

Management Discussion and Analysis

管理層討論及分析

I. BUSINESS OVERVIEW

In the first half of this year, at the impact of escalating trade tensions between the PRC and the US, the global economy continued to slow down and investment contracted worldwide. The trade friction between major economies was intensifying and economic slowdown was faster than expected. International Monetary Fund (IMF) forecasted global economic growth in 2019 to slow down to 2.6%. Among major economies worldwide, the effects of fiscal measures of the US to stimulate the economy were gradually diminishing, and growth of the US economy was expected to be down to 2.5%. The growth was weak in general for the European economy. Apart from trade frictions, it was troubled by other problems such as Brexit and worsened debt situation of Italy. In the PRC, economic growth rate fell to a new low, weighed down by internal and external demand pressure. The Japanese economy continued to slowly recover. As for the emerging markets, their economy remained on a relatively better growth trend thanks to the ease of external pressure such as the weakening US dollar and softening oil price. Generally speaking, the decline in exports and investment of developed economies in the first half year was mainly the result of the trade frictions between the PRC and the US, tightened financial conditions making it difficult for different countries to stabilise exchange rates and reduce inflation. Emerging economies faced notable rise in government debts, currencies depreciated markedly. Furthermore, international crude oil prices surged at the tense situations in the Middle East. All of the above factors together explained the feeble growth of global trade.

Vietnam saw its GDP grew by 6.76% in the first half of 2019, which was lower than that of the last corresponding period, but higher than the average of the first half year between 2011 and 2017. Its inflation rate was the lowest in the last three years. Import and export value reached approximately US\$245.5 billion and foreign investment amounted to approximately US\$18.47 billion, both were new high in years, reflecting a stable macro economy in the country. However, affected by the escalating trade conflicts between the PRC and the US, the exchange rate of the Vietnam Dong depreciated by 1.8% when compared to that in the same period last year. As the Vietnam economy faced both opportunities and challenges, economic growth continued though at a slower pace.

一、業務總覽

今年上半年因中美貿易緊張局勢升級，以致全球經濟持續放緩，全球投資下降，主要經濟體的貿易磨擦越演越烈，經濟減速幅度超過預期，國際貨幣基金組織(IMF)預計2019年全球經濟增長將減緩至2.6%。其中全球主要經濟體中，美國因財政刺激措施的提振效果逐漸消退，預計經濟增速將放緩至2.5%。歐洲經濟總體增長乏力，除了貿易磨擦外，亦有英國脫歐、意大利債務惡化等問題。中國面臨內、外需壓力致經濟增長率破新低。日本經濟維持緩步復甦。而新興市場經濟伴隨美元走弱和油價走軟等外部壓力減緩，相對保持較好的增長趨勢。整體而言，今年上半年發達經濟體的出口和投資下滑，主要受到美中兩大經濟體的貿易磨擦因素所影響，金融條件緊縮，各國面臨匯率穩定與降低通膨的困難；新興經濟體政府債務大幅增加，貨幣嚴重貶值，加上中東局勢繃緊，國際原油價格持續走高，導致全球貿易成長疲弱。

越南2019年上半年GDP增長6.76%，雖然低於去年同期水平，但高於2011年至2017年上半年平均水平，通脹率為近三年來最低水平，貿易進出口額約達2,455億美元，外資投資約達184.7億美元，均創下多年來新高，顯示宏觀經濟穩定。不過，越南亦受到中美貿易衝突加劇影響，匯率上半年較去年同期貶值1.8%，越南經濟同時面臨許多機遇與挑戰，雖維持增長但增速放緩。

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In the first half year, the Group's revenue rose by approximately 4.4%, or US\$7,373,000 year-on-year to approximately US\$175,176,000. The increase was mainly attributable to the increase in sales volume and selling price of MSG, modified starch and maltose products, which was driven by greater market demand. During the period, prices of raw materials and energy fluctuated and the increase in cost of some products was reflected in their selling prices, thus the Group's gross profit margin swelled. Moreover, at the positive effect of the disposal of investment in a Shandong subsidiary, the Group's net profit margin grew during the period.

By market, revenue from the Vietnam market increased by approximately US\$97,000 or 0.1% year-on-year. Results of MSG and modified starch recorded notable growth, but sales of soda slid markedly as a result of decline in international selling price. In the PRC, revenue increased by approximately US\$3,215,000 or 19.1% year-on-year, mainly attributable to the increase in trading products. In Japan, revenue for the period climbed by approximately US\$4,053,000 or 13.6%, mainly due to the higher revenue brought in by modified starch. In the US, revenue for the first half of 2019 grew by approximately US\$3,073,000 or 35.2% year-on-year, mainly driven by the increase in revenues from MSG and maltose. In the ASEAN market, revenue decreased by approximately US\$2,430,000 or 15.1% year-on-year, mainly due to the smaller revenue from MSG. In Taiwan and other markets, revenue for the first half of 2019 also dropped by approximately US\$635,000 or 5.5%, mainly due to the decrease in revenue from modified starch.

