

# Management discussion and analysis

## 管理層討論及分析

### BUSINESS OVERVIEW

International oil price has been climbing since the second half of 2004 up to the record high of US\$140 a barrel during the period under review. Apart from the cost of energy, transportation and packaging, the prices of agricultural products also rocketed, posing barrier on many manufacturers, including the Group, in growing profit. The Group faced major severe challenges in its two major production bases and markets, Vietnam and China. The former saw surge in foreign investment resulting in an overheated economy with inflation sky high at 26% at the end of April. The country also imported raw materials and equipment in large quantities in anticipation of further price hikes and purchased gold for hedging. All these actions led to increase in big trade deficit and sparked concerns that the country would be driven into a financial crisis. Fortunately, the economic foundation of Vietnam continued to be sound and foreign exports were growing, plus the Vietnamese Government adopting effective measures, the financial threats the country faced have eased. However, the tighter monetary policy, increased interest rate, restriction on credit expansion by banks and deferring large investment projects have all affected economic growth of the country. The Vietnamese Government has adjusted the GDP growth rate forecast from previously 8.5% to 7%, while the estimate of The World Bank is around 6.7%. With economic growth restrained and inflation and interest rate standing high, consumers and manufacturers will become more conservative, which is not conducive to expansion of product sales and reflecting cost hikes in product prices.

Operations in China also faced similar challenges. The surge in raw material and fuel costs and high inflation rate pushed up production cost, and competition intensified in the consolidating market. These phenomena prevented reflection of risen cost in product prices and in turn profit was squeezed.

Nevertheless, the Group's performance showed remarkable results attributable to increased sales price and sales volume, the Group's total turnover grew notably to US\$182,735,000, an increase of US\$35,975,000 or 24.5% from US\$146,760,000 in the same period last year. However, as increment in costs could not be fully reflected in the selling prices, the Group's gross profit margin actually had a slight decline from 19.4% to 18.6% and net profit margin was down from 5.4% to 5.1%. However, as for overall gross profit and net profit attributable to equity holders of the company, the recorded year-on-year growth were 19.4% and 16.1% respectively to US\$33,933,000 and US\$9,278,000 against US\$28,415,000 and US\$7,992,000 in the first half of 2007.

Although profitability of the Group was affected by high raw material and fuel costs, its Vietnam plant still boasted competitive advantages over other competitors in upstream and downstream operations and horizontal integration. As the Group reduced GA production and turned to producing MSG, which had higher added value, turnover of GA dropped during the period. Other than that, all of the Group's products saw steady growth. As for international sales, except for Vietnam with but slight growth, all other markets had double-digit growth, reflecting the effectiveness of the Group's market diversification strategy and the cross-selling opportunities of different products of the Group in the same market. The Group has built an excellent sales platform for realising diverse operations in the same region which will enhance its turnover and profitability in the future.

### 業務總覽

由於國際油價自2004年下半年開始上漲以來，一反常態一直維持上揚趨勢，期內甚至上揚到每桶140美元水平。不僅能源運輸、包材等成本大幅上昇，亦造成農產品價格鉅幅上漲，造成絕大多數生產業者面臨獲利成長的瓶頸，我集團當然亦不能避免。特別是集團最主要的兩個生產基地和市場：越南和中國亦遇到更嚴厲的挑戰。前者在期內因近年來經濟快速成長，外人投資倍數成長，造成經濟過熱，年通貨膨脹高漲，到四月底為26%，再加上預期物價高漲或投機心態，提前大量進口原料及設備，甚至為保值心態，大量進口黃金，亦造成貿易赤字倍數成長，因而引起外界之疑慮，是否會造成金融危機。所幸越南經濟基本面依然看好，外資出口持續高度成長，再加上政府採取有效適宜的手段，目前整體越南金融緊張情況已大幅減緩，但政府採取貨幣緊縮政策，提高利率，減少銀行信用擴張，放緩大型投資案，均影響經濟成長。越南政府已修正原GDP成長率由8.5%下修為7%，世界銀行預估全年GDP應在6.7%左右。在經濟成長減緩，高通貨膨脹及高利率之下，消費者或生產廠商將變得更加保守，相較之下，較不利於產品之拓展，在售價之提高以反應成本之情形亦遇到挑戰。

