Management Discussion and Analysis
管理層討論及分析

I. BUSINESS OVERVIEW

In 2021, the COVID-19 pandemic (the "Pandemic") plunged the global economy into a serious recession. While the Pandemic situation improved slightly in 2022, the global economy does not look optimistic due to the impact of the Russia-Ukraine war that broke out at the beginning of the year, which has caused global energy and raw material prices to soar and the inflation risk to rise sharply. In addition, the US has initiated a cycle of interest rate hikes. The path to economic recovery in various countries remains full of challenges and uncertainties.

In 2021, the Vietnamese Government effectively brought the outbreak of the Pandemic under control. Total import and export trade volume of the country amounted to approximately US$668.6 billion, with trade surplus at approximately US$4 billion, which was still a decline when compared with that of 2020. Looking back at the first half of 2022, the Russia-Ukraine war impacted the global economy, with the sharp rise in energy and raw material prices causing global inflation. However, the exchange rate of the Vietnamese Dong against the US dollar has remained stable since last year, and Vietnam is still effectively curbing inflation. The Consumer Price Index (CPI) increased by 3.37% year-on-year, which aligned with the forecast CPI of less than 4%.

The Group's revenue for the first half of the year was approximately US$229,277,000, an increase of US$33,192,000, or 16.9%, against the same period last year. The main reason for the increase in revenue was that, in addition to the improved sales atmosphere in Vietnam in the first half of the year, the sales volume and revenue of the Group's main products, such as MSG, increased due to the rise in both demand and selling prices. Nevertheless, as a result of the soaring raw material prices and energy costs, the gross profit declined significantly this year when compared with the previous year. The Group moderately adjusted the selling price of modified starch and maltose to cope with the rising raw material prices, and it continued to develop new products, leading to overall revenue growth. As for specialty chemicals, both revenue and profit rose significantly when compared with last year, as the Group adjusted selling prices. Given the price competition among industry peers, hydrochloric acid recorded an increase in sales volume, but due to a lower average selling price, the revenue recorded only modest growth. Gross profit decreased when compared with last year due to the rising costs. Regarding the fertilizers and feed products, the Group focused on consolidating its sales channels and adjusting the product mix and endeavored to develop higher margin products. In addition, coffee and bulk food ingredients, among the Group's other products, recorded a decrease in sales volume and revenue compared with last year due to shrinking consumption in the PRC as a result of the strict pandemic control measures implemented in the country. The Group achieved growth in revenue during the period but its profit declined, which was mainly due to the surging raw material and energy costs. Consequently, the overall gross profit margin fell to 11.0% from 19.4% in the first half of 2021. Gross profit amounted to US$25,268,000, a decrease of US$12,754,000 when compared with the same period last year. The net profit margin dropped to a loss of -0.1% from 5.3% in the same period of 2021. Net loss was US$212,000, a decline of US$10,594,000 when compared with the same period last year.

一、 業務總覽

在2021年全球經濟受新型冠狀病毒(COVID-19)疫情(「疫情」)衝擊而嚴重衰退，2022年疫情雖稍緩，但由於年初爆發俄烏戰爭的影響，全球能源與原材料價格大漲，通貨膨脹風險驟升，加上美國啟動加息週期，全球經濟不容樂觀，各國經濟邁向復甦之路仍然充滿挑戰與變數。

2021年，越南政府有效控制疫情爆發，進出口貿易總額約為6,686億美元，貿易順差達約40億美元，但仍較2020年滑落。環顧2022年上半年，俄烏戰爭影響全球經濟，能源與原材料價格高漲，造成全球性通脹，但越南盾對美元的匯率自去年至今保持穩定，且仍有效抑制通貨膨脹，消費物價指數(CPI)同比增長3.37%，達成低於4%的預估。

