6.1%增至6.5%。

集團近年新推出的麥芽糖等澱粉糖產品，二零一七年營收達10,177,000美元。雖然較去年同期減少5.9%或金額637,000美元，但主要為產品品項的短期調整，集團對此產品發展潛力深具信心，且品質亦逐漸受到客戶肯定，目前正開發更多元的相關品項，以擴濶其營業範圍與獲利來源。

III. MAJOR RAW MATERIALS/ENERGY OVERVIEW

(1) Cassava

During the harvest season of 2016 to 2017, the material costs of cassava and starch dropped due to an abundant cassava harvest in Vietnam and Thailand, which was favourable to the Group's production costs during the period. However, the selling prices of cassava starch-related products also decreased accordingly. The relatively lower price of cassava in 2017 reduced farmers' incentive to grow cassava, while the extended rainy season of Thailand and the pests plaguing the plantations of Northern Thailand also contributed to a drastically lower harvest. Therefore, the significantly lower harvest has acted to boost the price of cassava, and the material costs of cassava starch is expected to surge in Vietnam in 2018.

(2) Molasses

The global molasses market experienced a shortage in 2016/2017. The growth in production capacity fell significantly short of the demand, so the stock dropped to the lowest level since 2010/2011. However, after entering the production season of 2017/2018, the supply balance started to change. Regarding the global molasses production volume, the weather in the regions that grow the prolific beetroot and sugar cane was good and the sugar factories in Brazil reduced the production of ethanol, so more sugar cane can be used to produce sugar, which boosted the production volume of sugar and molasses. The production volume of sugar in Thailand recovered from the impact of El Nino and rose 17% quarter-on-quarter to a new high. As the sugar market continued to enjoy the free flow of goods after the EU called off the restriction of Common Agricultural Policy (CAP), and with the abundant harvest resulting from good weather, the supply of beetroot molasses increased. According to a report from the International Sugar Organisation, the production volume of sugar increased by around 6.6% in the production season of 2017/2018 but the consumer demand for sugar only climbed around 1.7%, so an excess of supply is expected in the global sugar market. The price of molasses might remain stable in 2018. However, due to the implementation of biomass alcohol policies in India, Thailand, Pakistan and the PRC whereby part of the sugar beet supply is switched from molasses to production of biomass alcohol, the supply and demand, as well as the price of molasses may be adversely affected.

三、 主要原料／能源概況

（一） 木薯

於二零一六至二零一七年的產季，越南與泰國木薯豐收，使得木薯與澱粉原料價格下滑，此等原料價格下降對集團本期生產成本有利。但，同時也使得木薯澱粉相關的產品項目價格下滑。同時，也因為二零一七年木薯價格偏低，導致農民種植木薯意欲降低，加上泰國雨季增長與其北部種植區發生病蟲害，使得收成鋭減，產量大幅下滑，木薯價格上漲，故預期二零一八年越南木薯澱粉原料價格亦將大幅上揚。

（二） 糖蜜

世界糖蜜市場於二零一六／二零一七年供不應求，產能增加，但增加速度低於需求之增加，存貨為二零一零／二零一一年來最低。但進入二零一七／二零一八年產季，供需格局開始轉變，世界糖蜜產量由於高產量的甜菜及甘蔗的生產地區氣候條件良好，且因巴西糖廠減少乙醇生產，更多甘蔗用以榨糖，導致糖和糖蜜的生產量增加。泰國自聖嬰氣候現象復甦糖產量創新高記錄，比上一季度增加17%，歐盟由於取消農業改革(CAP)的限制，糖市場自由化，再加上良好的氣候，帶來豐收，進而促使甜菜糖蜜供應數量增加。根據國際糖業組織(International Sugar Organization)報告，二零一七／二零一八年產季糖產量增加約6.6%，但糖消費需求僅增加約1.7%，全球糖市預計將有過剩，故糖蜜價格於二零一八年也預計有機會維持穩定。惟印度、泰國、巴基斯坦和中國，這些國家因應其國內的生質酒精政策，導致部份糖蜜將轉用於生產生質酒精，此將潛在牽動糖蜜供需與價格。

III. MAJOR RAW MATERIALS/ENERGY OVERVIEW (continued)

(3) Energy

As for the major sources of energy in the world, oil, natural gas and thermal coal followed similar trends. In the first half of 2017, the prices were stable, but began to rise in the second half, particularly for oil and thermal coal which even surged to the highest level in three years. The main reasons behind the surge included the strong demand in Asian countries and continuous negative news from main fuel-producing countries, for instance, the policies of capacity reduction and mining hour regulations in the PRC, the cyclones in Australia, persistent downpours in Indonesia, etc. Despite the trading volume of coal in Europe and South Africa dropping substantially in 2017, the austerity measures for the coal industry have gradually changed from "reduction of excessive capacity and restriction on output" in 2016 to "securing supply and stabilising coal prices" in 2017. In the coal industry, the PRC and India have greater influence on the demand of the global coal market as the aggregate consumption of these two emerging economies accounted for 61.6% of global consumption (coal consumption in Asia accounted for 73.8% of global consumption). The demand of these two large consumers should not change too much in the short term, so the coal price is expected to remain at a high level in 2018.