在中國區營運亦遇到類似的挑戰，除各項原物料、能源成本高漲，再加上高通貨膨脹率，使製造成本高居不下，市場又面臨整合而競爭劇烈，無法充分反映成本，影響到獲利空間。

整體而言，營收因為售價及銷售量均有提昇成長亮麗，增長金額35,975,000美元，總營收為182,735,000美元，比去年同期146,760,000美元增長24.5%，但獲利則因成本大幅上昇無法充分反應於售價，影響到毛利率略微下滑，由19.4%減少為18.6%，淨利率則由5.4%下降到5.1%。但整體毛利、淨利和去年同期比較，依然有19.4%及16.1%之增長，金額分別為33,933,000美元及9,278,000美元，高於2007年上半年28,415,000美元和7,992,000美元。

雖然獲利因原物料、能源成本影響無法提高，但集團越南廠相對其他競爭者亦擁有上下游及水平整合之優勢，故各項產品除谷氨酸因轉作附加價值較高之味精而營收減少外，其餘產品項目都有成長。同時在全球各地區銷售方面，除越南是略為成長外，其他地區均有雙位數之成長。這落實集團分散市場之策略，同時亦提供同一地區集團產品交叉銷售的機會，這對同一地區業務多元化，增加營收獲利提供一良好的銷售平台，將有助於集團未來營收及獲利之增長。

## BUSINESS ANALYSIS

## (1) Sales Analysis by Product

Unit: US\$'000

Project 項目		First half of 2008 2008年上半年		First half of 2007 2007年上半年		Growth/drop (%) 增/減(%)	
		US'000 千美元	%	US'000 千美元	%	Difference 差額	%
MSG	味精	118,957	65.1%	95,650	65.2%	23,307	24.4%
GA	谷氨酸	12,634	6.9%	19,216	13.1%	(6,582)	(34.3)%
LYSINE	賴氨酸	14,913	8.2%	7,472	5.1%	7,441	99.6%
STARCH-M	變性澱粉	18,033	9.9%	11,108	7.6%	6,925	62.3%
Specialty Chemicals	特用化學品	8,768	4.8%	6,914	4.7%	1,854	26.8%
FERTILIZER	肥料	5,131	2.8%	2,544	1.7%	2,587	101.7%
OTHERS	其他	4,299	2.3%	3,856	2.6%	443	11.5%
<b>TOTAL</b>	<b>總共</b>	<b>182,735</b>	<b>100.0%</b>	<b>146,760</b>	<b>100.0%</b>	<b>35,975</b>	<b>24.5%</b>

## MSG and GA

The Group's MSG product recorded growth of 19.7% in Vietnam and a substantial 51.9% growth in China, thanks to the increased competitiveness of export from the Vietnam plant and the enhanced MSG brands and stronger channels in China. The overall turnover of MSG was US\$118,957,000, a year-on-year growth of US\$23,307,000 or 24.4% from US\$95,650,000 in the same period last year. Taking into account the strong demand for MSG in the period, the Group strategically shifted part of the production capacity of GA in Vietnam and China to produce MSG of higher added value. As a result, turnover from GA dropped from US\$19,216,000 in the same period last year to US\$12,634,000, representing a decrease of 34.3% or US\$6,582,000. Since the second half of last year, export of the Vietnam plant increased as a result of change in the exchange rate of different currencies, difference in magnitude of adjustment of raw material prices and the economic policies adopted by different governments. However, the continuous rise in overall raw material and fuel costs suppressed the Group's profitability. In China, with the domestic market going through consolidation, the competitive landscape appeared chaotic. That plus the persistently high raw material and fuel costs also affected profit growth of MSG in the market.