集團上半年營收達約229,277,000美元，較去年同期上升16.9%或增加33,192,000美元。營收增長的主要原因，除了越南在上半年的銷售氛圍較去年回升外，集團的主要產品中，味精產品銷量及營收隨著需求提升與調高售價而增加，但因原材料價格及能源成本飆升，使今年毛利較去年大幅減少。變性澱粉及麥芽糖因應原材料上漲，適度調整售價，加上持續開發新產品，帶動整體營收增長；特化產品中，在調整售價情況下，營收及獲利顯著較去年成長。而鹽酸因同業價格競爭，雖銷量增加，但平均售價降低，營收維持微幅增長，毛利因成本上升，致較去年減少；肥飼料產品則著重在整合銷售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，因中國對疫情執行嚴格管控，消費萎縮，使銷售量及營收較去年減少。集團於本期之營收增長，但主要由於原材料及能源成本大幅上升，利潤衰退，整體毛利率由2021上半年的19.4%下降至11.0%，毛利為25,268,000美元，較去年同期減少12,754,000美元；淨利率則由2021年同期5.3%減少至-0.1%，淨虧損為212,000美元，較去年同期減少10,594,000美元。

Vietnam is one of the few countries that has been relatively successful in containing the Pandemic, with stable economic growth over the long term. In the midst of the Sino-US trade conflict, Vietnam has become a target 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 including 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 are beneficial to the overall development of the country. Furthermore, with the Pandemic situation improving since the beginning of this year, social distancing measures have been gradually lifted and the economy has slowly recovered. Vietnam's GDP grew by 6.4% in the first half of the year, better than the 5.64% growth recorded in the same period of 2021. The gradual lifting of social distancing measures and the resumption of operations at most factories led to an increase in both production volume and orders. In the first half of the year, the country's trade balance turned from a deficit of US$1.5 billion in the same period last year to a surplus of US$710 million.

越南為應對疫情較為成功的幾個國家之一，長期經濟增勢穩定。越南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，且積極響應區域經貿整合，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，且今年初開始新冠疫情趨緩，社交隔離逐步解除，經濟逐漸復甦。越南今年上半年的GDP增長為6.4%，優於2021年同期增長率5.64%。社交隔離逐步解除，大部分工廠開始復工，使產量與訂單雙雙增長，今年上半年貿易收支由去年同期的逆差（15億美元）轉為順差7.1億美元。

Vietnam's overall economy grew steadily in the first half of 2022. However, the manufacturing industry is still under pressure from rising raw material prices, energy prices and transportation costs due to the ongoing Russia-Ukraine war. The timing of the end of the Russia-Ukraine war will be the key factor affecting the economy in the second half of the year. With respect to the development initiatives in the second half of the year, the Vietnamese Government has vigorously proposed improvement policies in the process of economic recovery in order to alleviate inflationary pressure. Its goal is to control the inflation rate at 4% and achieve economic growth of 6.9%, hence creating new development room for enterprises. As the Pandemic situation in the PRC has improved in the second half of the year, the industry chain and supply chain have been effectively restored, and the actual economic growth in the second half of the year is expected to reach 6.4%. The actual economic growth in the PRC is expected to be 4.7% in 2022, 3.4% down from 8.1% in 2021. The recovery of services and consumption in the PRC has been relatively slow and demand has not yet returned to pre-pandemic levels. Inflation eased correspondingly, with the inflation rate targeted to be controlled at 3%.

2022年上半年越南整體經濟穩定增長，然而目前因俄烏戰事仍未停歇，製造業仍面臨原材料價格、能源價格、運輸費用上升之壓力，俄烏戰爭結束的時間點，將為影響下半年經濟之關鍵。至於今年下半年的發展措施，越南政府在經濟復甦過程中大力提出改善政策，緩解通脹壓力，目標將通脹率控制在4%，經濟成長目標6.9%，為企業發展創造新發展空間。中國下半年隨著疫情因素緩和，產業鏈及供應鏈得到有效恢復，下半年實際經濟成長有望達到6.4%，預計中國2022年實際經濟增長為4.7%，增長相較2021年(8.1%)下滑3.4%；中國的服務及消費復甦步調相對緩慢，需求未回復疫情前水平，通脹相對緩和，通脹率目標將控制在3%。

