Management Discussion and Analysis
管理層討論及分析

I. BUSINESS OVERVIEW

In 2023, the global economy continued to face challenges and uncertainties as global energy and raw material prices continued to fluctuate due to the ongoing Russia-Ukraine war and the Middle East tensions, rising inflation risks and US interest rate hikes. However, with energy and raw material prices stabilizing, albeit still at high levels, and global inflation declining significantly in the first half of 2024, global market sentiment slowly recovered during the period.

Looking back at the first half of 2024, the impact of the Russia-Ukraine war lessened, while energy prices, although showing signs of decline, still affected the recovery of economic activities which global inflation previously caused. In the first half of 2024, Vietnam's central bank adopted a looser monetary policy to stimulate economic growth, and the exchange rate of the Vietnamese dong to the US dollar depreciated to the range of 25,000 to 25,500. The average year-on-year growth rate of the Consumer Price Index (CPI) was 4.08%, rising but still below the policy target of 4.5%.

Vietnam has been actively attracting foreign investment in recent years and has achieved long-term stable economic growth. In the midst of the Sino-US trade conflict, Vietnam has become a destination for many companies looking to relocate their production facilities. It has also actively participated in regional economic and trade consolidation, for example, by signing free trade zone agreements such as the Free Trade Agreement (FTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP) with developed economies such as the UK, the EU and the PRC, which is beneficial to the overall development of the country. Vietnam's overall economic growth rate (GDP) was 6.42% in the first half of 2024, meeting the Vietnamese government's target of 6.0% to 6.5%, showing good signs of economic recovery. The total import and export trade volume increased by 14.5% in the first half this year over the same period in 2023, with a trade surplus of US$11,630,000,000.

With the easing of the pandemic in 2023, the industrial and supply chains in China gradually recovered in the first half of 2024. Actual economic growth increased by 5.0% year-on-year, which corresponds with the government's policy target of 5.0%. However, in the face of a complex, challenging, and uncertain external environment, people have reduced their spending. In the first half of 2024, inflation was relatively mild at 0.1%, which is well below the target inflation rate of 3%, adding uncertainty to the consumer market, while the urban unemployment rate reached approximately 5.0%. The unemployment rate in the PRC has increased since 2018, with the COVID-19 pandemic and the decline in the real estate market have exacerbated the labor issue, so market growth momentum remains uncertain.

一、 業務總覽

於2023年，由於俄烏戰爭與中東議題持續，全球能源與原材料價格持續震盪，通貨膨脹風險驟升，加上美國息口高企，全球經濟充滿挑戰與變數。2024年上半年能源及原料價格雖維持穩定，卻仍在高位，全球通脹明顯降低，2024上半年全球景氣緩慢復甦。

環顧2024年上半年，俄烏戰爭影響淡化，能源價格亦有回跌跡象，但之前所造成全球性通脹，仍持續影響經濟活動的恢復。2024年上半年期間，越南央行為刺激經濟，採取寬鬆的貨幣政策，越南盾對美元的匯率貶值至25000-25500區間，平均消費者物價指數(CPI)同比增長4.08%，成上升趨勢，唯仍低於4.5%的政策目標。

越南近年積極吸引外國投資，長期經濟增長趨勢穩定。在中美貿易戰的機遇中，成為不少企業轉移生產基地的目標，且響應區域經貿整合，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，有利整體發展。越南2024年上半年整體經濟增長率(GDP)達6.42%，符合越南政府預期目標6.0-6.5%，顯示越南經濟活動的復甦力道，其中，今年上半年進出口貿易總額較2023年同期增長14.5%，順差116.3億美元。

隨著2023年疫情因素的緩和，2024年上半年中國產業鏈及供應鏈得以逐漸恢復，實際經濟增長相較於2023年同期上升5.0%，符合政府5.0%之政策目標。然而，面對外部環境的複雜嚴峻和不確定性，人民縮減消費支出，2024年上半年通脹相對緩和上升0.1%，遠低於目標通脹率3%，使消費市場添加不確定因素；城鎮失業率約5.0%。自2018年以來，中國失業率上升，加上新冠肺炎疫情和房地產衰退，加劇了勞動力市場的問題，使市場動力充滿變數。