The turnover from MSG accounted for 65.1% of the Group's total turnover, similar to the level in the same period last year, while the turnover from GA dropped notably from 13.1% to 6.9%.

## 經營分析

## (一) 產品銷售分析

單位：千美元

## 味精和谷氨酸

味精在越南公司有19.7%之成長，而中國區更有51.9%之大幅成長，越南公司味精之成長主要在於外銷競爭力之提升，而中國區主要來自當地味精銷售品牌之強化和通路逐步建立。整體味精營收達118,957,000美元，比去年同期95,650,000美元增長24.4%，金額增加23,307,000美元。由於期內味精強勁的需求，集團作策略性調整，將越南及中國區部分谷氨酸轉生產附加價值較高之味精，因此谷氨酸營收減少34.3% 金額6,582,000美元，由去年同期19,216,000美元下降為12,634,000美元。自去年下半年來，由於各國貨幣匯率改變，原料成本增長互異，各國政府經濟政策調整等因素，造成越南公司出口得以增加，然而由於各種原物料與能源成本整體而言仍是持續上揚，壓縮獲利空間。同時中國區內銷市場正面臨整合之際，造成混亂的市場競爭現象，再加上中國區各種原物料、能源成本亦是高居不下，亦影響到味精獲利之增長。

味精佔總營收比維持去年同期水平，佔65.1%；但谷氨酸則有顯著下滑由13.1%下跌為6.9%。

## BUSINESS ANALYSIS (continued)

### (1) Sales Analysis by Product (continued)

#### Modified starch

Continuing the notable growth of 51.9% recorded in 2007, the segment reported growth of 62.3%, or US\$6,925,000, in the first half of the year to US\$18,033,000. The product has become the second most important product of the Group after MSG. Modified starch products performed well in both the China and Vietnam markets, and especially in the former. Although the price of its major material cassava was around 70% more expensive than in last corresponding period, strong market demand allowed the Group to raise price of the product and thus achieved satisfactory growth in profit. With the first production line of daily capacity 100 tonnes in Ha Tinh province expected to commence operation before this year-end, and work to upgrade and expand the daily capacity of the plant in Gia Lai province from 100 tonnes to 150 tonnes to be completed soon, the Group's modified starch business can expect to thrive further.

#### Lysine

During the period under review, the price of lysine started to increase and translated into a 99.6%, or US\$7,441,000, leap in turnover to US\$14,913,000 for the Group, against the same period last year. The turnover growth was mainly attributable to a marked increase in sales volume in addition to sales price increase. In the first half of 2007, due to depressed market price, the Group shifted part of the production capacity to produce GA, therefore, the output of lysine in the first half of 2008 was higher than the same period of 2007. Although the price of lysine has picked up again, but the cost of material and fuel for lysine production remained persistently high, it is unlikely that profit of the product will surge notably in the short run unless its selling price could go up further.

#### Specialty Chemicals

Demand for hydrochloric acid and caustic soda continued to grow driven by rapid economic growth in Vietnam. During the period, turnover of specialty chemicals reached US\$8,768,000, an increase of 26.8% from US\$6,914,000 in the same period last year. This segment is expected to continue to grow steadily alongside the booming industrial development.

#### Fertilizers

The third and fourth production lines for solid fertilizers were completed in the second quarter of the year. Furthermore, with the international prices of fertilizers rocketing, the proportion of turnover from fertilizers in the Group's total turnover also continued to rise. The segment recorded turnover doubled the US\$2,544,000 in last corresponding period to US\$5,131,000 and percentage contribution to total turnover also jumped 1.7% to 2.8%. Heeding the popularity of its organic fertilizers in the market, the Group is studying the feasibility of expanding its production lines. The segment is expected to increase importance as a turnover and profit contributor of the Group.