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 2022 2022年上半年 Amount 金額	% %	First Half of 2021 2021年上半年 Amount 金額	% %	Difference 差異 Amount 金額	% %
Vietnam	越南	**100,472**	**43.8%**	88,526	45.1%	11,946	13.5%
Japan	日本	**39,980**	**17.4%**	32,379	16.5%	7,601	23.5%
PRC	中國	**29,814**	**13.0%**	31,095	15.9%	–1,281	–4.1%
ASEAN	東盟國家	**16,549**	**7.2%**	13,855	7.1%	2,694	19.4%
US	美國	**18,735**	**8.2%**	13,551	6.9%	5,184	38.3%
Others	其他	**23,727**	**10.4%**	16,679	8.5%	7,048	42.3%
Total	合計	**229,277**	**100.0%**	196,085	100.0%	33,192	16.9%

1. *Vietnam*

Vietnam is the Group's largest market. In the first half of 2022, revenue was approximately US$100,472,000, an increase of approximately US$11,946,000, or 13.5%, compared with the same period of 2021, and its share of revenue fell from 45.1% to 43.8%. The increase in revenue in Vietnam during the period was mainly due to the Group's price adjustments of MSG, modified starch and soda products in response to rising costs, as well as the strengthening of inventory control and production efficiency, which effectively boosted sales volume and revenue. Moreover, during the period, the Group's efforts to consolidate its sales channels and adjust the product structure of fertilizer and feed caused both unit prices and revenue to grow.

1. *越南市場*

越南為本集團第一大市場，2022年上半年營收約為100,472,000美元，較2021年同期增加約11,946,000美元或13.5%，營收佔比由45.1%降至43.8%。期內越南市場營收增加，主要因味精、變性澱粉與蘇打產品因應成本上升而調整售價，及強化庫存控管與提升生產效率，有效推升銷售量與營收。同時，期內集團致力以整合銷售通路與調整肥飼料產品結構，帶動銷售單價與營收增長。

2. *Japan*

Japan is the Group's second largest market. As the economy of the country gradually recovered due to the improving Pandemic situation during the period, demand in the MSG consumer market rebounded, and the Group moderately adjusted the selling price to reflect the rising costs, leading to the increase in revenue. The Group continued to actively expand its customer base in the starch and fertilizer and feed product markets, promote cross-sector applications, and actively developed high-value-added products, resulting in a slight growth in overall revenue and profit. Revenue amounted to approximately US$39,980,000 during the period, an increase of approximately US$7,601,000, or 23.5%, when compared with the first half of 2021, and its share of the Group's revenue rose from 16.5% to 17.4%.

2. *日本市場*

日本市場為集團第二大市場，期內由於疫情趨緩，經濟逐步復甦，味精消費市場需求回升。為反映成本上漲，產品銷售價格作適度調漲，營收隨之上升。集團持續針對深化澱粉與肥料產品市場的新客群與跨界應用，積極開發高附加價值產品，致整體營收與利潤略有增長。期內營收約為39,980,000美元，較2021上半年增加約7,601,000美元或23.5%，佔集團營收由16.5%增至17.4%。

3. *The PRC*

During the period, revenue from the PRC market was approximately US$29,814,000, a decrease of approximately US$1,281,000, or 4.1%, against the first half of 2021, and its share of revenue declined from 15.9% to 13.0%. The decline in revenue in the PRC market against the same period last year was mainly due to the slow economic recovery as a result of the implementation of the "zero-COVID" policy in the PRC during the period, leading to a decline in the shipment volume and revenue of various products.

3. *中國市場*

期內中國市場營收約為29,814,000美元，較2021上半年減少約1,281,000美元或4.1%，營收佔比由15.9%降至13.0%。中國市場期內營收較去年同期減少，主要因中國區於期內仍因疫情實施清零政策，經濟回復緩慢，使多項產品之出貨量及營收下降。

4. *The ASEAN Market*

Revenue from the ASEAN market (excluding Vietnam) amounted to approximately US$16,549,000, an increase of approximately US$2,694,000, or 19.4%, against the same period of 2021. Its share of the Group's total revenue climbed slightly from 7.1% to 7.2%, mainly due to the growth in sales volume and revenue of the MSG and fertilizers and feed products. The ASEAN market is a key market that the Group continues to actively develop. The Group hopes to leverage its advantages in the industry 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 breakthrough sales performance.