In the first half of 2024, the Group's revenue decreased by around 2.0%, or approximately US$3,754,000, from the previous period to approximately US$185,155,000, mainly due to the weak consumer sentiment and demand in various markets. Among the Group's major products, the selling price and revenue of MSG products decreased due to declining market demand and intensified competition. However, the cost of energy fell compared with the same period last year, resulting in a significant year-on-year increase in gross profit margin in the first half. Sales volume and revenue of modified starch decreased due to the slowdown in the Europe and US export markets. However, as customers in Europe and the US reduced their inventories last year and started to increase their orders this year, sales volume and revenue of starch sugar rebounded during the period. As for specialty chemicals, demand remained weak amid the market downturn, and the Group adjusted prices downward to stimulate sales, resulting in a slight decrease in revenue compared with the same period last year. The average selling price of hydrochloric acid continued to fall due to weak demand in the industry, leading to a decrease in revenue compared with the same period last year. However, the significant decline in energy costs resulted in an increase in gross profit compared with the last corresponding period. With regard to fertilizers and feed products, the Group focused on consolidating its sales channels and adjusting the product mix, and sought to develop higher margin products. In addition, revenue of some of the Group's other products, including coffee and bulk food ingredients, were higher compared with the same period last year, as consumption in China recovered following the lifting of pandemic control measures in 2023.

集團2024年上半年營收達約185,155,000美元，較去年同期下降2.0%或減少3,754,000美元。營收下降主要由於各市場景氣及市場需求放緩，集團的主要產品中，味精產品銷售價格及營收，受消費市場需求減緩與競爭加劇而下降，但能源成本已較去年回落，使今年上半年毛利率較去年同期提升；變性澱粉因歐美外銷市場放緩，銷售量及營收較去年同期有所下滑；澱粉糖則因歐美客戶歷經去年去化庫存，今年開始增加訂單，使銷售量及營收有所提升；特化產品在景氣低迷影響下，需求仍疲弱，集團調降價格以提升銷量，使營收較去年同期略為減少。鹽酸因市場需求不振影響，平均售價持續降低，致營收較去年減少，但成本因原料及能源成本明顯下滑，使毛利較去年有所提升；肥飼料產品則着重在整合通路與調整產品結構，致力發展高毛利產品。此外，集團其他產品中的咖啡與大宗食材等，因中國區2023年疫情解封，國內消費有所恢復，營收較去年同期增加。

Benefiting from the decline in energy prices in the first half of 2024, the Group's overall gross profit margin increased from 11.9% in the first half of 2023 to 17.8% in current period. Gross profit was US$32,903,000, an increase of US$10,447,000 over the same period last year. Net profit margin increased from -0.8% in the same period of 2023 to 4.5% in current period, and net profit was US$8,344,000, an increase of US$9,809,000 over the same period last year.

集團於2024年上半年受惠於能源價格回落，使整體毛利率由2023上半年的11.9%上升至本期的17.8%，毛利為32,903,000美元，較去年同期增加10,447,000美元；淨利率則由2023年同期-0.8%增加至本期4.5%，淨利為8,344,000美元，較去年同期增加9,809,000美元。

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 2024 2024年上半年		First half of 2023 2023年上半年		Difference 差異	
		Amount 金額	% %	Amount 金額	% %	Amount 金額	% %
Vietnam	越南	**79,505**	**43.0%**	82,311	43.6%	–2,806	–3.4%
Japan	日本	**35,218**	**19.0%**	34,328	18.2%	890	2.6%
PRC	中國	**29,126**	**15.7%**	27,247	14.4%	1,879	6.9%
ASEAN	東盟國家	**14,813**	**8.0%**	14,536	7.7%	277	1.9%
US	美國	**13,011**	**7.0%**	14,706	7.8%	–1,695	–11.5%
Others	其他	**13,482**	**7.3%**	15,781	8.4%	–2,299	–14.6%
Total	合計	**185,155**	**100.0%**	188,909	100.0%	–3,754	–2.0%

1. *Vietnam*

Vietnam is the Group's largest market. Its revenue was approximately US$79,505,000 in the first half of 2024, a decrease of approximately US$2,806,000, or 3.4%, from the same period in 2023, with its share of revenue falling from 43.6% in the first half of 2023 to 43.0% in current period. The decline in revenue from Vietnam during the period was mainly due to weak market sentiment and thus reduced demand for MSG, fertilizer and feed, and specialty chemical products. The Group had to adjust selling prices to reflect the cautious attitude of customers, which in turn affected revenue. During the period, the Group made efforts to consolidate its sales channels, introduce new products to adjust its product structure, and flexibly adjust its pricing strategy, with the aim of driving sales volume and revenue growth in the second half of the year.

