

Management Discussion and Analysis

管理層討論及分析

I. BUSINESS OVERVIEW

Generally speaking, the global economy has experienced modest growth in the first half of 2014, but the foundation for recovery was not sufficiently firm. As a result, the unstable political conditions in Asia, the Middle East and Ukraine have led many economic organisations to lower forecasts for global GDP growth. The US economy has shown stronger signs of growth with the unemployment rate dropping by 1.2 percentage points as consumer confidence has risen, and the Japanese economy has also recorded a higher-than-expected growth rate with stronger spending power. At the same time, the European economy has at last moved out of the shadow of the debt crisis, although its unemployment rate remained high, consumer confidence was lagging, the pressure of deflation lingered and production has not yet completely revived. Compared with the time of the Asian Financial Crisis, emerging economies have optimised systems with improved debt-paying capabilities. However, the fluctuations in the inflow of capital has aggravated the volatility of exchange rates of certain countries such as India and Indonesia, bringing with it higher financial risks. The PRC for its part has also faced different challenges such as increasing bad debts, decreasing foreign direct investment and a higher inflation rate. In the first half of the year, economic growth in the PRC was 7.4%, slightly lower than 7.6% in the same period last year, which suggested the growth momentum was slowing down. As for Vietnam, it also faced many challenges as well, but fortunately its macro economy strengthened and signs of recovery were evident. The domestic economy in Vietnam grew 5.18% in the first half, up from 4.9% in the first half of 2013, and its expected GDP growth for the year of 2014 is approximately 5.7% to 5.8%, with the inflation rate remaining the lowest in ten years at 4.8%. In addition, Vietnam registered a trade surplus, had lower interest rates and recorded higher foreign currency deposits while enjoying a stabilised exchange rate.

During the period under review, the Group recorded a revenue of US\$152,705,000, 8.5% or US\$14,251,000 lower than the same period last year. The decrease was mainly due to the decision of reducing sales volume of processed food products with lower margins, so the revenue from MSG products dropped by US\$11,270,000. Gross profit of the Group declined around 3.8% or US\$957,000 to US\$23,959,000 as compared to the same period last year. However benefitting from the higher margins of MSG products, the Group's overall gross profit margin actually increased to 15.7% from 14.9% in the corresponding period last year. A net profit of US\$42,000 was recorded. The drop in business was principally a result of the following factors: 1. The Group's Vietnam-based factories temporarily reduced the sale of lower margin processed food products in the face of fierce price competition with the players in the PRC and Indonesia, which resulted in a drop in revenue and profit; 2. the decrease in MSG production affected the supply of fertiliser and feed products; 3. the persistent increase of energy costs in Vietnam could not be reflected in selling prices, which eroded our profitability. To address the problem of rocketing energy costs, the Group has employed alternative energy solutions and the projects are expected to be completed in the first quarter of next year. By that time, the production cost of the factories in Vietnam should decline, thus generating more profit for the Group.

一、業務總覽

2014年上半年全球經濟整體保持溫和增長，但復甦的基礎仍不夠穩固，亞洲、中東及烏克蘭政局不穩定，以致許多經濟組織調降全球GDP增長率。美國經濟呈現復甦趨勢，失業率減少1.2百分點，消費者信心持續增加。日本經濟增長高於預期，購買力增加。與此同時，歐洲經濟擺脫了債務危機陰影，但失業率高，消費者信心減少，經濟通縮壓力未見緩解，生產未有復甦。與亞洲金融危機時期相比，新興市場經濟體制已經更加完善，國際支付能力顯著提升，但隨著資本跨境頻繁流動，印度、印尼等部分新興經濟體貨幣匯率波動加劇，金融風險上升。中國經濟面臨挑戰，壞帳增加，外商直接投資(FDI)減少，通貨膨脹增加，上半年經濟成長率7.4%，略低於2013上半年同期的7.6%，顯示經濟景氣成長力道趨緩。越南經濟雖然仍面臨很多困難和挑戰，但宏觀經濟穩定繼續得到鞏固，經濟已經出現復甦徵兆，上半年經濟成長5.18%，高於2013上半年同期的4.9%，預計2014年GDP成長率約5.7-5.8%，通貨膨脹可望控制在4.8%水平，創十年來最低通膨率。同時，貿易順差，利息下降，外匯存款達創歷史新高，匯率日趨穩定。