On the product front, most products were sold at higher prices reflecting the increase in costs during the period. Except for specialty chemicals, major products of the Group recorded revenue growth. In particular, maltose products, which saw increase in both sales volume and selling price, with revenue rose by 19.8% or approximately US\$1,090,000 year-on-year. As for starch products, revenue also rose by 10.9% or approximately US\$2,243,000, attributable to the increase in selling price driven by increase in market demand. Revenue from the major product MSG also climbed by 2.8% or approximately US\$2,994,000.

Gross profit of the Group for the period amounted to approximately US\$34,995,000, up 4.9% or approximately US\$1,639,000 when compared with the same period of 2018. Overall gross profit margin rose 20.0% versus 19.9% in the same period of 2018. The Group's net profit increased by approximately US\$3,074,000 or 33.8% to approximately US\$12,160,000 when compared with the same period of 2018 and net profit margin climbed to 6.9% against 5.4% in the same period of 2018. Both gross profit and net profit grew mainly because of the decrease in raw material prices and production costs, while revenue climbed for major products as a result of higher selling prices, plus the gain from disposal of the Shandong subsidiary.

集團上半年營業額達約175,176,000美元，較去年同期增長4.4%，增加約7,373,000美元。本期營收增加主要由於味精、變性澱粉、麥芽糖之市場需求增加，以致銷售量與價格均有增加，營收相對提升，期內部分原料與能源價格各有漲跌，集團將部分產品之上漲成本反映於售價上，使集團期內毛利率增加，另因處置投資山東子公司所帶來之有利影響，造成集團期內淨利率增加。

在市場方面，越南市場營收較去年同期增加約97,000美元或0.1%，其中味精、變性澱粉之業績有較明顯增加，而蘇打受到國際價格下滑的影響，銷售有較明顯下降。中國市場營收較去年同期增加約3,215,000美元或19.1%，主要為貿易產品增加所致。日本市場於期內營收較去年同期增加約4,053,000美元或13.6%，主要由於變性澱粉營收增加。美國市場2019上半年營收亦較去年同期增加約3,073,000美元或35.2%，主要為味精與麥芽糖營收增加所致。東盟市場營收較去年同期減少約2,430,000美元或15.1%，主要由於味精營收下滑。於台灣及其他市場2019上半年營收亦較去年同期減少約635,000美元或5.5%，主要受變性澱粉營收減少影響。

在產品方面，大部分產品售價為反映期內成本上漲而隨之調升，除了特化產品外，主要產品營收均有增加，特別是麥芽糖產品，量價俱增，營收較去年同期增加19.8%或約1,090,000美元。另外，澱粉類產品因市場需求增加而提高售價，致營收亦增加10.9%或約2,243,000美元。主要產品味精之營收亦增加2.8%或約2,994,000美元。

集團期內毛利達約34,995,000美元，較2018年同期增加4.9%或約1,639,000美元，集團整體毛利率由2018年同期19.9%增至20.0%。集團淨利為約12,160,000美元，較2018年同期增加約3,074,000美元，相當於33.8%，淨利率由2018年同期5.4%增至6.9%。毛利與淨利增加主要因原料價格下降，生產製造成本減少，主要產品售價上升以致營收增加，及處置所屬山東子公司之利益所致。

II. BUSINESS ANALYSIS

二、營業分析

(1) Sales Analysis by Market

(一) 市場銷售分析

Unit: US\$'000

單位：千美元

Country	國家	First half of 2019		First half of 2018		Difference	
		2019年上半年		2018年上半年		差異	
		Amount	%	Amount	%	Amount	%
		金額	%	金額	%	金額	%
Vietnam	越南	84,741	48.4%	84,644	50.4%	97	0.1%
Japan	日本	33,920	19.4%	29,867	17.8%	4,053	13.6%
PRC	中國	20,050	11.4%	16,835	10.0%	3,215	19.1%
ASEAN	東盟國家	13,659	7.8%	16,089	9.6%	(2,430)	(15.1%)
US	美國	11,804	6.7%	8,731	5.2%	3,073	35.2%
Others	其他	11,002	6.3%	11,637	7.0%	(635)	(5.5%)
Total	合計	175,176	100.0%	167,803	100.0%	7,373	4.4%

1. Vietnam

Vietnam is the largest market of the Group. In the first half of 2019, the Vietnamese economy saw steady growth, which bolstered the local consumer market. As such, the Group's revenue from the market rose by 0.1% or approximately US\$97,000 year-on-year to approximately US\$84,741,000. Selling price of MSG, modified starch and maltose products increased due to risen market demand, which resulted in increase in revenue. However, sales volume and the selling price of soda products dropped because of import price competition among industry players. As a result, revenue from soda products had a more notable decline. For fertiliser products, sales volume decreased due to market competition, however, at the Group's effort to promote new products with higher added value and increase selling price, revenue from the product category grew slightly. As revenue from other markets rose, the share of revenue from Vietnam dropped to 48.4% from 50.4% in the first half of 2018.