1. *越南市場*

越南為本集團第一大市場，2024年上半年營收約為79,505,000美元，較去年同期減少約2,806,000美元或3.4%，營收佔比由2023年上半年的43.6%降至本期的43.0%。期內越南市場營收減少，主要因味精、肥飼料與特殊化學類產品，因市場景氣不佳，需求降低，觀望氣氛濃厚，調整售價影響營收。期內集團致力以整合銷售通路、引入新產品調整產品結構以及彈性調整價格策略，以期帶動下半年銷售量與營收增長。

2. *Japan*

Japan is the Group's second largest market. While the US dollar interest rate was raised, the central bank of Japan maintained a low interest rate policy, resulting in a sharp depreciation of its currency and rising prices, which affected domestic consumption sentiment. This led to increased price competition of MSG products while the revenue from modified starch products continued to increase, resulting in a slight increase in revenue from this market. The Group will continue to develop new customer groups and promote cross-sector applications of its products. It will also actively develop high-value-added products to drive overall revenue and profit growth in the second half of the year. Revenue for the period was approximately US$35,218,000, a modest increase of approximately US$890,000, or 2.6%, over the same period in 2023, and its share of revenue increased from 18.2% to 19.0%.

2. *日本市場*

日本市場為集團第二大市場，在美元加息之際，日本央行仍維持低利率政策，使日元大幅貶值，物價上漲，影響國內消費意欲，致使味精價格競爭增大，而集團變性澱粉的營收則持續增加，此市場營收小幅成長。集團將持續針對各項產品，再深化此市場的新客群與跨界應用，積極開發高附加價值產品，力求下半年整體營收與利潤上升。期內營收約為35,218,000美元，較去年同期略增約890,000美元或2.6%，佔集團營收由18.2%增至19.0%。

3. *The PRC*

The industrial chain and supply chain in China have gradually recovered after the end of the pandemic. However, influenced by geopolitics, some foreign-funded industries and supply chains have moved out of China, which has increased the unemployment rate, resulting in low consumer market demand and slow economic recovery. In addition to stabilizing the seasoning market, the Group continued to expand its new products in order to drive revenue growth. During the period, revenue from the Chinese market was approximately US$29,126,000, an increase of approximately US$1,879,000, or 6.9%, over the same period in 2023, and its share of revenue rose from 14.4% to 15.7%.

3. *中國市場*

中國市場歷經疫情後，產業鏈及供應鏈得以逐漸恢復，但在地緣政治影響下，部份外資產業與供應鏈移出中國，使失業率增高，導致消費市場需求低迷，經濟復甦緩慢，集團除了穩定調味品市場外，亦持續擴展新的產品項，以期能帶動營業額提升。期內中國市場營收約為29,126,000美元，較去年同期增加約1,879,000元或6.9%，營收佔比由14.4%上升至15.7%。

4. *The ASEAN Market*

In the ASEAN market (excluding Vietnam), revenue for the period was approximately US$14,813,000, a slight increase of US$277,000, or 1.9%, over the same period in 2023, and its share of the Group's total revenue increased from 7.7% to 8.0%. Except for the increase in sales volume and revenue of modified starch in the region, the sales volume and revenue of other products also slightly declined. The ASEAN market has always been a key market for the Group's development. The Group hopes to leverage its industry advantages and expand into this market with its core products, seek new customers, explore new markets, establish closer partnerships and broaden its sales channels in a bid to achieve a breakthrough in sales performance.

4. *東盟市場*

東盟市場（除越南外）期內營收約為14,813,000美元，較去年同期微增277,000美元或1.9%，佔集團總營收由7.7%增至8.0%。除變性澱粉於本區之銷售量及營收增長，其他產品項之銷售量與營收略為下滑。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，以核心產品拓展此市場，尋求新客戶與開拓新市場，建立更緊密的合作夥伴關係，深耕銷售通路，以創造突破性的銷售成績。

5. *The US*

Revenue from the US market during the period was approximately US$13,011,000, a decline of approximately US$1,695,000, or 11.5%, from the same period in 2023, while the share of revenue slipped slightly from 7.8% to 7.0%. The decline in revenue during the period was mainly due to the continued destocking of US customers and the slowdown in business demand, resulting in a decline in sales of modified starch products. The Group will maintain key channels and customers, integrate the production and sales value chain, and continue to develop market-driven products in order to meet customer needs and improve the quality and competitiveness of its products. Future sales performance remains encouraging.

5. *美國*

美國市場期內營收約為13,011,000美元，較2023年同期減少約1,695,000美元或11.5%，而營收佔比由7.8%略降至7.0%。期內營收下降主要因美國客戶持續去化庫存，且景氣需求減緩，變性澱粉產品之銷售量下降。本集團將維持關鍵通路及客戶，整合產銷價值鏈，持續開發市場需求產品，以滿足客戶需求及提高產品之品質與競爭力，未來銷售表現仍值得期待。

6. *Other Markets*

Other markets consist primarily of Taiwan, Korea, and the EU. Total revenue for the period was approximately US$13,482,000, a decrease of approximately US$2,299,000, or 14.6%, from the same period in 2023. Its contribution to the Group's total revenue decreased from 8.4% to 7.3%, mainly due to lower sales volumes and thus revenue of modified starch and CMS-related fertilizers and feed products.