集團期內營收152,705,000美元，比去年同期減少8.5%或金額減少14,251,000美元。營收下滑原因主要是公司減少銷售較低利潤的食品加工用產品，令味精營收減少11,270,000美元。集團毛利23,959,000美元比去年同期下降約3.8%或金額957,000美元。因味精產品毛利率提升，集團總體毛利率由去年同期14.9%增加為15.7%，淨利額為42,000美元。業務衰退的主因是：一，因應中國、印尼味精同業低價銷售的競爭，越南廠採取暫時減少低利潤的食品加工用產品外銷導致營收及獲利衰退。二，由於味精產量減少，影響到肥飼料的供應。三，越南能源，成本持續上漲，售價無法反應，侵蝕到利潤。為徹底解決能源成本高漲問題，公司已投入替代能源方案的建造，預計明年第一季可完工，將可降低越南廠生產成本並為集團帶來利潤。

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

Area	地區	Six Months Ended 30 June 截至六月三十日止六個月					
		2014		2013		Difference	
		2014上半年 Amount 金額	%	2013上半年 Amount 金額	%	Amount 金額	%
Vietnam	越南	75,791	49.6%	79,698	47.7%	(3,907)	(4.9)%
Japan	日本	36,351	23.8%	40,434	24.2%	(4,083)	(10.1)%
PRC	中國	15,596	10.2%	17,342	10.4%	(1,746)	(10.1)%
ASEAN member countries	東盟成員國	14,649	9.6%	16,647	10.0%	(1,998)	(12.0)%
Other regions	其他地區	10,318	6.8%	12,835	7.7%	(2,517)	(19.6)%
Total	總共	152,705	100.0%	166,956	100.0%	(14,251)	(8.5)%

1. Vietnam

Revenue from the Vietnam market amounted to approximately US\$75,791,000, 4.9% or US\$3,907,000 lower than the same period last year. The decrease was mainly a result of its "Profit Is the Top Priority" strategy, under which the Group has reduced the sale of processed food products and related production capacity, thereby affecting the revenue from MSG and fertiliser and feed products in Vietnam. As the decrease in revenue from Vietnam was lower than that of total revenue which is 8.5%, the contribution from Vietnam to the Group's total revenue rose from 47.7% to 49.6%.

2. Japan

Japan is the second largest market for the Group. Facing the intense price competition in the international market, the Group has lowered the prices of MSG products in response to market demand. Thus the revenue from the Japan market decreased period-on-period by 10.1% or US\$4,083,000 to US\$36,351,000 during the period, and the contribution to the Group's total revenue also dropped from 24.2% to 23.8%.

3. The PRC

The revenue from seasoning products in the PRC recorded an increase, but the Group could not increase the selling prices of its major product, MSG, because of an over-supply in the industry. This, plus the keen competition in the market meant that revenue from this market dropped 10.1% or US\$1,746,000 to US\$15,596,000 in the period and its contribution to the Group's total revenue dropped from 10.4% to 10.2%.

1. 越南市場

越南市場2014上半年營收約75,791,000美元，比2013上半年同期減少4.9%或金額3,907,000美元。營收減少主要在「確保盈利優先」的策略下，集團削減部分食品加工用產品的銷售，故減少生產產能，使越南市場味精與肥飼料營收均減少。越南市場營收減幅低於集團總營收之8.5%下調，故越南市場佔營收總額由47.7%增至49.6%。

2. 日本市場

日本是集團第二大市場，集團因國際味精價格競爭激烈，依循市場需求而調降味精價格，導致期內日本市場營收同比減少10.1%或金額4,083,000美元，期內日本市場之營收達36,351,000美元，佔營收總額由24.2%降至23.8%。

3. 中國市場

中國區調味料營收有所增長，但主要產品味精因行業產能過剩，售價無法提升，加上銷售競爭激烈，營收減少10.1%或金額1,746,000美元，期內中國市場之營收達15,596,000美元，佔總營收由10.4%降至10.2%。

4. ASEAN member countries

During the period under review, revenue from ASEAN member countries amounted to US\$14,649,000, down from 10.0% of total revenue to 9.6%. This figure was around 12.0% or US\$1,998,000 less than the US\$16,647,000 recorded in the same period last year. Affected by the keen price competition of MSG products across ASEAN member countries, the Company has strategically reduced the supply of processed food products. As the costs are expected to be lower next year, the production should return to normal levels.