1. 越南市場

越南為本集團第一大市場，主要由於越南2019年上半年經濟穩定成長，帶動國內消費市場，致集團於此市場之營收達約84,741,000美元，較2018年同期增加0.1%或約97,000美元。味精、變性澱粉與麥芽糖產品因市場需求增加，售價調漲，推升營收增長。但蘇打產品卻因同業進口價格競爭，使銷售量與售價下滑，致營業額亦隨之較大幅減少。肥飼料產品亦因市場競爭以致銷售量下滑，但集團致力推動較高附加價值之新產品，並提高售價而使營收略為增加。越南市場營收由於其他市場業績增加，故營收佔比由2018年上半年的50.4%降至48.4%。

2. Japan

The Japan market managed to deliver growth in results for the period and remained the Group's second largest market. As the Japanese economy was recovering in a rather slow pace and there was market competition, the Group strategically lowered the selling price of MSG products, which led to a slight growth in MSG sales volume and revenue. In addition, for modified starch, with high-end products and new products both recording sales volume growth, thus pushing up selling price and overall revenue from the category. For the period, revenue from the market climbed by 13.6% or approximately US\$4,053,000 to approximately US\$33,920,000 when compared with the same period of 2018. Revenue from the Japan market for the period accounted for 19.4% of the Group's total revenue, slightly higher than 17.8% recorded in the first half of 2018.

3. The PRC

For the period, revenue from the PRC market rose by 19.1% or approximately US\$3,215,000 to approximately US\$20,050,000 when compared with the same period of 2018 and revenue from the market made up 11.4% of the Group's total revenue, higher than 10.0% recorded in the first half of 2018. Revenue from the PRC achieved higher growth during the period mainly because of the increase in trading products distributed in the PRC in recent years and strengthened supply chain product types. Consequently, turnover from the market increased markedly.

4. ASEAN market

Revenue for the period from ASEAN market, excluding Vietnam, declined by 15.1% or approximately US\$2,430,000 to approximately US\$13,659,000 when compared with the same period of 2018. The respective contribution to the total revenue of the Group dropped to 7.8% versus 9.6% recorded in the first half of 2018. The revenue dropped during the period mainly due to the less than expected sales growth of MSG and the continued low price competition of MSG products leading to a drop in both the sales volume and revenue. The ASEAN market is the key market the Group has been exploring, and a subsidiary has been set up in Cambodia in the second half of 2018. The subsidiary is actively expanding the market and promoting different products, with the hope of achieving breakthrough in growth in the ASEAN market.

2. 日本市場

日本市場期內業績增長，仍為本集團第二大市場，主要由於日本經濟復甦步伐緩慢，味精產品面臨市場競爭而策略性調降售價，致銷售量與營業額略為增加。另外，變性澱粉因高階產品與新產品之銷售量增長，同時帶動售價，整體營業額獲得提升。期內營業額達約33,920,000美元，較2018年同期增加13.6%或約4,053,000美元，營收佔比為19.4%，稍高於2018年上半年之17.8%。

3. 中國市場

期內中國市場營收約為20,050,000美元，較2018年同期增加19.1%或約3,215,000美元，營收佔比由2018年上半年的10.0%增至11.4%。中國市場期內營收有較高增幅，主要是中國區於近年所代理的貿易產品增加，並且強化供應鏈品項，故較去年同期有較大增長表現，使本區域之營業額顯著提升。

4. 東盟市場

期內東盟市場，除越南之外，營收約為13,659,000美元，較2018年同期減少15.1%或約2,430,000美元，營收佔比由2018年上半年的9.6%降至7.8%。期內營收減少主要由於味精銷售量未如預期增長，味精價格持續低價競爭，導致銷售量與營業額均下滑。東盟市場為集團主要持續開拓之市場，集團已於2018年下半年成立柬埔寨子公司，正積極拓展市場並推廣各項產品，期望日後在東盟各市場取得更多突破性增長。

5. The US

Revenue from the US market reached approximately US\$11,804,000 for the period, an increase of 35.2% or approximately US\$3,073,000 against the first half of 2018. It accounted for 6.7% of the Group's total revenue against 5.2% in the first half of 2018. The revenue increase was owed mainly to better sales performance than in the last corresponding period, with demand for MSG and maltose up, pushing up corresponding selling price and sales volume of the products. The Group is actively developing new markets for organic maltose and modified starch, and is hopeful about the growth and opportunities of the markets in the future.