6. *其他市場*

其他市場主要為台灣、韓國、歐盟市場，期內合計營收約為13,482,000美元，較2023年同期減少約2,299,000美元或14.6%，佔集團總營收由8.4%降至7.3%，主要因變性澱粉與CMS相關肥飼料之銷售量下降，致營業額有所降低。

(2) Sales Analysis by Product

（二）產品銷售分析

Unit: US$'000

單位：千美元

Item	項目	First half of 2024 2024年上半年 Amount 金額	% %	First half of 2023 2023年上半年 Amount 金額	% %	Difference 差異 Amount 金額	% %
MSG and seasonings	味精+調味料	**105,611**	**57.0%**	112,826	59.7%	–7,215	–6.4%
Modified starch, native starch and starch sugar	變性澱粉+天然澱粉+澱粉糖	**33,447**	**18.1%**	31,288	16.6%	2,159	6.9%
Specialty chemicals	特化產品	**9,963**	**5.4%**	10,799	5.7%	–836	–7.7%
Fertilizers and feed products	肥料與飼料	**16,414**	**8.9%**	17,355	9.2%	–941	–5.4%
Others	其他	**19,720**	**10.6%**	16,641	8.8%	3,079	18.5%
Total	合計	**185,155**	**100.0%**	188,909	100.0%	–3,754	–2.0%

1. *MSG and Seasonings*

During the period, revenue from MSG and seasoning-related products was approximately US$105,611,000, a decrease of approximately US$7,215,000, or 6.4%, from the same period in 2023. Their contribution to total revenue decreased from 59.7% in first half of 2023 to 57.0% in current period. The decline in revenue was mainly due to the weakening in demand and increased competition, which led to price cuts in markets such as Vietnam, Japan, China, and ASEAN.

1. *味精與調味料*

期內味精與調味料相關產品營收約為105,611,000美元，較2023年同期減少約7,215,000美元或6.4%，營收佔比由2023年同期的59.7%下降至本期的57.0%。營收減少主要由於越南、日本、中國、東盟市場等市場需求下降與競爭加劇，因此調降售價。

2. *Modified Starch/Native Starch/Starch Sugar*

Revenue from modified starch, native starch and starch sugar products was approximately US$33,447,000 in the first half of 2024, a increase of approximately US$2,159,000, or 6.9%, over the same period in 2023. The revenue of modified starch has been decreased by the continuous rise in interest rates of US dollar, sluggish consumption trends, and a shift towards more conservative customer orders. Sales of starch sugar have gradually rebounded due to the reduction of customer inventories. The Group values the development potential of these product categories, actively continues to develop high-value new products, and seeks partnerships with global industry leaders. The future profit potential remains promising.

2. *變性澱粉／天然澱粉／澱粉糖*

2024年上半年變性澱粉、天然澱粉與澱粉糖產品營收約為33,447,000美元，較去年同期增加約2,159,000美元或6.9%。變性澱粉受美元利率持續上漲，消費疲軟以及客戶訂單保守影響，導致營收減少；而澱粉糖因客戶庫存逐漸消化，銷售呈現回暖趨勢。集團重視此類產品之發展潛力，持續積極開發高附加價值新產品，爭取與全球領先企業之合作。未來利潤潛力仍值得期待。

3. *Specialty Chemicals*

Specialty chemical products include hydrochloric acid, soda, and bleach, all of which are sold in Vietnam. In the first half of 2024, total revenue from specialty chemical products amounted to approximately US$9,963,000, a decrease of approximately US$836,000, or 7.7%, from the same period in 2023, and its share of the Group's total revenue fell from 5.7% to 5.4%. During the period, industry demand for soda products was still weak, and the Group adjusted selling prices, resulting in a decline in revenue. The selling price of hydrochloric acid products continued to fall due to weak demand and low-price competition in the industry, resulting in a decrease in overall revenue.

4. *Fertilizers and Feed Products*

Revenue from fertilizers and feed products was approximately US$16,414,000 in the first half of 2024, a decrease of US$941,000, or 5.4%, from the same period in 2023, and its share of the Group's total revenue decreased from 9.2% in the first half of 2023 to 8.9% in current period. This was because international fertilizer and urea prices continued to fall, leading to a wait-and-see approach in the market, which affected sales quantity and revenue. The Group continued to invest in products with new specifications, improve its product structure, and explore new markets and customers in order to regain revenue and profit growth.