5. Other regions

Revenue from other regions dropped 19.6% or US\$2,517,000 from US\$12,835,000 in the same period of 2013 to US\$10,318,000, a decrease to 6.8% in total revenue from 7.7% during the last corresponding period, because the demand for starch-related products in Taiwan decreased and the economies of the European market have yet to recover.

(ii) Sales Analysis by Product

Unit: US\$'000

4. 東盟成員國市場

期內東盟成員國市場營收14,649,000美元，佔集團營收由10.0%降至9.6%，跟去年同期16,647,000美元相比衰退約12.0%或金額1,998,000美元。營收的衰退是由於東盟成員國市場之味精價格競爭激烈，越南廠因策略上的考量，暫時降低供應食品加工用產品，但預期明年成本將可下降，將可再恢復市場需求。

5. 其他市場

其他市場營收額10,318,000美元，比2013年同期12,835,000美元減少19.6%或金額2,517,000美元，佔集團營收比由7.7%降至6.8%，主要原因是由於台灣市場澱粉相關產品的需求減少，而歐洲市場經濟未有復甦跡象。

(二) 產品銷售分析

單位：千美元

		Six Months Ended 30 June 截至六月三十日止六個月					
Products	產品名稱	2014 2014上半年		2013 2013上半年		Difference 差異	
		Amount 金額	% %	Amount 金額	% %	Amount 金額	% %
MSG	味精	105,288	68.9%	116,558	69.8%	(11,270)	(9.7)%
Modified starch/ native starch	變性澱粉/ 天然澱粉	20,423	13.4%	20,630	12.4%	(207)	(1.0)%
Fertiliser and feed products	肥飼料	11,448	7.5%	15,193	9.1%	(3,745)	(24.6)%
Specialty chemicals	特化產品	9,718	6.4%	10,601	6.3%	(883)	(8.3)%
Others	其他	5,828	3.8%	3,974	2.4%	1,854	46.7%
Total	總共	152,705	100.0%	166,956	100.0%	(14,251)	(8.5)%

i. MSG

The Group has lowered selling prices in response to intensified market competition, so revenue from MSG operation during the period decreased by around 9.7% or US\$11,270,000 from the same period last year to US\$105,288,000 and its contribution to the Group's total revenue dropped slightly from 69.8% to 68.9%. To maintain our profitability, the Group has reduced the production of lower margin processed food products. The sales of MSG products recorded a decrease in major markets, most notably in Japan and ASEAN member countries. However, after years of effort to consolidate its brands and retail markets, the contribution from this segment has been growing and this growth is set to boost the gross profit in the future.

ii. Modified starch/native starch

After the Group disposed of the factory of Veyu, its subsidiary in Vietnam, which principally produces native starch in Gia Lai Province in Vietnam, at the end of last year, revenue from native starch during the period substantially dropped 78.0% or US\$1,214,000. However, modified starch has performed better during the period under review, in particular in the major markets such as Vietnam, Japan and ASEAN member countries, with total revenue up US\$1,007,000. Therefore, total revenue of modified and native starch during the period only marginally declined 1.0% or US\$207,000 to US\$20,423,000. Its contribution to the total revenue of the Group increased from 12.4% to 13.4%.

iii. Specialty chemicals/fertiliser and feed products

Specialty chemicals including hydrochloric acid, soda and bleach are principally sold in the Vietnam market. During the period under review, soda business was affected by the sluggish economy and has not recovered yet, so both sales volume and selling price recorded a decrease. Revenue of specialty chemicals declined 8.3% or US\$883,000 to US\$9,718,000 and the contribution to the Group's total revenue stood similar to the same period in 2013.