With regard to the cost of electricity, no adjustment was made to the electricity tariff in Vietnam in the first half of 2017. However, under the pressure of rising coal prices, Electricity of Vietnam announced that the electricity tariff would rise by 3.17% effective from 1 December 2017, the first such increase within the past three years. In spite of this situation, with its new energy system commencing operation, the Group has increased the use of self-generated electricity. Hence, the upward adjustment of electricity tariff had only an insignificant impact on the Group.

三、 主要原料╱能源概況（續）

（三） 能源

世界主要能源，原油、天然氣與動力煤走勢大致相同。二零一七年上半年價格呈現穩定狀態，下半年則是一路走強，尤其是原油及動力煤均突破年度最高點，甚至是3年來的最高價格水平。主要原因來自亞洲區國家的需求量增加及主要供應國家的不利狀況頻傳所致，如中國的去產能及採礦工時控制等政策、澳大利亞的颶風、印尼的連續性大雨等等影響。儘管二零一七年歐洲及南非的煤炭交易量大幅度下跌，二零一七年煤炭行業調控政策已經由二零一六年的「去產能，限產量」逐漸調整為「保供應，穩煤價」。在煤炭行業中，中國、印度較大程度影響全球煤炭市場需求，這兩大新興經濟體合計消費佔比全球61.6%（亞洲區的煤炭消費量佔全球73.8%），短期內此兩大消費國需求，應不會有太大變化，故可預期二零一八年煤炭價格將持續維持於一定之高價位水平。

在電價方面，二零一七年上半年越南電價雖不調整，但在煤炭價格持續上升之壓力下，於二零一七年十二月一日起，越南電力集團公佈調漲電價3.17%，這是3年以來第一次越南調漲電價。雖然電價增加，但集團自用新設能源系統後，使用自生產電力增加，故電力價格調漲對集團的影響較為有限。

IV. FINANCIAL REVIEW

1. Liquidity and Financial Resources

The Group had cash and cash equivalents, short-term bank deposits and structured bank deposit of US$69,645,000, US$18,852,000 or around 21.3% less than that at the end of 2016. Short-term bank borrowings increased by US$3,286,000 or around 26.0% to US$15,906,000 compared with that at the end of 2016, while middle-to-long-term bank borrowings declined by US$4,699,000 or around 19.4% to US$19,491,000. Total bank borrowings amounted to US$35,397,000, US$1,413,000 or around 3.8% less than that at the end of 2016. The borrowings were mainly denominated in US dollars, representing 98.1% of the total borrowing while the remaining 1.9% was in New Taiwan dollars. The proportions of short-term and medium-to-long-term bank borrowings were 44.9% and 55.1% respectively. During the year, net finance income of US$49,000 was recorded in 2017, while net finance costs of US$189,000 were recorded in 2016.

Trade receivables were US$31,651,000, representing an increase of US$3,658,000 or around 13.1% when compared with that at the end of 2016. Around 57.9% of the trade receivables were due within 30 days. As at 31 December 2017, total inventory was US$82,868,000, up by US$17,586,000 or around 26.9% when compared with that at the end of 2016, and included a higher proportion of raw materials.

As the bank borrowings declined, the gearing ratio (total borrowings to total equity ratio) was 12.5%, lower than 13.2% at the end of 2016. Since cash decreased but still exceeded borrowings, net gearing ratio (total borrowings less cash and deposits to total equity ratio) was –12.1%, higher than –18.5% at the end of 2016.

Current ratio was 3.8 at the end of 2017, slightly lower than 4.0 at the end of 2016, while the quick ratio declined from 2.7 at the end of 2016 to 2.2 due to the increase in inventory. Although both the current ratio and the quick ratio dropped, the financial position of the Group remained sound.