6. Other regions

Other markets mainly include Taiwan, Korea and the European Union markets. Total revenue from the markets for the period amounted to approximately US\$11,002,000, down 5.5% or approximately US\$635,000, as compared to US\$11,637,000 in the same period in 2018. The decline was attributable to the drop in sales of modified starch. The market accounted for 6.3% of the Group's total revenue, versus 7.0% recorded in the first half of 2018.

(2) Sales Analysis by Product

Unit: US\$'000

Item	項目	First half of 2019		First half of 2018		Difference	
		2019年上半年		2018年上半年		差異	
		Amount	%	Amount	%	Amount	%
		金額	%	金額	%	金額	%
MSG and seasonings	味精+調味料	113,870	65.0%	110,938	66.1%	2,932	2.6%
Modified starch & native starch & maltose	變性澱粉+天然澱粉+麥芽糖	29,387	16.8%	26,062	15.5%	3,325	12.8%
Specialty chemicals	特化產品	12,704	7.3%	15,378	9.2%	(2,674)	(17.4%)
Fertilisers and feed products	肥料與飼料	12,524	7.1%	10,600	6.3%	1,924	18.2%
Others	其他	6,691	3.8%	4,825	2.9%	1,866	38.7%
Total	合計	175,176	100%	167,803	100.0%	7,373	4.4%

5. 美國

美國市場期內營收約11,804,000美元，較2018年同期增加35.2%或約3,073,000美元，營收佔比由2018年上半年的5.2%增至6.7%。業績上升主要由於味精與麥芽糖因應需求增加，致使售價與銷售量均增加，銷售表現優於去年同期。集團正積極投入開拓有機糖漿與變性澱粉市場，可期待其未來成長及機遇。

6. 其他市場

其他市場主要為台灣、韓國及歐盟市場，期內合計營收達約11,002,000美元，此等營收減少主要由於變性澱粉之銷售下滑所致。營收較2018年同期約11,637,000美元減少5.5%或約635,000美元，營收佔比由2018年上半年之7.0%降至6.3%。

(二) 產品銷售分析

單位：千美元

1. MSG and Seasonings

Revenue for the period from MSG and seasonings products amounted to approximately US\$113,870,000, an increase of 2.6% or approximately US\$2,932,000 against the same period in 2018. The revenue growth was mainly the result of enhanced promotional activities and the planned adjustment of selling prices in the Vietnam market in the first half year, leading to increase in sales volume and revenue in the market. The revenue from MSG sales in Japan, the US and Europe climbed, but dropped in the ASEAN market because of short-term adjustment of customer demand. In general, MSG and seasonings products recorded moderate increase in performance during the period, and their contribution to the Group's total revenue decreased to 65.0% against 66.1% in the first half of 2018.

2. Modified starch/Native starch/Maltose

The plague of pests on cassava plantations, though eased, still prevailed during the period, as such cost of the material remained relatively high. Regarding modified starch, native starch and maltose products, at its effective procurement strategy for cassava starch and the higher sales of new products, the Group was able to increase their selling prices and sales volumes. During the period, revenue from modified and native starch and maltose products climbed 12.8% year-on-year, or approximately US\$3,325,000 to approximately US\$29,387,000, with the sales volume of modified starch recording higher growth in Japan, the PRC and Vietnam. For maltose, with increasing market demand, its sales volume and selling price also increased. The revenue contribution of starch related products to the total revenue of the Group increased to 16.8% versus 15.5% recorded in the first half of 2018. Currently, the Group is actively developing new products and client base for high value-added product categories such as organic maltose and high-end modified starch.

1. 味精與調味料

期內味精和調味料相關產品營收約113,870,000美元，較2018年同期增加2.6%或約2,932,000美元，味精業務提升主要由於上半年強化促銷活動，並策略性調整售價，致使越南市場銷售量與營收有所增加。而在日本、美國與歐洲之味精營收亦有增長，惟在東盟市場因客戶調整短期需求，造成業績下滑。整體而言，味精和調味料相關產品表現於期內有小幅增加，佔集團總營收由2018年上半年的66.1%降至65.0%。

2. 變性澱粉／天然澱粉／麥芽糖

期內原料木薯產區之病蟲災害雖有趨緩但持續受影響，使原料價格仍維持較高價位。變性澱粉、天然澱粉與麥芽糖產品，因集團木薯澱粉採購策略得宜，且新產品銷售之增長，使集團售價與銷售量皆上漲。集團期內變性澱粉、天然澱粉與麥芽糖產品營收達約29,387,000美元，較2018年同期增加12.8%或約3,325,000美元，變性澱粉的銷售在日本、中國、越南有較大幅度增加。麥芽糖因市場需求持續增加，銷售量與售價同時增長，澱粉相關產品佔集團總營收由2018年上半年的15.5%增至16.8%。目前集團亦正積極開發附加價值較高的有機糖漿與高階變性澱粉之新產品與新客群。

3. Specialty chemicals/Fertilisers and feed products

Specialty chemicals including hydrochloric acid, soda and bleach are sold in the Vietnam market. During the period, competition intensified for basic chemical products due to international trade factors. Revenue from specialty chemicals amounted to approximately US\$12,704,000, down by 17.4% or approximately US\$2,674,000, against the same period in 2018. The product segment accounted for 7.3% of the Group's total revenue, versus 9.2% recorded in the first half of 2018. Soda products were affected by keen price competition in the market, resulting in lower sales volume and selling price, thus slid in performance. During the period, the sales volume of hydrochloric acid products dropped, owing to production and sales considerations, and competition with importers and local manufacturers, overall revenue from the products thus decreased slightly.