The fertiliser and feed products were affected by the Group's strategic initiatives. The production volume of MSG products and the selling prices of chemical fertilisers decreased during the period, which affected the production volume of fertilisers and feed products. Thus the segmental revenue dropped 24.6% or US\$3,745,000 to US\$11,448,000 in the period, and the contribution to the Group's total revenue declined from 9.1% to 7.5%.

1. 味精

期內味精營收105,288,000美元，佔總營收由69.8%略減為68.9%，較去年同期減少約9.7%或金額11,270,000美元，主要由於集團因應市場競爭需求而調降價格。同時，為了確保盈利，集團減少銷售利潤較低的食品加工用產品所致。味精銷售在集團主要市場都有所減少，影響較大的地區是日本和東盟成員國市場。由於集團幾年來積極拓展自有品牌及零售市場，此部份佔比已有顯著成長，將有利於未來毛利的提升。

2. 變性澱粉／天然澱粉

由於去年底集團出售位於越南嘉萊省以生產天然澱粉為主的味友廠，天然澱粉本期營收大幅減少78.0%或金額1,214,000美元。變性澱粉期內有較好的表現，主要市場如越南、日本、東盟成員國銷售均有增加，總體增加1,007,000美元，使期內變性澱粉和天然澱粉合計稍微減少1.0%或金額207,000美元，期內營收達20,423,000美元，佔總營收由12.4%增至13.4%。

3. 特化產品／肥飼料

特化產品包括鹽酸、蘇打、漂白水全在越南國內市場銷售。期內蘇打由於受經濟不景氣影響仍未完全復甦，銷售量與售價均有減少，故特化產品營收減少8.3%或金額883,000美元至9,718,000美元，佔集團總營收比約維持2013年同期水平。

肥飼料因集團的策略考量，因味精產量減少與期內化肥價格下降，因而影響到肥飼料產量，營收減少24.6%或金額3,745,000美元，期內營收達11,448,000美元，佔總營收9.1%降至7.5%。

III. MAJOR RAW MATERIALS/ENERGY OVERVIEW

1. Cassava

Currently, the cassava plantation in Vietnam covers 560,000 hectares with a total output of around 9,400,000 tonnes, of which 30% is for domestic sales (used for production of feed products, pharmaceuticals, bio-fuels and industrial alcohol) and the remaining 70% is exported. In 2013, Vietnam was the second largest exporter of cassava and cassava-related products in the world, immediately behind Thailand. It sells these products elsewhere in Asia, including the PRC, Korea, Malaysia, India, Indonesia, Myanmar and Japan. Currently, the PRC is the largest export market of cassava and cassava-related products of Vietnam, accounting for 85.6%. However, Vietnam's export of cassava and cassava-related products to the PRC dropped by 19.8%, mainly attributable to the decrease in production capacity of many ethanol gasoline plants in the PRC. This trend continued in the first half of 2014 and the territorial dispute over offshore waters between the PRC and Vietnam has led to a substantial drop in the sales volume of cassava in Vietnam. Thus, it is expected that price of cassava might drop slightly but the volume of raw materials should increase in the new production season during the second half of the year.

2. Molasses

During the production season in 2013/2014, although the production capacity of cane sugar in Thailand and Vietnam has increased, the supportive government policies in various countries to raise crops as raw materials for the production of biomass energy has led to a drop in trading volume of molasses in the region. The export volume of Thailand, Indonesia, the Philippines and Pakistan have all dropped, resulting in high prices of molasses as the price was unable to drop along with the increase in production capacity of cane sugar. This phenomenon is expected to continue.

3. Energy

The cogeneration factory of Vedan Vietnam is currently using natural gas as fuel. However, as the natural gas sources in Vietnam are restricted, its price has substantially risen since 2010. The price of natural gas in 2013 increased by about 20% when compared with 2012 and it continued to climb in the first half of 2014, resulting in an increase in production costs. The Group expects the price of natural gas in Vietnam to remain high in the second half of the year. In addition, Vietnam has adjusted the calculation method of electricity charges since 1 June 2014. The Group's Vietnam operation complements the external electricity supply and has continued to execute energy-saving initiatives, which have involved production adjustment based on the demand, time slot and season of its plants to achieve the highest efficiency in energy utilisation.