5. *Other Products*

Revenue from other products was approximately US$19,720,000 in the first half of 2024, an increase of approximately US$3,079,000, or 18.5%, over the same period in 2023, and its share of the Group's total revenue increased from 8.8% in the first half of 2023 to 10.6% in current period. The business growth achieved during the period was mainly due to the modest recovery of the consumer market in China after the pandemic control measures were lifted in the country in 2023. The sales volume of coffee beans and water products operated by the Group increased, which drove the increase in revenue.

3. *特化產品*

特化產品包括鹽酸、蘇打、漂白水均於越南銷售。2024年上半年特化產品營收合計約為9,963,000美元，較2023年同期減少約836,000美元或7.7%，佔集團總營收由5.7%下降至5.4%。期內蘇打產品因行業需求仍疲弱，調降售價，致營業額減少。鹽酸產品受需求疲軟與同業低價競爭，售價持續下滑，致整體營收減少。

4. *肥飼料產品*

2024年上半年肥飼料產品營收約為16,414,000美元，較2023年同期減少941,000美元或5.4%，佔集團總營收由2023年同期9.2%下降至本期的8.9%。而因國際化肥及尿素價格持續看跌，致使市場觀望，從而影響銷量及營收。集團持續投入新規格產品與改善產品結構，並開拓新市場及新客戶，以期使營收與利潤能再行增長。

5. *其他產品*

2024年上半年其他產品營收約為19,720,000美元，較去年同期增加約3,079,000美元或18.5%，佔集團總營收由2023年同期8.8%增加至本期的10.6%。期內業績增加，主要因中國區於2023年防疫解封後，消費市場略有恢復，所經營之咖啡豆與水產品之銷售量增加，帶動營業額提升。

III. MAIN RAW MATERIALS/ENERGY OVERVIEW

(1) Cassava/Starch

During the 2023/24 production season, output in major plantation areas such as Thailand, Vietnam and Cambodia decreased, cassava was in short supply, and prices remained at relatively high levels throughout the season. As part of the Group's annual strategy to centralize procurement and develop new sources of supply during the production season, the Group secured most of the required raw materials at a competitive price to control production costs and increase profitability in 2024.

(2) Molasses

In 2022/23, only 64,170,000 tons of molasses were produced worldwide after settlement, around 1,420,000 tons less than the previous year. The second consecutive year of declining production, in addition to being used for ethanol production, kept the price of molasses relatively high.

Total molasses production is expected to rebound in 2023/24, but outlook for export trade volume is still not very optimistic, especially as India has started to impose a 50% export tax. The Group expects the international price to remain strong. In addition to ensuring the domestic supply of molasses in Vietnam, the Group will continue to monitor changes in the international molasses market and actively develop additional supply sources to ensure a stable supply of the raw material.

三、 主要原料／能源概況

(一) 木薯／澱粉

2023/24年產季泰國、越南、柬埔寨等主要產地產量下降，市場供不應求，整季價格維持在相對高位，集團依年度策略，進行產季集中採購及開發新的供應源，在產季期間已經掌握2024年大部分需求數量的原料，取得的價格亦具有競爭力，以控制生產成本並提高利潤。

(二) 糖蜜

2022/23年全球糖蜜結算後產量低於前一年，2022/23年的產量為6,417萬噸，減少約142萬噸，連續兩年來的產量下降，以及被使用於生產乙醇，因此糖蜜仍維持較高價位。

2023/24糖蜜的總產量預期將回升，但可出口的貿易量仍不甚樂觀，其間受印度開始徵收50%出口稅影響最大。集團預估國際市場價格持續堅挺，除確保越南國內糖蜜供應外，將持續觀察國際糖蜜市場變化動態，積極開發更多新的供應源，以確保原料來源穩定供應。

(3) Energy

Crude oil: At the end of 2023, the international crude oil market was on a strong upward trajectory, as the Red Sea shipping crisis had caused congestion and made it difficult to transport oil smoothly. A large amount of oil can only be stored at sea, resulting in faster than expected consumption of crude oil on land. However, entering 2024, the geopolitical risks from the Russia-Ukraine war and the Middle East conflict subsided, and international oil prices stood at US$70 to US$90 per barrel. In addition, OPEC+ has sufficient spare capacity and can adjust the supply and demand in the crude oil market in a timely manner, preventing global oil supply from becoming too tight and keeping the price stable.