## 經營分析(續)

### (一) 產品銷售分析(續)

#### 變性澱粉

持續2007年51.9%大幅之增長，2008年上半年更是成長62.3%，金額6,925,000美元，達18,033,000美元，成為集團僅次於味精之主要產品。變性澱粉在中國區及越南區均分別有成長，特別是中國區更是有顯著成長。雖然變性澱粉的主要原料木薯價格，比去年同期大幅增長約70%，但由於市場需求殷切售價也得以適切調整，故整體獲利亦有不錯之成長，預估未來在今年底前新設河靜澱粉廠第一條生產線每日100噸，及嘉萊廠擴充產能由每日100噸增加到150噸，將陸續完工，對未來澱粉事業增長更是一大助益。

#### 賴氨酸

期內賴氨酸售價已逐步回昇，與去年同期比較營收成長99.6%，金額7,441,000美元，達14,913,000美元，營收成長除售價提升外，主要是銷售數量之增加，去年上半年由於賴氨酸售價低迷，集團將部份產能轉為生產谷氨酸，故今年上半年比去年同期比較，在數量上有顯著的增加。雖然賴氨酸售價已有調升，但鑑於生產賴氨酸各項原物料與能源成本依然高漲，短期內獲利大幅改善可能性不大，除非售價能更進一步調漲。

#### 特用化學品

隨著越南經濟快速成長，鹽酸、蘇打的需求亦持續增長。期內特用化學品營收達8,768,000美元，比去年同期6,914,000美元增加26.8%，預估未來隨著工業之發展，特化產品應有穩定之成長。

#### 肥料

固肥產品第三、四套生產線已於今年第二季完工，再加上國際肥料價格劇漲，集團肥料營收比重日益增加，由去年同期營收2,544,000美元大幅成長為5,131,000美元，增長幅度超過一倍，佔總營收比由1.7%上昇到2.8%。由於集團肥料是有機肥料很受市場歡迎，目前正評估規劃增加擴大生產線方案，未來肥料對集團營收及獲利貢獻將日益重要。

**BUSINESS ANALYSIS (continued)**

## (2) Market analysis

Unit: US\$'000

REGIONS 地區		First half of 2008 2008年上半年		First half of 2007 2007年上半年		Change (%) 增/減(%)	
		US'000 千美元	%	US'000 千美元	%	Difference 差額	%
Vietnam	越南	77,649	42.5%	77,563	52.9%	86	0.1%
PRC	中國	27,622	15.1%	24,250	16.5%	3,372	13.9%
Japan	日本	34,538	18.9%	22,126	15.1%	12,412	56.1%
ASEAN countries	東盟國家	24,736	13.5%	14,319	9.8%	10,417	72.7%
European	歐洲	5,684	3.1%	2,483	1.7%	3,201	128.9%
Taiwan	台灣	5,124	2.8%	4,135	2.8%	989	23.9%
Other regions	其他地區	7,382	4.1%	1,884	1.2%	5,498	291.8%
<b>Total</b>	<b>總共</b>	<b>182,735</b>	<b>100.0%</b>	<b>146,760</b>	<b>100.0%</b>	<b>35,975</b>	<b>24.5%</b>

**1. VIETNAM**

In the first half of 2008, turnover from the Vietnam market amounted to US\$77,649,000, up 0.1% or US\$86,000 from US\$77,563,000 in the last corresponding period. The increase was far lower than those in other regions. The proportion of contribution from the market thus dropped to 42.5% from 52.9% in the same period last year. The slower growth of the market was mainly attributable to: (1) the 2.5% weaker Vietnam Dong as compared with the same period last year, (2) the Group's strategy to diversify MSG markets, riding on export to grow overseas markets, and (3) relative to the lower output of GA, except for MSG and GA, other products including lysine, specialty chemicals, modified starch and fertilizers all benefited from booming Vietnamese economy and market growth and delivered steady growth.

**2. JAPAN**

During the period, turnover from the Japan market grew a notable 56.1% or US\$12,412,000 to US\$34,538,000 from US\$22,126,000 in the previous corresponding period. The growth was driven mainly by the increase in sales of lysine and MSG. In the last corresponding period, the Group reduced production of lysine because of its low price and hence turnover from sales of lysine to Japan was affected. However, the Group started to increase lysine production in the second half of 2007 and supply to the Japan market has also risen.