三、主要原料／能源概況

(一) 木薯

目前越南的木薯種植面積達56萬公頃，總產量約達940萬噸。其中，30%用於國內銷售（用於飼料生產加工、藥品工業、生物汽油生產、工業酒精生產），其餘70%則用於出口。2013年越南成為世界第二大木薯和木薯製品出口國，僅次於泰國，並向中國、韓國、馬來西亞、印尼、印度、緬甸及日本等亞洲國家出口。目前中國成為越南最大的木薯和木薯製品出口國（佔85.6%）。但是2013年越南對該市場的木薯及木薯製品出口額下降19.8%，下降的主要原因是中國許多乙醇汽油生產廠的產能下降。2014上半年，延續此情況，加上越中兩國出現水域爭執，越南木薯銷售量大幅下降，預估下半年新產季，價格可能會因此而略有下跌，原料數量可望增多。

(二) 糖蜜

於2013/2014年產季，雖然泰國、越南的蔗糖產能提升，隨著各國政府的輔助政策，大量移轉生質能源的生產使用原料，致使區域內的糖蜜貿易量減少，包括泰國、印尼、菲律賓、巴基斯坦等出口量的減少，致使糖蜜價格仍維持在高水平，無法隨著蔗糖產能增加而下降，此現象預期仍將持續。

(三) 能源

集團味丹越南汽電共生廠目前使用天然氣為燃料，因為越南天然氣來源受限，自2010年開始天然氣價格逐步上揚，隨著2013年比2012年增加約20%，2014上半年亦再調漲，造成生產成本上升，預估下半年越南天然氣價格依然保持漲勢。另外，2014年6月1日起，越南修改電價之計算方式，集團越南廠配合外電的供應，繼續執行節能省電方案，並調節依各廠需求與時段、季節不同調節生產，創造最佳能源利用效益。

IV. FINANCIAL REVIEW

1. Liquidity and Financial Resources

In response to the Central Bank of Vietnam's periodic efforts to decrease the interest rate on Vietnam Dong deposits during the period under review, the Group utilised part of its deposits denominated in Vietnam Dong to repay the borrowings in US dollars. It has also increased the purchase of agricultural raw materials during the period. As at 30 June 2014, the Group had cash and bank deposits of US\$21,166,000, which was approximately US\$25,607,000 or about 54.7% lower than that amount in late 2013, and about 38.3% or US\$13,122,000 lower than the corresponding figure in the same period in 2013. As the Group has focused on implementing alternative energy initiatives and due to the increase in raw materials and inventory, bank borrowings increased accordingly. Short-term bank borrowings increased by US\$14,492,000 or 33.6% to US\$57,577,000, while middle-to-long-term bank borrowings rose by US\$9,434,000 to US\$11,508,000. Total bank borrowings increased by US\$23,926,000, or around 53.0% to US\$69,085,000. The borrowings were mainly denominated in US dollars, which accounted for 98.1% of the total and the remaining 1.9% was denominated in New Taiwan dollars. The proportions of short-term and medium-to-long-term bank borrowings were 83.3% and 16.7% respectively. With increased bank borrowings and reduced cash and deposits, the net interest expense during the period rose by about US\$438,000 period-on-period.

Trade receivables were US\$32,754,000, an increase of US\$2,013,000 or around 6.5% when compared with late 2013, and decreased by US\$1,052,000 or about 3.1% when compared with the same period in 2013. Around 82.5% of the trade receivables were due within 30 days.

In light of the increased borrowings, the gearing ratio (total borrowings to total capital ratio) was 20.4%, which was higher than 14.3% at the end of 2013. Net gearing ratio (total borrowings less cash and deposits to total capital ratio) was 14.1%. Current ratio declined from 2.8 in late 2013 to 2.6 due to the increase in short term borrowings.