Coal: In the second half of 2023, the global supply of natural gas, crude oil, and coal stabilized as the impact of the Russia-Ukraine war lessened, and international coal prices also stabilized, albeit still at relatively high levels. The Group will continue to monitor changes in the energy industry and plan accordingly and in a flexible manner.

Electricity: In 2023, Vietnam experienced a shortage of electricity as extreme weather conditions affected hydroelectric power generation. The Vietnamese government raised electricity tariffs by 3% for the first time in May 2023 and then by approximately 4.5% on 9 November 2023, an increase of approximately 7.6% for the year. The Vietnamese government has decided to review electricity prices every three months from 15 May 2024 in order to balance the rights and interests of businesses, people and the country. The Group has adopted a cogeneration power system to ensure a stable supply of electricity, but will continue to seek fuel supply countermeasures to mitigate the impact of rising energy costs on the Group.

(三) 能源

原油：2023年底，國際原油市場走勢強勁，紅海航運危機造成海運壅塞，大量石油只能儲存於海上，陸上原油消耗速度因此較預期快。然而，踏入2024年，隨著俄烏戰爭與中東衝突帶來的地緣政治風險消退，國際油價保持在每桶70美元至90美元之間。另因OPEC有足夠的閒置產能，可適時調節原油市場供需平衡，全球原油供應不至於陷入緊張，也有助於油價維持穩定。

煤炭：2023年下半年俄烏戰爭影響逐漸減輕，2024年上半年全球天然氣、原油、煤炭等供應穩定，國際煤價於本期間保持穩定，仍維持較高價位。集團將持續關注掌握能源產業變動，彈性規劃因應對策。

電力：2023年，越南因極端天氣影響水力發電，電力供應不足。此外，越南政府在2023年5月第一次上調電價3%，2023年11月9日第二次上調電價約4.5%，全年電價漲幅約為7.6%，越南政府決定自2024年5月15日起，每3個月對電價進行檢討，以平衡企業、民眾及國家之權益。集團使用汽電共生發電系統，有效確保電力供應穩定，並持續尋求燃料供應對策，以減緩能源成本上漲對集團之影響。

IV. FINANCIAL REVIEW

1) Liquidity and Financial Resources

During the period, the Group's cash and cash equivalents, short-term bank deposits and structured bank deposits totaled US$46,558,000, a decrease of US$3,801,000, or approximately 7.5%, from the end of 2023. Total borrowings amounted to US$45,582,000, an increase of US$1,928,000, or approximately 4.4%, from the end of 2023. The majority of borrowings were denominated in VND, accounting for 85.3%.

Trade receivables amounted to US$34,880,000, an increase of US$1,125,000, or approximately 3.3%, from the end of 2023. Total inventory amounted to US$148,762,000, an increase of US$11,082,000, or around 8.0%, from the end of 2023.

Trade payables were US$9,934,000, a decrease of US$8,457,000, or approximately 46.0%, from the end of 2023. The current ratio increased from 2.82 at the end of 2023 to 3.18. The financial structure of the Group remained stable.

2) Capital Expenditure

During the period, capital expenditure totaled US$2,835,000, a decrease from US$4,724,000 in the first half of 2023. The expenditure mainly related to the replacement of obsolete equipment at a Vietnamese subsidiary and the continuation of outstanding maintenance projects from the previous year. Affected by rising US dollar interest rates, the operating environment remained uncertain. The Group has continued to actively plan and carefully review several development and investment projects. As a result, there were no new major projects requiring significant capital expenditure during the period other than those mentioned above.

四、財務回顧

(一) 流動資金與財政資源

期內集團現金及現金等價物、銀行短期存款及結構性銀行存款合計為46,558,000美元，較2023年底減少3,801,000美元，約減少7.5%。借款總額為45,582,000美元，較2023年底增加1,928,000美元或約4.4%，借款以越盾元為主，佔85.3%。

應收貿易帳款為34,880,000美元，較2023年底增加1,125,000美元，約增加3.3%。存貨總額為148,762,000美元，較2023年底增加11,082,000美元，約增加8.0%。

應付貿易帳款為9,934,000美元，較2023年底減少8,457,000美元，約減少46.0%。流動比率由2023年底之2.82增加為3.18，集團財務結構仍保持穩定狀態。

(二) 資本支出

期內資本支出共2,835,000美元，較2023年上半年資本支出的4,724,000美元減少，支出主要為越南子公司之部分設備汰舊換新，及先前年度未完維修項目之延續。受美元加息影響，經營環境不確定因素仍大，集團仍積極規劃並審慎檢討多項發展投資項目。因此，期內除上述延續執行之款項，並無重大資本支出新案。

3) Exchange Rate

The Federal Reserve (FED) is currently maintaining the benchmark interest rate range at 5.25% to 5.5%. The central bank of Vietnam cut interest rates several times in the first half of 2024 in order to stimulate domestic demand and the economy. The VND came under depreciation pressure as the USD/VND exchange rate differential widened. The average exchange rate of Vietnamese bank transactions depreciated from VND23,866/USD at the end of 2023 to VND25,863/USD in June 2024. Vietnam is expected to resume its export growth trend and maintain a trade surplus in 2024. If the US initiates a rate cut in the second half of the year, the VND is expected to remain stable and rebound.