In addition, the Group has long-standing customers in Japan who have strong confidence in its products, which explained also the steady increase in MSG sales in the market. Strong growth of the Japan market boosted its contribution to the total turnover of the Group from 15.1% to 18.9%. Japan has become the Group's second largest market.

**經營分析(續)**

## (二) 市場分析

單位：千美元

**1. 越南市場**

2008年上半年越南市場總營收為77,649,000美元，比去年同期77,563,000美元僅增加0.1%，金額86,000美元，增長率遠低於所有其他地區。故越南區營收佔集團營收比重由去年同期52.9%下降為42.5%。成長趨緩主要原因在於：(1)和去年同期比，越盾貶值約2.5%。(2)基於味精銷售分散市場之策略，利用味精外銷有利之機，積極擴展海外市場，佈局分散市場之策略。(3)受谷氨酸減產供應量降低影響，除味精與谷氨酸之外，其他產品包括賴氨酸、特化產品、變性澱粉及肥料等，也因為越南經濟與市場的成長，而均有穩定成長。

**2. 日本市場**

期內日本市場營收有亮麗的成長，增長率56.1%，金額12,412,000美元，營收由去年同期22,126,000美元，增加到34,538,000美元。成長的動力來自賴氨酸和味精銷售之成長，去年同期賴氨酸因價格低迷降低生產量，影響到日本市場的營收，然而自去年下半年起，已逐步增產，增加供應量給日本市場。

同時，由於日本客戶長期配合，對集團產品具有信心，味精產品亦有穩定之增長，由於日本市場的大幅成長，其佔總營收比重由15.1%提高到18.9%，為集團第二大市場。

## Management discussion and analysis 管理層討論及分析

### 3. CHINA

Turnover from the China market in the first half year reached US\$27,622,000, 13.9% or US\$3,372,000 higher than US\$24,250,000 in the last corresponding period. As a strategic move, Shandong Vedan Snowflake Enterprise Co., Ltd. discontinued sale of GA, but used it as a raw material to produce MSG instead.

During the period under review, competition in the China MSG market remained intense. As a result of continuous increase in raw material and energy prices and reduced export market, the Group had to operate in a severely competitive and chaotic domestic sales market, resulting in squeezed turnover and profit.

The Group still occupies a relatively small share of the China MSG market, which means it has enormous room for growth. Apart from pursuing potential strategic alliances with peers, the Group intends to continue to expand its own sales channels and strengthen relationship with capable distributors.

### 4. ASEAN COUNTRIES

Sales of MSG, GA, lysine and fertilizers to various countries including Thailand, Indonesia, Malaysia, etc. had grown markedly during the period. The overall turnover from ASEAN countries thus leaped a magnificent 72.7% or US\$10,417,000 in the first half year to US\$24,736,000, against US\$14,319,000 in the same period last year. The segmental contribution to the total turnover of the Group also rose from 9.8% to 13.5%, reflecting the result of the effort put by the Group into nurturing this market. As ASEAN economies continue to prosper and trading conditions become more liberal due to continuing implementation of ASEAN Free Trade Agreement, it will continue to be a market that presents the Group with strong growth potential.

### 5. EUROPE AND OTHER REGIONS

The Europe market achieved a year-on-year increase of 128.9%, or US\$3,201,000, which was mainly attributable to the growth in sales of MSG and lysine.

As for other MSG regions, a 291.8%, or US\$5,498,000 increase in sales was recorded as compared with the same period last year, thanks to the preliminary success of the Group in exploring the Korean and US markets, driving growth of other regions.