2. Capital Expenditure

During the period under review, capital expenditure amounted to approximately US\$16,626,000, approximately US\$12,306,000 more than the capital expenditure of US\$4,320,000 in the first half of 2013.

四、財務回顧

(一) 流動資金和財政資源

由於期內越南中央銀行數次調降越盾利息，集團將部分越南存款償還美元借款。同時，期內增購農產原料，故截至2014年6月30日，集團現金和銀行存款為21,166,000美元，比2013年底減少25,607,000美元，約54.7%，比2013年同期減少約38.3%或金額13,122,000美元。由於期內著手增建能源替代方案，原料與存貨增加，故銀行借款增加。短期借款為57,577,000美元，比2013年底增加14,492,000美元，約33.6%；中長期借款為11,508,000美元，增加9,434,000美元，借款總額為69,085,000美元，比去年底增加23,926,000美元或約53.0%。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83.3%比16.7%。因現金、存款減少，借款增加，期內淨利息費用同比增加約438,000美元。

應收貿易帳款為32,754,000美元，比2013年底增加2,013,000美元，約6.5%，比2013年同期減少1,052,000美元或約3.1%，30天期內應收帳款佔約82.5%。

因借款增加，資本負債比（總借款比總資本）為20.4%，高於2013年底的14.3%，淨資本負債比（總借款扣除現金和存款比總資本）為14.1%。由於短期借款增加，流動比率由2013年底之2.8降為2.6。

(二) 資本支出

期內資本支出共約16,626,000美元，比2013上半年資本支出的4,320,000美元增加12,306,000美元。

3. Exchange Rate

Economic growth in Vietnam was 5.18% in the first half of the year. While higher than the 4.9% recorded in the first half of 2013, it was still substantially lower than the 5.8% target set by the Vietnamese government. To stimulate exports and drive economic growth, the Central Bank in Vietnam adjusted the VND/US\$ rate downward by 1% to VND21,246 to US\$1 in May 2014. The official price was within the rate plus or minus 1%. This was the first exchange rate adjustment by the Central Bank in Vietnam in more than a year.

The Group's subsidiaries in the PRC, Shanghai Vedan, Shandong Vedan and Xiamen Maotai focus on the sales in the PRC's domestic market and transactions are mainly denominated in RMB. Since the People's Bank of China embarked on exchange rate reform in June 2010, the exchange rate between the RMB and the US dollar has appreciated by close to 12% as at January 2014, the highest level in the last two decades. The RMB has been depreciating in five consecutive months since February 2014, and the exchange rate between the RMB and US dollar depreciated by more than 3%, to the lowest level since late 2012. The exchange rate has rebounded slightly in June.

4. Dividend

Basic earnings per share for the period under review were 0.03 US cents. The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2014.

V. PROSPECTS

Despite the overall stagnant economy, the markets in which the Group has business operations have showed signs of a modest recovery, in particular Vietnam and the PRC. The Group aims to capture the business opportunities by strengthening business promotion and marketing activities so as to improve its business performance and maintain its market share.

The Group is working hard to strengthen the long term collaboration with its customers in markets beyond Vietnam and the PRC. It has also increased its marketing efforts in different regions, in particular the ASEAN countries, where the Group plans to improve results by rebuilding the brand and utilising different marketing channels.

The Group has good understanding of the majority of raw materials used in production in the first half of the year. Based on business needs, the Group is carefully adjusting its production plans and controlling production costs to ensure quality and enhance product competitiveness and operational efficiencies. Meanwhile, the Group is further improving the management system of procuring raw materials so as to realise effective use of capital.