4. *東盟市場*

本期東盟市場(除越南之外)營收約為16,549,000美元，較2021年同期增加約2,694,000美元或19.4%，佔集團總營收由7.1%略提升至7.2%，主要因味精與肥料產品之銷售量與營收增長。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$18,735,000, an increase of approximately US$5,184,000, or 38.3%, compared with the same period in 2021, and its share of the Group's revenue increased from 6.9% to 8.2%. The increase in revenue during the period was mainly due to the growth in market demand for MSG and organic maltose products, which led to an increase in selling price and sales volume. With the Group mastering key sales channels and customers, consolidating its production value chain, and continuing to develop functional products to meet customer needs and improve product competitiveness, sales growth is anticipated.

5. *美國*

美國市場期內營收約為18,735,000美元，較2021年同期增加約5,184,000美元或38.3%，而營收佔比由6.9%增至8.2%。期內業績增長主要因味精與有機麥芽糖產品之市場需求增加，帶動售價與銷售量表現，營業額隨之上漲。本集團已掌握關鍵重要銷售通路及客戶，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競爭力，未來銷售表現值得期待。

6. *Others*

Other markets are mainly Taiwan, South Korea and the EU. Total revenue during the period was approximately US$23,727,000, an increase of approximately US$7,048,000, or 42.3%, against the same period of 2021. Its share of the Group's total revenue increased from 8.5% to 10.4%, mainly due to the rising market demand for MSG and CMS related fertilizers and feed products, resulting in a significant upsurge in revenue.

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23,727,000美元，較2021年增加約7,048,000美元或42.3%，佔集團總營收由8.5%增至10.4%，主要因味精與CMS相關肥飼料之市場需求回升，致營業額有較大幅度的增長。

(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 2022 2022年上半年 Amount 金額	% %	First Half of 2021 2021年上半年 Amount 金額	% %	Difference 差異 Amount 金額	% %
MSG + Seasonings	味精+調味料	**141,269**	**61.6%**	115,862	59.1%	25,407	21.9%
Modified starch + native starch + maltose	變性澱粉+天然澱粉+麥芽糖	**36,336**	**15.9%**	36,000	18.4%	336	0.9%
Specialty chemicals	特化產品	**15,849**	**6.9%**	10,535	5.4%	5,314	50.4%
Fertilizers and feed products	肥料與飼料	**19,336**	**8.4%**	14,957	7.6%	4,379	29.3%
Others	其他	**16,487**	**7.2%**	18,731	9.5%	–2,244	–12.0%
Total	合計	**229,277**	**100.0%**	196,085	100.0%	33,192	16.9%

1. *MSG and Seasonings*

During the period, revenue from MSG and seasoning-related products amounted to approximately US$141,269,000, an increase of approximately US$25,407,000, or 21.9%, when compared with 2021. The growth was mainly due to rising demand in Vietnam, Japan, ASEAN and US markets. In addition, the Group's upward adjustment of product selling prices to reflect the sharp rise in raw material and energy costs resulted in an increase in both sales volume and revenue. Overall revenue of the MSG and seasoning-related products increased, and their revenue contribution jumped from 59.1% in first half of 2021 to 61.6% in the first half of 2022.

1. *味精與調味料*

期內味精與調味料相關產品營收約為141,269,000美元，較2021年增加約25,407,000美元或21.9%。業績增長主要由於越南、日本、東盟與美國市場需求回升，加上產品售價向上調整，以反映原材料及能源成本大漲，致銷售量與營收同時增加，整體味精和調味料相關產品營業額均錄得增加，營收佔比由2021上半年的59.1%上升至2022上半年的61.6%。

2. *Modified starch/Native starch/Maltose*

Modified starch, native starch and maltose products recorded higher total sales and profitability during the period, with revenue up by around US$336,000, or 0.9%, to approximately US$36,336,000, attributable to the stabilization of cassava costs, effective procurement strategies and the increase in demand for organic products during the period. The sales volume and revenue of native starch and modified starch decreased in the PRC due to the sluggish local market. In the US, with new customers and new applications of organic maltose, the selling prices and sales volume of maltose increased, and revenue followed. The Group has continued to actively develop new products with higher added value and deepen cooperation with leading companies around the world, which is expected to lead to promising profit potential in the future.