### 3. 中國市場

上半年中國市場營收為27,622,000美元，比去年同期24,250,000美元增加3,372,000美元，成長13.9%。基於業務策略之考量，期內集團山東味丹雪花廠已不再出售谷氨酸，而是將谷氨酸做為原料，生產味精出售。

期內中國味精市場依然競爭激烈，基於各項原物料、能源成本高漲，及外銷市場條件受到影響，因而造成內銷市場競爭激烈、市場混亂，銷售及獲利成長均受到影響。

由於集團味精產品在中國市場佔有率依然偏低，未來尚有極大發展空間，除仍持續進行各項同業間可能的策略聯盟機會外，目前正計劃再發展本身自有銷售據點，及強化和具有實力經銷商合作關係。

### 4. 東盟市場

由於味精、谷氨酸、賴氨酸與肥料銷售泰國、印尼、馬來西亞...等國有大幅的成長，整體東盟市場上半年營收達24,736,000美元，比去年同期14,319,000美元成長72.7%，金額10,417,000美元。本地區營收佔集團總營收比重亦由9.8%上昇到13.5%，顯示集團耕耘東盟市場已有不錯的成果，特別是東盟市場的成長，隨著此區域經濟的成長，各項貿易條件逐步開放，仍會是集團成長的潛力市場。

### 5. 歐洲市場及其他

歐洲市場比去年同期增長3,201,000美元128.9%，主要是來自味精和賴氨酸的成長。

至於其他地區比去年同期成長5,498,000美元，成長率291.8%，主要是開拓韓國與美國市場已略見成效，帶動其他地區的成長。

## Management discussion and analysis 管理層討論及分析

## RAW MATERIAL/COSTS

Affected by surging international oil price and rising prices of agricultural products, raw material and fuel cost of the Group shot up to historical high. Important raw materials and fees such as some carbohydrate sources, liquid ammonia, chemicals, fuel, packaging materials, transportation cost all increased dramatically, ranging from 10-20% on the low side and 50-100% on high, resulting in higher production costs for all products of the Group. Since the beginning of the first half year, the price of the Group's main raw material molasses had kept increasing. In respond, the Group adopted a diversified carbohydrate sourcing strategy and supplemented it with flexible procurement methods and inventory adjustments. These measures had been effective in capping the surge of prices of carbohydrates during the review period. However, the price of molasses is expected to continue on the uptrend in the second half year.

At the same time, the price of another major raw material of the Group, cassava or wet cassava (cassava after initial processing), also climbed by more than 60% during the review period with its demand as material for producing alcohol and livestock feed rising in countries such as China and Korea. Fortunately, the Group had started to expand production capacity for cassava. The first production line of the Group's new plant in Ha Tinh province will commence operation in the fourth quarter of the year and expansion of production capacity of the plant in Gia Lai province will also be completed soon. All these plans will give the Group reliable supply of cassava starch to reduce raw material costs.

## FINANCIAL REVIEW

High inflation rate and a monumental trade deficit in Vietnam at the end of May sparked concern over possible depreciation of the Vietnam Dong and fluctuation in the foreign exchange market. Nevertheless, the economic foundation of the country continued to be strong with foreign investment and export rising consistently and markedly. Furthermore, with government efforts to clamp down on speculative activities and raise interest rates, the foreign exchange market has stabilized recently with the exchange rate of the Dong against US dollar at approximately 16,500 Vietnam Dong for one US dollar. The rate represented 2.4% depreciation when compared with the end of last year. During the period under review, convinced that the fluctuation of the Vietnam Dong to US dollar exchange rate would be a short-term phenomenon and that high interest rates would absorb the loss resulting from depreciation of the currency, the Group increased its cash and bank deposit by 98% or US\$17,371,000. The Group's total cash and deposit increased by US\$35,077,000, with the average interest rate for fixed deposit at about 12% to 15%. The Group increased notably its deposit in banks, and borrowed only US\$28,596,000 more. Thus, its gearing ratio (total loans over shareholders interest) was 27.9% and net gearing ratio (after deducting cash and deposit) was 14.6%, which were lower than the last corresponding period's 28.5% and 22.2% respectively. Liquidity ratio was 1.85, higher than 1.76 of the last corresponding period, indicating that the Group had a sound financial position. Of all bank loans, 87% was in US dollar, 8% were in Renminbi and 5% were in New Taiwan dollar, and 17% were middle to long term loans and 83% were short-term loans.