Regarding fertilisers and feed products, their selling prices increased notably during the period, although their sales volume varied. In General, revenue grew mainly because of the higher demand in the European and Taiwan markets. Moreover, revenue of the segment was boosted at the Group's active effort in developing new high-end products to attract new customers. Revenue from fertilisers and feed products thus reached approximately US\$12,524,000, up by 18.2% or approximately US\$1,924,000, and making up 7.1% of the total revenue of the Group, versus 6.3% in the corresponding period in 2018.

4. Other products

Thanks to the Group's effective sales channel integration strategy, revenue of the segment was approximately US\$6,691,000, up 38.7% or approximately US\$1,866,000 year-on-year, derived mainly from the trading products sold in Vietnam and the PRC. Sales volume of coffee beans, bulk food ingredients and alcoholic products distributed in the PRC market grew and pushed up revenue. Revenue from these other products accounted for 3.8% of the Group's total revenue against 2.9% in the corresponding period in 2018.

3. 特化產品與肥飼料

特化產品包括鹽酸、蘇打、漂白水均於越南銷售。期內因國際貿易因素，基礎化學工業產品競爭程度增加，特化產品營收期內合計達約12,704,000美元，較2018年同期減少17.4%或約2,674,000美元，佔集團總營收由2018年上半年的9.2%降至7.3%。蘇打產品受到市場低價競爭，銷售量與售價同時下降，以致業績下滑。鹽酸產品因期內考量產銷因素，銷售量下降，同時亦受到進口與本地廠商之競爭影響，營收略降。

至於肥飼料產品，期內售價明顯提升，銷售量互有漲跌。整體而言，主要由於歐洲與台灣市場需求增加，以致營業額增長，另一方面集團積極以新高規格產品開發新客戶，有助於推升營收增長。集團肥飼料產品營收達約12,524,000美元，較2018年同期增加18.2%或約1,924,000美元，佔集團總營收由的6.3%增至7.1%。

4. 其他產品

其他產品營收達約6,691,000美元，較2018年同期增加38.7%或約1,866,000美元，主要因為集團於越南與中國區所經營貿易產品之銷售，整合銷售管道之策略奏效。其中，中國區所代理之咖啡豆、大宗食材與酒產品銷售量增長，推升營業額之成長，此等其他產品佔集團總營收由2.9%增至3.8%。

III. MAJOR RAW MATERIALS/ENERGY OVERVIEW

(1) Cassava

In the 2018/19 production season, the cassava plantations were still affected by pests, and plantation areas in Vietnam, Thailand and Cambodia shrank, supply of cassava raw material thus remained tight, pushing up the selling prices of cassava and starch. The Group will step up effort in linking up information to better secure raw material supply sources, strengthen strategic procurement and form strategic alliances with supply channels to ensure stable raw material supplies.

(2) Molasses

The selling price of molasses slid due to supply and demand problem in 2018. In 2019, global molasses output is undergoing structural change. Currently, the selling price is at the bottom of the molasses price cycle. Farmers are less willing to plant sugar cane, and the sluggish outlook of the sugar market also affects molasses production. In 2019/2020, global molasses output is expected to reach 63 million tonnes, 1.7 million tonnes less than that in 2018/2019, which was mainly attributable to dry climate causing smaller plantation scale and change of plantation of sugar cane farmers to higher-valued crops. The selling price and sales volume of molasses will remain uncertain in 2019/2020. The Group will keep an eye on relevant situations to ensure stable raw material supply.

(3) Energy

Stepping into 2019, global coal output continued to record small increase, however, the output of major coal producing countries has obviously slowed down and more countries have reduced their output, when compared with the previous year. At the same time, as coal demand of different countries varies, the coal market is facing greater downward pressure. Moreover, power generated using natural gas and renewable energy is taking up a notably bigger share in the energy supply sector. The international market is concerned about the situations in the Middle East, oil price has climbed due to immense uncertainties to global crude oil supply. According to the forecast by International Energy Agency (IEA), global demand for crude oil will increase in the second half of 2019, and overall demand for coal is expected to decline at the impact of worsening trade tension, thus coal price will likely remain at a relatively lower level.