四、 財務回顧

（一） 流動資金和財政資源

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69,645,000美元，比2016年底減少18,852,000美元，約21.3%。而短期借款為15,906,000美元，比2016年底增加3,286,000美元，約26.0%；中長期借款為19,491,000美元，比2016年底減少4,699,000美元約19.4%。借款總額為35,397,000美元，比同期減少1,413,000美元或約3.8%。借款以美元為主，佔98.1%，其餘為新台幣佔1.9%；短期和中長期借款比率為44.9%比55.1%。年內淨財務支出由2016年189,000美元轉為2017年淨財務收入49,000美元。

應收貿易帳款為31,651,000美元，比2016年底增加3,658,000美元，約13.1%，30天期內應收帳款佔約57.9%。存貨總額於2017年12月31日為82,868,000美元比2016年底增加17,586,000美元，約26.9%，其中主要為原料佔較大之比例。

因借款減少，資本負債比（總借款比股東權益）為12.5%，小於2016年底的13.2%；由於現金減少，但仍高於借款，淨資本負債比（總借款扣除現金和存款比股東權益）為–12.1%，高於2016年底的–18.5%。

流動比率2017年底為3.8，稍低於2016年底之4.0，速動比率因庫存增加，由2016年底之2.7降為2.2。雖然流動比率及速動比率均降下，但集團財務結構仍是穩健。

IV. FINANCIAL REVIEW (continued)

2. Capital expenditure

During the year, capital expenditure amounted to approximately US$20,539,000, US$8,386,000 higher than the capital expenditure of US$12,153,000 recorded in 2016.

3. Exchange rate

The economy of Vietnam achieved remarkable growth in 2017 and thus the import and export volume significantly increased with a trade surplus, foreign direct investment significantly rose, and the country's foreign exchange reserve surged to a historical high. All these factors has helped stabilise the exchange rate of the Vietnam Dong. The State Bank of Vietnam announced that the Vietnam Dong depreciated by 1.2% in 2017, from 22,159 Vietnam Dong/US dollar at the end of 2016 down to 22,425 Vietnam Dong/US dollar in 2017. However, the general bank and market exchange rates were similar to the end of last year with an appreciation of the Vietnam Dong (the interbank exchange rate of Vietnam Dong appreciated by 30 Vietnam Dong/US dollar when compared with the end of 2016). Entering 2018, the economy of Vietnam is generally expected to achieve continued growth as the export volume and foreign investment are expected to rise, the withdrawal of state capital will boost the supply of foreign currency and the country's foreign exchange reserve will increase. In this regard, the exchange rate of Vietnam Dong to the US dollar is expected to remain stable in 2018.

The Group's subsidiaries in the PRC are mainly engaged in domestic distribution and the transactions there are denominated in RMB. During 2015 and 2016, the median exchange rate of the RMB depreciated by 6%-6.6%. Stepping into 2017, the global economy has continued its recovery, the international financial markets have remained relatively stable, and the PRC economy has demonstrated a clear steady upward growth momentum. The stability, coordination and sustainability of economic development are strengthening, so the RMB is generally likely to continue to appreciate or stabilise this year. The exchange rate of the RMB to the US dollar has appreciated around 6% in 2017, a relatively high increment over past five years.

四、財務回顧（續）

（二）資本支出

年內資本支出共約20,539,000美元，比2016年資本支出的12,153,000美元增加8,386,000美元。

（三）匯率

越南二零一七年因經濟增長表現亮麗，進出口額大幅上升，貿易已呈順差，外國人直接投資放款大增，外匯存底為歷年來新高。這些因素均對匯率穩定有所幫助。越南國家銀行公佈的中心匯率二零一七年貶值1.2%，由二零一六年底的22,159越幣／美元貶值至二零一七年之22,425越幣／美元，不過貿易銀行及市場匯率與去年底幾乎沒有差異，越幣甚至升值（銀行間匯率越幣比二零一六年底升值30越幣／美元）。進入二零一八年，一般預期越南經濟將繼續增長，出口及外國人投資增長，國有資本退出會使外幣供應源豐富，外匯存底增高，預計二零一八年，越幣美元匯率將維持穩定。

集團中國區附屬公司主要以中國國內銷售為主，交易以人民幣計算。二零一五年及二零一六年人民幣中間價貶值6%-6.6%。進入二零一七年，全球經濟總體延續復甦態勢，國際金融市場相對穩定，中國經濟穩定向好態勢將更趨明顯，經濟發展的穩定性、協調性和可持續性增強，綜觀人民幣今年整體仍維持走升或穩定格局。二零一七年人民幣兑美元升值約6%，是近5年以來的較高之升幅。

IV. FINANCIAL REVIEW (continued)

4. Earnings per share and Dividends

Basic earnings per share were 1.25 US cents during the period. The Board has resolved to declare the payment of a final dividend of 0.443 US cents per share. The dividend payout ratio was 60%.

V. PROSPECTS

Looking ahead to 2018, in face of the changing global backdrop and shifting economic trends, although the Group is optimistic about the projections of global economic growth, as excessive capacity still exists in many commodities, the price competition in the market is expected to continue. Moreover, factoring in the uncertainties from the policies of major countries around the world, future economic conditions and trends are likely to become more complicated.