(三) 匯率

越南上半年經濟成長5.18%，雖然高於2013上半年同期的4.9%，但遠低於5.8%的越南政府官方目標。為刺激出口，推動經濟增長，2014年5月份越南央行貶值越盾兌美元匯率1%至21,246越盾兌1美元，實際市場匯率允許相比，官方定價上下各1%的變動。這是越南央行1年多以來首次調整匯率。

集團中國區子公司上海味丹、山東味丹及廈門茂泰主要以中國國內銷售為主，交易以人民幣計算。自2010年6月中國人民銀行重啟匯率制度改革至2014年1月份，人民幣對美元匯率上升近12%，達到近20年來的最高水平。2014年2月起連續5個月，人民幣進入貶值通道，人民幣對美元匯率貶值逾3%，為2012年年末以來的最低水平。進入6月份，人民幣對美元匯率開始略有回調。

(四) 股息

本期每股基本盈利為0.03美仙，董事會已決定不建議派發截至二零一四年六月三十日止的中期股息。

五、展望

雖然集團經營的市場中，整體經濟景氣仍然不佳，但已經呈現緩慢的復甦現象。其中，尤以越南與中國市場更為重要。集團將把握機遇，加強業務的推廣，強化行銷力度，掌握業績，確保市場份額。

在越南與中國市場以外的市場，集團正努力加強維持客戶長期合作關係，並配合各地加強行銷的力度，尤其在東盟地區，應以再建立品牌與差異化通路行銷管道，進行推廣，再努力恢復業績。

對於上半年已經掌握大部份生產原料的現況，集團會審慎因應配合業務需求，調節生產計劃，妥善控制生產成本，確保品質，提升產品競爭力，以提高經營績效。與此同時，集團將再強化原料的管理機制，創造有效之資金運用效果。

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As for introducing new products, the Group will further strengthen management and business development with the hope of laying a strong foundation for achieving a satisfactory short- to mid-term business performance. It will enhance the expansion of marketing channels and focus more on new product development.

The Group's new energy initiative in Vietnam is progressing smoothly. It is closely monitoring the progress of plant construction and aims to commence production earlier in order to lower production costs. The Group has also implemented energy-saving initiatives and flexibly adjusted its production procedures to improve its overall operational efficiencies, reduce expenses and broaden its sources of income.

The Group will continue its efforts to expand the PRC market, focusing more closely on the market and its products and eliminating low-margin items. It will also invest more in large scale procurement of raw materials, form strategic alliances or conduct mergers and acquisitions with other brands and implement other strategies which to explore new business opportunities. Building and strengthening team resources and achieving a more effective performance management system remain as the Group's main operational directions and the areas in which the Group will further improve.

Generally speaking, market sentiments in the Group's key markets are showing slow recovery, which should affect the Group's operations in the second half of the year. However, the further rise in fuel costs in Vietnam may also have an adverse effect on the Group's production costs. Facing such a challenging operational environment, the Group's management can leverage its extensive industry and management experience and continue to adjust business strategies based on market conditions and launch initiatives in a timely manner to save costs and enhance operational efficiencies. Although its short term prospects are uncertain, the above strategies addressing various aspects of its business including marketing, cost control and raw materials development are set to improve the Group's operational efficiencies by early next year.

在新產品發展方面，集團將再加強管理與開發力度，期為短中期業績表現再奠基。其中，對於新行銷通路的開拓，集團將更加強投入，開創新產品業務。

至於集團於越南的新能源方案，已積極展開進行中，集團將把握時機，妥善管理建廠進度，爭取及早投產，為降低生產成本提出貢獻。與此同時，集團推行節能省電專案，並實施彈性調節生產，積極引入提升能源效率專案，以提升集團整體的營運效率及達到開源節流之效。

中國市場方面，集團仍會再精耕，聚焦市場與產品項目，淘汰低毛利產品，投入大宗原料，策盟併購其他品牌，以尋找新事業發展商機的工作。其他策略包括建立與強化團隊資源，建立更有效果的績效管理制度等，仍然會是集團的經營主軸，必須再加強。

整體而言，集團的主要市場景氣復甦緩慢，對於下半年的經營會有一定程度的影響，加上越南區的燃料成本再提升，對生產成本也造成影響，集團的經營雖面臨此嚴峻挑戰，但集團管理層擁有豐富的行業及管理經驗，將會持續以審慎的態度因應市況調整業務策略，適時推行項目專案以節省成本及提升營運效率，雖短期前景並非明朗，但隨著上述針對營銷、成本控制、原材料開發等多方面工作之開展，集團之經營績效將可望於明年初出現曙光。