Regarding electricity price, the Vietnam government raised retail electricity tariff by 8.4% in March 2019, which has affected economic growth and commodity price stabilising policy. For the Group, as it mainly uses self-generated electricity supplemented by purchasing power, the adjusted electricity tariff has limited impact on the Group.

三、主要原料／能源概況

(一) 木薯

2018/2019年產季仍受木薯病蟲災害影響，越南、泰國、柬埔寨之種植面積下降，木薯原料產量持續供應不足，進而推升木薯與澱粉價格。集團將更致力於資訊連結，以掌握原料供應來源，強化策略性採購與建立策盟供應管道，以達到原料穩定供應的目標。

(二) 糖蜜

國際糖價在2018年因供需問題，價格下滑，使2019年全球糖市的產量正出現結構性的變化，目前處於糖價週期的底部，農民種植甘蔗的意願降低，糖市前景不佳也對糖蜜產生影響。2019/2020年全球糖蜜產量預期較2018/2019年產季減少170萬噸，達到6,300萬噸，產量下降主要由於氣候乾旱導致種植面積減少，及甘蔗農民轉種價值較高之作物。2019/2020年的糖源價格與數量仍存在變數，集團會持續觀察，以確保原料供應穩定。

(三) 能源

全球煤炭產量進入2019年仍維持小幅增長趨勢，但目前主要產煤國煤炭產量增幅較上年度明顯放緩，產量下降的國家增多，同時，各國對於煤炭需求不一，煤炭市場下行壓力加大，另一方面，天然氣和可再生能源發電的比例則顯著提高。由於國際市場對中東局勢擔憂，全球原油供應面臨很大不確定性，因而推升油價上漲。根據國際能源署(IEA)預測，2019年下半年全球原油需求增幅，因貿易局勢緊張，國際煤炭總體需求預期將會減少，煤炭價格仍可能保持較低的價位。

在電價方面，越南政府於2019年3月調升零售電價8.4%，因此對於越南的經濟成長及穩定物價政策造成影響。但集團使用自生產電力為主，外購電力為輔，故電力價格調整對集團影響有限。

IV. FINANCIAL REVIEW

(1) Liquidity and Financial Resources

The Group had cash and bank deposits of approximately US\$37,478,000, approximately US\$20,967,000, or 35.9%, less than that as at the end of 2018. Short-term bank borrowings increased by approximately US\$4,468,000, or 21.8%, to approximately US\$24,937,000 compared to the amount at the end of 2018. Medium-to-long term bank borrowings declined by approximately US\$2,442,000, or 15.6%, to approximately US\$13,255,000. Total bank borrowings were approximately US\$38,192,000, 5.6% or approximately US\$2,026,000 more than at the end of 2018. Of the total borrowings, 96.1% were denominated in US dollars. The proportions of short-term and medium-to-long-term bank borrowings were 65.3% and 34.7% respectively.

Trade receivables were approximately US\$34,919,000, approximately US\$1,768,000 or 5.3%, more than that at the end of 2018. Approximately 58.7% of the trade receivables were of 30-day term. As at 30 June 2019, total inventory amounted to approximately US\$105,879,000, up approximately US\$14,777,000 or 16.2% against the amount at the end of 2018. The inventory growth was mainly attributable to the increase in bulk raw material and finished product inventory.

As a result of the slight increase in both bank borrowings and equity ratio, the Group's gearing ratio (total borrowings divided by total equity ratio) was 13.1%, slightly higher than 12.6% recorded at the end of 2018. With cash on hand less than borrowings, net gearing ratio (total borrowings less cash and deposits divided by total equity ratio) turned from -7.8% at the end of 2018 to 0.2%. As current liabilities for the period decreased sharply, the Group's current ratio increased from 3.3 at the end of 2018 to 3.9, hence the financial position of the Group remained stable and healthy.

四、財務回顧

(一) 流動資金與財政資源

集團現金和銀行存款約為37,478,000美元，較2018年底減少約20,967,000美元，約35.9%。短期借款約為24,937,000美元，較2018年底增加約4,468,000美元或21.8%；中長期借款約為13,255,000美元，減少約2,442,000美元，約15.6%。借款總額約為38,192,000美元，較2018年底增加約2,026,000美元或約5.6%，借款以美元為主，佔96.1%；短期和中長期借款比率為65.3%及34.7%。

應收貿易賬款約為34,919,000美元，較2018年底增加約1,768,000美元，約5.3%，30天期內應收賬款佔約58.7%。於2019年6月30日，存貨總額約為105,879,000美元，較2018年底增加約14,777,000美元，約16.2%，主要由於大宗原料及成品庫存有所增加。

因借款及股東權益都稍為增加，資本負債比率（總借款除以股東權益）為13.1%，略高於2018年底的12.6%；因現金少於借款，淨資本負債比率（總借款扣除現金和存款除以股東權益）由2018年年底-7.8%轉為0.2%。期內，流動負債大幅減少，流動比率因此由2018年底之3.3升為3.9，財務結構穩健。

(2) Capital expenditure

During the period, capital expenditure amounted to approximately US\$6,815,000, US\$5,873,000 less than the US\$12,688,000 recorded in the first half of 2018.