Nevertheless, the Group has reinforced its operational structure in recent years, by securing a stable supply of raw materials, improving production efficiency, stabilising production costs and strengthening its marketing and business development activities including developing new products, new markets and new customers. All of these efforts have brought a measure of encouraging success. Despite the uncertainty in the future, the Group will continue to adhere to its development strategies and adopt measures to ensure that these strategies are well-implemented, highlighted by the following:

– Product lines will be restructured in order to raise the proportion of high value-added products. The number of low gross profit items will be reduced to maintain reasonable profitability of products and, in turn, operations.

– New products are to be actively developed while the Group strengthens its business in new markets. The Group will increase the number of new agents and customers through strengthening its business structure. Meanwhile, it will enhance the existing distribution channels and maximise the branding efforts so as to further reinforce its business development.

– The Group will actively diversify the sources of raw materials and will strengthen and secure the procurement of critical materials in bulk.

四、 財務回顧（續）

（四） 每股基本盈利和股息

本期每股基本盈利為1.25美仙。董事會決定派發末期股息每股0.443美仙。派息率為60%。

五、 展望

展望二零一八年之發展，面對全球性景氣與經濟形勢的變化，雖然集團對全球經濟將增長預測抱持樂觀的態度，但仍可觀察到尚有眾多品項產品的產能仍然過剩，仍存在供大於求的情況，預期價格的競爭仍將存在。另外，面對全世界各主要大國的政策面不確定的影響，將使未來的經濟情勢變化更形複雜。

近年來，集團執行各項紮根的基礎工作，掌握穩定原料供應，提升生產效率，穩定生產成本，強化行銷與業務的拓展，開發新產品新市場新客戶，已可見初步改善成效。展望未來，集團雖仍面臨經營的不確定性，但仍將積極落實既定的發展策略，強化落實力度，持續推動進行，其中包括：

一 透過產品線的重新組合，提升高附加產品的比重，減少低毛利品項，以維持產品的合理利潤。

一 積極投入進行新產品開發，提升新市場的業務；透過業務組織的強化，增加新代理、新客戶的拓展；同時再深耕目前既有的市場通路，並延續與發揮品牌效益，以再強化集團整體業務的拓展。

一 積極進行多元化原料使用，再強化並靈活掌握關鍵大宗原料來源。

V. PROSPECTS (continued)

- The Group will continue to upgrade production technology in order to improve the production efficiency. At the same time, it will also increase capital expenditure to expand the production scale of high-potential products and implement energy-saving measures.

- The Group will develop customised production techniques and enhance the production scale of new products by more effectively utilising its resources, collaborating across different industries and with different customers, conducting regular evaluations of its partnerships and working more closely with customers. More products from third parties will be introduced to fulfill customers' needs in a segmented market and to bolster offerings to niche markets.

- Based on the strategy of "co-opetition", the production base in Vietnam will be used to develop markets in ASEAN and Free Trade Agreement (FTA) nations, enabling the Group to develop new businesses with added value.

- Business footholds will be set up in ASEAN countries to extend its business network from Vietnam, explore business opportunities for the Group's products, broaden its brand influence and eventually expand its business presence across the region.

- By strengthening its financial management, the Group can enhance efficiency and optimise the asset utilisation rate. Steps will also be taken to mitigate the risk of foreign exchange and interest rate fluctuations amidst the potential for increased turbulence in financial markets.

To conclude, the Group will maintain flexibility at the operating level to cope with the rapidly-changing business environment. Apart from maintaining fundamental operations, the Group will also devote greater efforts to formulate appropriate strategies for new environments. While the current situation presents many challenges, there are still many development opportunities. The management is confident that by implementing strategies based on its solid foundation cautiously and prudently and continuing to proactively capture opportunities, the Group will achieve further development and advances in its operations and its business.

五、 展望（續）

- 繼續提升技術以不斷改善生產效益，同時再增加投入資本支出，擴充潛力產品的生產規模，並持續推動節能省電專案。

- 運用集團資源，結合同業異業，持續與加強策略聯盟之檢討；緊密結合客戶，並朝向客制化生產開發，以提升新產品規模；並引進多樣化代理產品，滿足分眾市場客戶需求，強化利基市場。

- 以競合策略為基礎，利用越南生產基地，積極發展東協市場與有簽訂自由貿易協定(FTA)的合作市場，拓展相關具有價值優勢的新事業。

- 進行前進東盟國家設立營運據點，以延伸業務與行銷網絡，開創產品商機，延伸品牌力度，擴增公司的事業版圖。

- 強化財務管理，在提升效益的同時，致力資產使用效率極大化，並對於金融市場振盪幅度增大之際，做好匯率及利率的風險管理工作。

隨著經營環境變化快速，經營層面將保持彈性靈活的行動方案，除落實經營基本工作之外，面對新環境而延伸的策略，更將積極投入，展望目前局勢，雖有挑戰，卻仍存在許多發展機會。經營層相信在運用既有的經營基礎，並以謹慎的態度，落實的執行各項策略，並積極有效率機動彈性的把握機會，以期集團營運有更一步的突破與發展。