## 原料／成本

由於受到國際石油價格狂飆，農產品價格高漲影響，期內原物料與能源成本，均大幅上昇，且上昇幅度是歷來所未有。重要原料與費用，例如部份糖源、液氨、化學品、能源、包裝材料、運費……等等，都有很大幅度上升，低者在10-20%，高者在50-100%，造成各項產品製造成本也隨之提昇。在上半年，集團最主要糖蜜原料，今年初以來，價格亦大幅上揚，集團採取多元化糖源策略，輔以更彈性的採購方式，配合庫存量調整，進行糖源價格管控，致使上半年整體糖源價格雖然仍是上漲，幅度尚能控制，此趨勢也勢將延續至下半年。

同時，另一項主要原料木薯或濕粉（木薯初期加工後），在期內因受到國外如中國、韓國之搶購木薯干，以作為生產酒精或飼料之用，價格上漲幅度超過60%，所幸公司已進行生產擴廠，短期內今年第四季新設河靜澱粉廠第一期生產線將開始運轉，及嘉萊廠擴充產能亦完成，將有助於取得穩定、有競爭力木薯澱粉，降低原料成本。

## 財務回顧

由於越南於5月底因高通貨膨脹及貿易赤字巨幅擴大，引起外界對越盾貶值之疑慮，造成外匯市場劇烈波動。然而越南經濟基本面依然穩健，外資及出口續大幅增加，再加上政府採取緊縮通貨打擊投機、提高利率之手段下，匯率市場已於近期穩定下來，約於16,500越盾兌1美元水平，和去年底比較，貶值約2.4%。期內集團判斷越盾兌美元大幅波動為短期現象，且越盾高利率應可吸收越盾貶值之損失，故期內集團現金和銀行存款增加17,371,000美元，增加98%。總現金和存款增加35,077,000美元，越南定存利率平均在12~15%之間。雖存款大幅增加，但借款僅增長28,596,000美元，資本負債比（總借款比股東權益）為27.9%，淨資本負債比（扣除現金和存款）則為14.6%，分別比去年同期28.5%及22.2%為低，同時流動比率為1.85亦比去年同期1.76為高，顯示財務穩健。銀行借款中，美元借款佔87%，人民幣佔8%，新台幣佔5%，中長期和短期借款比為17%比83%。

## Management discussion and analysis 管理層討論及分析

**FINANCIAL REVIEW (continued)**

Thanks to the 24.5% turnover growth, account receivables also increased by 17.8% to US\$48,796,000 from US\$41,406,000 in the last corresponding period. During the period under review, inventory reduced by US\$6,256,000 or 8.5% to US\$66,963,000 from US\$73,219,000. The Group's liquidity ratio rose from 1.76 to 1.85. Since the Group mainly borrowed US dollar from banks and the interest rate of US dollar dropped during the period, the average interest for loans taken out by the Group also dropped slightly against the same period last year. In turn, net interest fee for the period was down and at 0.6% to total turnover.

**EXCHANGE RATE**

During the period, unlike last year with value up by 0.2%, the Vietnam Dong depreciated by about 2.5% in late June. However, with the Vietnam plant of the Group starting to record rapid growth in export sales in the second half of 2007, export sales had overtaken domestic sales during the period under review to account for 51.7% of the total sales of the market. Income in US dollar thus was sufficient for the Group to settle payments for import and other foreign currency transactions. With exchange rates steady since early July and high interest rate for Vietnam Dong deposits, the Group will be able to minimise loss caused by exchange rate fluctuation.

**DIVIDEND**

Basic earnings per share for the period were 0.61 US cents. The Board of Directors resolved to pay dividend of 0.305 US cents per share for the interim period, representing a payout ratio of 50%.

**PROSPECTS**

Similar to its industry peers, maintaining growth in profitability amid rising costs will be the major issue the Group needs to address. The Group has adopted or plans to adopt the following measures to safeguard its profit.