2. *變性澱粉／天然澱粉／麥芽糖*

變性澱粉、天然澱粉與麥芽糖產品於期內因木薯原料價格回穩，計劃性採購策略應用得當，且有機產品需求增加，整體銷售與獲利略有上升，營收約為36,336,000美元，較2021年增加約336,000美元或0.9%。其中，因中國市場疲弱，天然澱粉及變性澱粉於中國銷售量與營收均減少。然而，麥芽糖因美國市場之有機糖漿新客群與新應用增加，推升售價與銷售量，營業額隨之增加。集團持續積極開發高附加價值新產品，深化與全球領先企業的合作領域，未來獲利潛力值得期待。

3. *Specialty chemicals, fertilizers and feed products*

Specialty chemicals including hydrochloric acid, soda and bleach are sold in the Vietnamese market. Total revenue from specialty chemicals was approximately US$15,849,000 during the period, an increase of approximately US$5,314,000, or 50.4%, relative to the same previous period, and accounted for 6.9% of the Group's total revenue, up from 5.4%.

Soda product prices increased significantly during the period, and revenue and gross profit surged accordingly. Affected by low price competition, selling prices of hydrochloric acid products did not rise despite an increase in sales volume. Although overall revenue improved, higher costs led to a drop in profit.

As for fertilizers and feed products, the sales volume of solid fertilizers and feed products declined during the period, and overall market demand remained weak. However, the selling prices of certain products were raised to reflect rising costs, which boosted revenue. The Group actively launched products with new specifications, effectively explored new customers and improved its product mix, allowing it to set higher product prices and achieve revenue and profit growth. The Group will also continue to promote high value-added specialty fertilizer products and develop new sales channels. Revenue from fertilizers and feed products increased by US$4,379,000, or 29.3%, year-on-year to approximately US$19,336,000 and its contribution to the Group's total revenue rose from 7.6% to 8.4%.

4. *Other products*

Revenue from other products was approximately US$16,487,000, a decrease of approximately US$2,244,000, or 12.0%, compared with 2021, and the segment's revenue contribution to the Group's total revenue fell from 9.5% to 7.2%. The decline in revenue was mainly due to weak consumption as a result of the strict pandemic control measures introduced in the PRC and the drop in the sales volume of coffee beans and bulk food ingredients distributed in the PRC.

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。特化產品營收期內合計約為15,849,000美元，較2021年增加約5,314,000美元或50.4%，佔集團總營收由5.4%上升至6.9%。

期內蘇打產品因有較大幅度地調漲價格，使營業額及毛利均增加。鹽酸產品受同業低價競爭，銷售量增加但售價無法提升，雖整體營收增加，但因成本上升，致利潤減少。

肥飼料產品方面，期內固體肥飼料銷售量減少，整體市場需求仍疲弱，但部份售價得以調升，以反應成本上漲，使營收增加。集團積極投入新規格產品，有效開發新客戶與改善產品結構，並推動漲價策略，使營收與利潤仍維持增長。集團將繼續推廣高附加價值專用肥料產品，並積極開發新銷售渠道。集團肥飼料產品營收達約19,336,000美元，較2021年增加4,379,000美元或29.3%，佔集團總營收由7.6%增至8.4%。

4. *其他產品*

其他產品營收約為16,487,000美元，較2021年減少約2,244,000美元或12.0%，佔集團總營收由9.5%減少至7.2%。期內營業額下滑主要因中國區嚴控新冠疫情，以致消費疲弱，所代理之咖啡豆與大宗食材產品之銷售量減少。

III. MAJOR RAW MATERIALS/ENERGY OVERVIEW

(1) Cassava/Starch

In 2020/21, major cassava producing countries in Southeast Asia recorded a growth in production volume, and the cassava output in Thailand increased significantly in particular. Nevertheless, the stronger demand in the international consumer market and the Russia-Ukraine war caused cassava and starch raw material prices to rise.

For the 2021/22 production season, output in major plantation areas such as Thailand, Vietnam and Cambodia was expected to be stable. At the beginning of the production season, cassava was still in short supply and its price was at a relatively high level. However, as the output of cassava rose at the beginning of 2022, the price gradually returned to a reasonable level, but the unit price of other starch raw materials was still at a relatively high level. In response, the Group explored more new supply sources and controlled procurement costs to increase profit. The Group will continue to strengthen its long-term strategic supplier alliance, flexibly control the source of raw materials and stabilize the procurement costs of the supply chain.