(3) Exchange rate

Although Vietnam continued to record economic growth in the first half of 2019, the uncertainties brought by the Sino-US trade tension and overall global economic slowdown caused quick depreciation in the exchange rate between RMB and USD within a short time, close to falling through the seven threshold at one point, and led to the depreciation of the Vietnam Dong. The State Bank of Vietnam announced the Vietnam Dong depreciated 1.8% in the first half of 2019, and the core exchange rate was 23,066 Vietnam Dong to US\$1. Despite that, as the macroeconomic environment in Vietnam remained stable, the Vietnam Dong did not depreciated substantially at appreciation of the USD, thus the exchange rate of the currency is expected to stay steady.

The Group's subsidiaries in the PRC are mainly responsible for local sales with transactions denominated in RMB. The global economy has been ridden with uncertainties due to the twists and turns of the trade negotiations between the US and the PRC, Europe and Japan, therefore, the exchange rate of RMB against USD has been volatile. From the beginning of 2019 to late February, the exchange rate appreciated by 2.5% from 6.86 to 6.69, some corrections were seen between late February and mid-April, then the rate was down about 1.5% from 6.70 to 6.79 from mid-April to early May. In the six months ended 30 June 2019, the exchange rate of RMB against USD had fallen by over 5%. Experts expect the exchange rate to continue to fluctuate between 6.7 and 7.0, and continuous close monitoring is necessary.

(4) Earnings per share and dividends

Basic earnings per share were 0.8 US cents for the period. Diluted earnings per share is the same as the basic earnings per share as there are no dilutive instruments for the period. The Board has resolved to declare payment of dividend of 0.4 US cents per share. The dividend payout ratio was 50%.

(二) 資本支出

期內資本支出共約6,815,000美元，較2018年上半年資本支出的約12,688,000美元減少約5,873,000美元。

(三) 匯率

2019年上半年，雖然越南經濟持續成長，但由於中美貿易不確定性影響，及全球經濟整體下滑因素，人民幣兌換美元匯率短期內快速貶值，一度接近跌破7之關口，連動造成越幣貶值，越南國家銀行公佈的匯率2019年上半年貶值1.8%，中心匯率為23,066越盾兌換1美元。然而越南宏觀經濟穩定，越盾並未隨著美元升值而出現大幅重挫的情況，故一般預期，越幣將持續保持匯率的穩定趨勢。

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。全球經濟受到中美、美歐、美日貿易談判的變化，帶來諸多的不確定性，人民幣兌美元匯率走勢亦多變，2019年年初至2月底，由6.86攀升至6.69，升值2.5%；2月底至4月中旬，呈現盤整趨勢；4月中旬至5月上旬，從6.70貶值至6.79，貶值約1.5%。截至6月30日，2019年上半年人民幣兌美元跌幅超過5%，專家預期匯率將保持在6.7至7.0之間波動，仍需持續密切觀察。

(四) 每股盈利及股息

本期每股基本盈利為0.8美仙。董事會決定派發股息每股0.4美仙。由於期內並無攤薄工具，故每股攤薄盈利與每股基本盈利相同。派息率為50%。

V. PROSPECTS

Looking ahead at the second half of 2019, the global economy has gloomy prospects as it will still be affected by the trade talks between the two major economies – the PRC and the US – and the geopolitical and economic issues in the Middle East and Asia Pacific region. As the same time, facing uncertainties associated with raw material supply and price fluctuation, together with price competition in the market and the fast changing operating environment of enterprises and industrial structure, the Group will continue to actively implement its planned strategies, strengthen communication and cooperation with upstream and downstream players, enhance its ability to innovate and adapt to the market, as well as adopt all effective measures to achieve growth.

In recent years, the Group has implemented various measures to fortify its foundation, including adopting alternative energy solutions to lower costs, improving production efficiency, developing new product markets, boosting overseas development and establishing long term and stable relationship with customers. These efforts have started to bear fruit. Looking ahead, though the operating environment will continue to be uncertain, the Group will continue to adhere to and forcefully implement its planned development strategies and action plans, so as to strengthen its operations and drive profit growth. These strategies include:

- Bolster production capacity of product lines with focus on core products, aiming to raise the proportion of high-end and high value-added products and reduce low gross profit items, therefore maintain overall profit of products at a reasonable level.
- Actively develop new products, expand new businesses and secure new customers, and enhance market positioning and brand competitiveness; adjust business structure and explore new markets to enlarge the scale of its operation; at the same time, further develop current relationship and channel with customers, sustain and give full play to its brand value, all to the end of strengthening the Group's overall business performance.
- Capture the price trends of bulk raw material for implementing strategic procurement.