- I) Continue to step up the cassava or other carbohydrate sources plantation projects in Cambodia and Laos. This task must be maintained to ensure the Group has reliable and price competitive raw material supply in the long run to shield its profit from impact of high raw material prices.
- II) Seizing the chance of growing demand for its major products including MSG, modified starch, lysine, caustic soda, hydrochloric acid, fertilizers, etc. to make appropriate adjustment of product prices by market so as to maintain profit margin.
- III) Restructure the existing sales system with plan to set up a professional marketing company to grow the Vietnam market. Apart from its own products, the Group will strengthen existing sales channels to sell other related products, hence boost its results.
- IV) Enhance the new product commercialization process to timely tap market opportunities, continue to improve production efficiency to raise revenue and implement cost control and energy saving measures.

**財務回顧(續)**

應收帳款因營收大幅成長24.5%，故由去年同期41,406,000美元提高到48,796,000美元，增加17.8%。期內存貨則下降6,256,000美元，由73,219,000美元減少為66,963,000美元，下降比率為8.5%，集團流動比率由1.76上升為1.85。集團借款主要為美元，由於期內美元利率下降，平均借款利率也比去年同期略為下降，淨利息費用下降佔總營收比為0.6%。

**匯率**

期內越盾一反2007年略微升值0.2%之趨勢，到6月底反而貶值約2.5%，然由於集團在越南公司自去年下半年開始，外銷快速成長，越南公司外銷比重已超過內銷佔51.7%，故美元收入足以支付進口及其他外幣支付之需求。由於自7月初匯率已趨穩定，同時越盾高存款利率，可將可能遭受匯率之損失降低到最少。

**股利**

本期每股基本股利為0.61美仙，董事會決議派發股息每股0.305美仙，派息率為50%。

**展望**

如同絕大多數的業者，在生產成本持續上漲，如何保持獲利能力之增長，將是集團面臨的重大問題，集團已經或計劃採取下列因應措施以確保獲利來源。

- I) 將持續加速進行柬埔寨及寮國種植木薯或其他糖源作物專案。就長期而言，確保取得穩定且具有價格優勢之原料來源，避免因原料價格高漲壓縮到獲利，是必要持續進行的工作。
- II) 掌握市場對集團各項主要產品需求增加之際，如味精、變性澱粉、賴氨酸、蘇打、鹽酸、肥料等，依地區做適度的價格調漲以維持獲利之水平。
- III) 重新整合現有經銷體系，並計劃成立專業行銷公司以拓展越南市場。除集團生產之產品之外，將強化現有通路銷售其他相關產品創造業績。
- IV) 強化新產品商品化之作業流程，及時掌握市場商機，並持續改善生產效能提高收益，落實控管支出並進行詳能各項措施。

### PROSPECTS (continued)

- V) Enhance the “Vedan” brand to help boost product values, continue to identify strategic alliance opportunities, make appropriate investment in related industry and expansion of production capacity, with the aim of improving overall efficiency.

In the second half year, although raw material and fuel prices will continue to stand high, with the Group moving forward with the aforementioned plans and measures and the new starch plant in Ha Tinh province and the expanded starch plant in Gia Lai province starting production soon, the Group expects good support for its turnover and profit. In addition, through means including appropriate price adjustment, flexible raw material procurement strategy, diversifying carbohydrate sources, brand building and restructuring its marketing system, the Group is cautiously optimistic about achieving turnover and profit growth in the future.

### 展望(續)

- V) 強化公司品牌價值，創造較高產品價值，並持續進行尋求各種策略聯盟機會，對相關產業與產能進行適度投資，創造綜效。

綜觀下半年，雖然原物料與能源價格仍處於較高水平，集團除了積極展開上述各項工作與計劃外，新設的河靜澱粉廠、嘉萊澱粉廠的擴產將陸續投入運轉，對於集團營收獲利，將直接有所助益，透過價格適度調整，彈性的原料採購策略，多元化糖源利用，品牌強化與重整行銷體系等方式，營收與獲利的提升，應是審慎樂觀可以預期的。