(2) Molasses

The global production volume of molasses in 2020/21 was 64,530,000 tons, a significant rise from 59,120,000 tons in 2019/20, up by approximately 5,400,000 tons, or 9%. However, the price of molasses remained at a historical high. The main reason for the strong price trend is the rise in fuel and ethanol consumption and the overall tightness of the animal feed market, coupled with the high prices of corn and wheat and the shift of some molasses exporting countries into importing countries in 2020/21, which caused the molasses supply to fall short of demand.

Global molasses production volume in 2021/22 is estimated to be slightly lower than the previous year. For example, India's molasses output in the previous production season increased by 2,000,000 tons to 13,600,000 tons, while the current estimated production volume in 2021/22 is 13,400,000 tons. It is also estimated that a significant portion of the increase in sugar cane output will be used for ethanol production.

Overall, the outlook for the total production and export volume of molasses in 2021/22 is not optimistic, and prices may remain firm. The Group will continue to closely monitor changes in the international molasses market and actively develop more new supply sources to ensure stable access to raw materials.

三、 主要原料／能源概況

(一) 木薯／澱粉

2020/21年東南亞之主要木薯產地產量增加，泰國產量更是大幅上升，但是國際消費市場需求與原材料受俄烏戰爭影響，導致木薯與澱粉原料價格上揚。

2021/22年產季，泰國、越南、柬埔寨等主要產地產量預估偏向平穩，季初木薯仍供不應求，價格也處於相對高點。進入2022年後木薯產量上升，價格慢慢回到合理區間，但是其他澱粉原料仍在較高單價水平。對此，集團透過加強開發更多新的供應源，並控制採購成本，以提高獲利。集團將持續強化長期的策略性供應商聯盟，彈性掌握原料來源，穩定供應鏈採購成本。

(二) 糖蜜

2020/21年全球糖蜜產量6,453萬噸，相較於2019/20年的5,912萬噸有明顯上升，約增加540萬噸或9%，但同時糖蜜價格仍保持在歷史高位。價格走勢堅挺主要由於燃料乙醇消耗量增加及動物飼料市場總體形勢緊張，加上玉米和小麥價格也處於高位區，且部分糖蜜出口國在2020/21年轉為進口國，直接造成糖蜜供不應求的局面。

2021/22年全球糖蜜產量預估略低於去年，如印度上一季的糖蜜產量增加了200萬噸，達到1,360萬噸，目前預估2021/22年的產量為1,340萬噸，且估計甘蔗產量增長的一大部分將用於乙醇生產。

整體而言，2021/22年糖蜜的總產量及出口量不甚樂觀，價格將可能持續堅挺。集團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: In the first half of 2022, conflicts between Western countries and Russia intensified. The parties used energy as a bargaining chip for sanctions, which triggered drastic fluctuations in the energy market and caused a further reduction in global oil supply. International crude oil prices remained high as a result.

Coal: To reduce reliance on Russia for energy, European regions have increased their demand for coal. Russian coal exports have been affected, and international coal prices have risen sharply. The Group will closely monitor the changes in the energy industry and devise flexible response plans.

Electricity: To help enterprises or work units navigate through the difficult times brought by the Pandemic, the Vietnamese Government has implemented an electricity price concession policy, while continuing to transform and upgrade electricity engineering to make sure that production demand after the Pandemic can be met and maintain stable electricity rate. The Group uses a co-generation power system to ensure it has a stable electricity supply. It also purchases electricity from external sources to mitigate the impact of rising energy costs on the Group.