五、展望

展望2019年下半年，全球經濟仍受到中美兩大經濟體貿易談判及歐洲、中東與亞太地緣政治與經濟的影響，全球經濟前景預測轉趨不樂觀。同時，面對原料供應與價格波動，市場低價競爭，企業經營環境與產業組織變化迅速等不確定性，集團將持續積極推行既定的發展策略，強化與上下游企業的溝通與合作，提升創新能力與市場適應能力，採取各種有效措施來取得成長。

近年來，集團透過落實各項紮根基礎工作，導入替代能源方案降低成本，增強生產效率與開發新產品市場，強化海外耕耘深度與力度，與客戶發展長期而穩定的關係，初步改善成效已顯現。面對未來，集團雖仍處在不確定的經營環境下，但將持續聚焦於執行組織發展策略，落實具體的行動方案，強化經營體質以有效達成利潤的成果，其中包含：

- 強化產品線的產能組合，把焦點放在核心產品，提升高階產品與高附加價值產品的比重，縮減低毛利品項，以維持產品的合理利潤。
- 積極進行新產品開發，拓展新業務，發掘新客戶，強化市場定位以提升品牌競爭優勢；透過業務組織調整，尋找新市場來擴大經營規模，同時深耕既有客戶與通路，並延續與發揮品牌價值，強化集團整體業績表現。
- 掌握關鍵的大宗原料價格趨勢，進行策略採購。

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- Improve product quality and production efficiency to maximise effectiveness of its production system, increase capital expenditure on expanding production capacity of potential products to gain competitive advantage in the future, and also continue to look for alternative energy solutions to lower energy consumption and operational costs.
- Draw on the Group's key resources to build strategic partnership and create unique competitive advantages, work closely with customers and gear up for developing high-end customised products, plus expand product agency and distribution business, strengthen marketing channels to cater for unmet market demand.
- Adhere to the "co-opetition" principle, devise supply chain strategy using its production base in Vietnam to help it actively develop the ASEAN market and markets which signatories of the Free Trade Agreement (FTA), The European Union – Vietnam Free Trade Agreement (EVFTA) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), with the goal of creating high-value new businesses.
- Strengthen online marketing tools and marketing data analysis, explore diverse marketing channels to encourage consumer engagement, expand marketing coverage and maximise effectiveness by taking advantage from the convenience of product distribution and information exchange.
- Enhance financial management capability to optimise capital utilisation and maximise the value of the Group; take steps to mitigate foreign exchange and interest rate fluctuation risks to cope with the increasingly turbulent international financial market.
- 提高產品品質與生產效率，追求生產系統的最佳效益，增加投入資本支出以擴充潛力產品的產能規模，取得未來競爭優勢，並持續尋求替代能源方案，降低能源消耗與營運成本。
- 運用集團關鍵性資源，進行策略聯盟合作，以創造獨特的競爭優勢。緊密結合客戶業務，朝向高階客製化生產發展，並進一步擴充代理產品業務，強化產品行銷通路，致力滿足市場未被滿足的需求。
- 以競合理念為基礎，建立供應鏈戰略，利用越南生產基地，積極發展東盟市場與有簽訂自由貿易協定(FTA)、越南與歐盟自由貿易協定(EVFTA)，及跨太平洋夥伴全面進步協定(CPTPP)的合作市場，創造具價值優勢的新事業。
- 增強網路行銷工具與分析行銷數據，發掘多元行銷管道以提升消費者參與度，並透過產品流通與訊息交換的便利性，擴大行銷覆蓋率與效益最大化。
- 強化財務管理能力，提高資金使用效率，創造公司價值極大化，並對於國際金融市場波動擴大之際，做好匯率、利率的風險管理工作。

In the face of rapid changes in political and economic situations and its operating environment, at home and overseas, the Group will formulate flexible and diversified action plans for its operations and adjust its strategic approach as required to maintain competitiveness. Although there are various challenges ahead, the Group believes there are also opportunities in the market, for example, the CPTPP and the EVFTA are already in effect in Vietnam and are expected to drive export of different products put out by the Vietnam plant. As such, the Group will remain prudent and actively implement its strategies to leverage on its integrated operational strengths and achieve breakthroughs and development.

展望未來局勢，面對變化快速的國內外政經動向與經營環境，經營層面將保持彈性靈活的多元行動方案，不斷轉變思維及整合戰略模式，保持競爭力。集團雖然面臨諸多挑戰，但也存在市場機會，如跨太平洋夥伴全面進步協定(CPTPP)，加上越南與歐盟自由貿易協定(EVFTA)已在越南正式生效，有望增強越南廠多種產品的出口力度。因此，集團將持續以謹慎的態度，積極推動各項策略，發揮集團營運綜效，力求突破與發展。