The Group's subsidiaries in the PRC are mainly engaged in local sales with transactions denominated in RMB. The geopolitical situation between the PRC and the US has caused short-term capital outflows, and this, together with the impact of USD rate hikes, meant that China's economic recovery was slow and the RMB remained weak. Currently, the RMB exchange rate remains basically stable at around 7.1. The Group will continue to monitor the exchange rate movement between RMB and the USD.

4) Earnings Per Share and Dividend

Basic earnings per share for the period were 0.55 US cents. The Board of Directors decided to pay an interim dividend of 0.273 US cents per share. The payout ratio was 49.6%.

(三) 匯率

美國聯儲局(FED)目前美維持國基準利率區間在5.25%至5.5%不變，越南央行為刺激越南內需及經濟，2024年上半年多次降息，美元與越南盾利差加大，使得越南盾承受匯兌貶值壓力，越南銀行買賣的中間匯率由2023年底的23,866越幣／美元，貶值至2024年6月的25,863越幣／美元。各界預測越南2024年將恢復出口增長趨勢，保持貿易順差態勢，預期下半年如美國啟動降息，越盾預估將維持穩定及回升。

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。因中美地緣政治因素，造成短期資本外流，加上美元加息影響，中國之經濟復甦緩慢，人民幣維持弱勢，人民幣匯率目前保持基本穩定約在7.1上下。集團亦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0.55美仙。董事會決定派發中期股息每股0.273美仙，派息率為49.6%。

V. PROSPECTS

The year 2023 was full of challenges. Global economic growth continued to slow due to the ongoing impact of international geopolitics, tighter monetary policies and weaker global trade and investment. In the first half of 2024, the impact of the Russia-Ukraine war faded. Although the prices of energy and raw materials have fallen from the same period last year, political and economic instability in the Middle East and the lag effect of interest rate hikes in the US are weighing on the economy. As a result, the operating environment is still not optimistic in 2024.

Global economic growth is expected to stabilize or decline slightly in 2024. In terms of social and economic development in 2024, the Vietnamese government has formulated a series of measures to achieve its economic growth targets, among which it emphasizes four key measures, including innovation, green growth and sustainable development; system optimization, especially in relation to green energy development, such as energy security and transformation; promoting the development of processing and manufacturing industries; strengthening employee training; and actively attracting foreign investment, especially FDI. The government is also committed to easing inflationary pressures and creating new business development space for enterprises. It has set an inflation control target of 4.5% and an economic growth target of 6.0% to 6.5% for 2024.

Amid geopolitical influences, foreign-invested industries and supply chains have continued to exit China. Unemployment rates have risen and consumer market demand has been sluggish. However, China's economic growth rate reached 5% in the first half of 2024, which was not an easy feat. Still, China's economy faces many challenges arising from the aging of its industrial and population structures, and it will be an arduous task to return to pre-COVID levels.

五、 展望

2023年是深具挑戰的一年，受國際地緣政治、緊縮的貨幣政策、全球貿易和投資疲軟持續影響，全球經濟增長進一步放緩。環顧2024年上半年，俄烏戰爭影響淡化，能源與原材料價格對比去年同期，雖已有下滑，但中東政經局勢的不穩定，及美國加息的滯後效應，正對經濟構成負面影響，2024年經營環境仍不容樂觀。

2024年的全球經濟增長預期趨於平穩或略有下降。越南政府針對當地社會經濟發展方向制定多項措施，以期達成經濟增長目標，其中強調4大措施，包括革新創新、綠色增長與永續發展；完善體制，尤其是綠色能源發展，包括能源安全與能源轉型；致力促進加工製造業發展；加強人力培訓工作；積極招商引資，吸引外人直接投資(FDI)。越南政府同時致力緩解通脹壓力，為企業創造新的發展空間。越南將2024年通脹率控制目標在4.5%，經濟增長目標為6.0%至6.5%。

在地緣政治影響下，外資產業與供應鏈持續移出中國，失業率增高，消費市場需求低迷下，但中國2024年上半年經濟增長率仍達5%，此成績實屬不易。然而，中國經濟面臨產業、人口結構老化問題等諸多挑戰，要恢復疫情前水平，將是嚴峻的任務。

In the face of a highly uncertain economic environment and variables in the future, the Group will continue to improve the flexibility of its overall operations, adjust its business portfolios and models, strengthen its organizational operations to enhance management efficiency, actively develop new products, expand the scale of production, place greater focus on satisfying customer demand, optimize the flexible cost structure and industrial chain integration, and implement its action plan to ultimately create new growth drivers and improve its ability to generate profits. The key tasks and directions are outlined below:

- Expand product lines and optimize product mix, partially transform existing products, assess and launch extended products, and gradually develop high value-added products. The Group will also increase the proportion of highly functional and high value-added products to enlarge its market share and boost its profitability.
- Actively expand into new channels and new markets, adjust product positioning and sales tactics, look for cooperative partnerships to expand market scale, strengthen brand positioning and competitive advantages so as to improve the Group's results performance.
- Continue to advance production technologies and enhance production efficiency, improve operational and management techniques and utilize key technologies to enhance its core competitiveness, so as to achieve the dual objectives of raising quality and lowering costs.
- Capture the market trends of bulk raw materials, actively seek alternative raw material solutions, maintain stable cooperative relations with domestic and overseas suppliers, and effectively execute procurement strategies to ensure a stable supply of raw materials.
- Adopt a "co-opetition" strategy to boost product and service value, leverage the Group's production base in Vietnam to actively develop the ASEAN market and the markets that are signatories of the Free Trade Agreement (FTA), Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Regional Comprehensive Economic Partnership (RCEP), and via mutual support within the Group to realize its core advantages and expand the Group's business presence.
- Accelerate the formation of strategic alliances or cross-industry cooperation to jointly develop the markets through effective consolidation of resources, strengthen its research and development (R&D) capabilities to realize and seize technological breakthroughs, promote the Group's upgrade and transformation, introduce new products, expand its business scale and improve its business performance.

集團面對未來高度不確定的經濟環境與變數，將持續提升整體營運的靈活度，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求，改善成本結構與產業鏈整合，落實組織既定的行動方案，創造新增長動能，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，將現有產品進行局部改造，評估增加延伸商品，逐步發展具附加價值產品。同時增加開發功能性及高價值產品的佔比，以增強市場佔有率與產品銷售利潤。
- 積極拓展新通路與新市場，調整產品定位與銷售方式，尋求合作夥伴擴大市場規模，強化品牌定位與競爭優勢，以提升集團業績表現。
- 持續精進生產技術與提升生產效率，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穩定合作關係，彈性執行採購策略，以確保原料供應穩定。
- 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，跨越並掌握技術門檻，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。

- Establish a strategic organizational structure and dedicated strategic teams to enhance the organizational efficiency of all units, coordinate the Company's operational action plans, integrate the Group's resources, seek strategic mergers and acquisitions, and continue to expand the Group's operations to increase revenue, profit and scale.

- Expedite the introduction of an electronic process and information system for the management and application of big data, so as to obtain real-time feedback to optimize business processes and respond to customer needs in a timely manner.

- Continuously control capital deployment strategies, improve the operational efficiency of assets, and reduce risks associated with financial market fluctuations amid global financial market volatility.

Looking ahead to the second half of the year, the Group's operations will continue to face challenges as the economic situation will remain uncertain due to the ongoing economic tussle between China and the US, the impact of inflation and US dollar interest rates, and continuing regional wars. Nonetheless, the Group remains cautiously optimistic and will further cultivate markets with its existing operational strategies and well-established sales network, as well as actively explore new products, new businesses, and new areas of operation through strategic alliances. The Group is confident that it can leverage its operational synergies to promote the upward development of operations as a whole.

- 建置戰略型組織及專責策略小組，提升各單位組織效率，統合公司經營行動方案，整合集團資源，尋求策盟併構方案，持續拓展集團經營，以達到擴增營收、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，優化各項業務流程，及時服務客戶需求。

- 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，降低金融市場變動的風險。

展望下半年，中美經濟角力持續、通脹及美元息口因素、區域戰爭未歇，經濟局勢仍充滿不確定性，集團經營亦面臨一定挑戰，然而，集團抱持審慎樂觀態度，配合已制定之經營策略，及已建立之銷售網路，持續深耕市場，並針對新產品與新事業，以策盟的方式，積極開創嶄新的營運範疇，故仍深具信心，將發揮營運綜效，推動整體經營向上發展。