（三）能源

原油：2022上半年，西方國家與俄羅斯衝突加劇，雙方將能源作為制裁籌碼，引發能源市場劇烈波動，全球石油供應進一步縮減，國際原油價格保持高位上漲。

煤炭：歐洲地區為減少對俄能源依賴，增加了煤炭需求量，俄煤出口也受到影響，國際煤價大幅上漲。集團持續關注掌握能源產業變動，彈性規劃因應對策。

電力：越南政府為協助受疫情影響的企業或單位渡過難關，實施了電價減免政策，並持續改造電力升級工程，以滿足疫情過後復工復產之用電需求及穩定價格。集團使用汽電共生發電系統，有效確保電力供應穩定，並搭配外購電力，以減緩能源成本上漲對集團之影響。

IV. FINANCIAL REVIEW

(1) Liquidity and Financial Resources

The Group's cash and cash equivalents, short-term bank deposits and structured bank deposits amounted to US$32,530,000 for the period, representing a decrease of US$37,214,000, or around 53.4%, compared with the end of 2021. Short-term bank borrowings increased year-on-year by US$13,487,000, or around 42.6%, to US$45,148,000. Medium-to-long-term bank borrowings decreased by US$2,951,000, or around 34.1%, to US$5,696,000. Total bank borrowings were US$50,844,000, an increase of US$10,536,000, or around 26.1%, when compared with the end of 2021. The borrowings were mainly in US dollars, accounting for 95.7%.

Trade receivables amounted to US$43,557,000, representing an increase of US$11,393,000, or around 35.4%, when compared with the end of 2021. Total inventory amounted to US$127,102,000, up by US$25,454,000, or around 25.0%, when compared with the end of 2021.

As a result of the substantial increase in borrowings for the procurement of raw materials, the Group's gearing ratio (total borrowings to total equity ratio) was 17.1%, up from 13.3% at the end of 2021. With less cash on hand than borrowings, the net gearing ratio (total borrowings less cash and deposits to total equity ratio) was 6.2%, up from -9.7% at the end of 2021. During the period, the rise in short-term borrowings led to an increase in current liabilities, and, as such, the Group's current ratio decreased from 2.98 at the end of 2021 to 2.67 and the quick ratio decreased from 1.6 at the end of 2021 to 1.2. The Group's financial structure remained healthy.

(2) Capital Expenditure

During the period, the Group's capital expenditure amounted to US$7,137,000, a level similar to the US$7,235,000 recorded in the first half of 2021. It was mainly due to the gradual completion of the expansion plan set in the previous two years and various projects by the Group's Vietnam subsidiary, as well as the impact of the Pandemic and the Russia-Ukraine war, which caused greater uncertainty in the operating environment in 2022 and prompted the Group to tentatively hold various development projects in the planning stage, reduce expenditures and wait for the right opportunities. Therefore, other than funding for continuing projects, there were no new projects requiring substantial capital expenditure during the period.

四、財務回顧

(一) 流動資金與財政資源

集團現金及現金等價物，銀行短期存款和結構性銀行存款為32,530,000美元，較2021年底減少37,214,000美元，約減少53.4%。短期借款為45,148,000美元，較2021年底增加13,487,000美元，約增加42.6%；中長期借款為5,696,000美元，較2021年底減少2,951,000美元，約減少34.1%。借款總額為50,844,000美元，較2021年底增加10,536,000美元或約26.1%。借款以美元為主，佔95.7%。

應收貿易帳款為43,557,000美元，較2021年底增加11,393,000美元，約增加35.4%。存貨總額為127,102,000美元，較2021年底增加25,454,000美元，約增加25.0%。

因原材料採購而令借款大幅增加，資本負債比(總借款比股東權益)為17.1%，較2021年底的13.3%上升；由於現金低於借款，淨資本負債比(總借款扣除現金和存款比股東權益)為6.2%，高於2021年底的-9.7%。期內，因短期借款增加導致流動負債增長，流動比率因此由2021年底之2.98降為2.67，速動比率由2021年底之1.6降為1.2，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7,137,000美元，與2021年上半年7,235,000美元的資本支出持平，主要因越南子公司前兩年度之擴建案與各項專案陸續完成，且受新冠疫情及俄烏戰爭影響，2022年經營環境不確定因素較大，各項發展先暫於規劃階段，減少支出，等待時機。因此，本期除延續執行之款項，並無重大資本支出新案。

(3) Exchange Rate

Vietnam's ample foreign exchange reserves have kept the Vietnamese Dong (VND) strong in recent years. The currency's performance has been relatively robust when compared with the currencies of other major ASEAN economies, such as Singapore, Indonesia and Thailand, despite the impact of the Pandemic and the appreciation of the US dollar (US$). The central exchange rate of VND announced by the State Bank of Vietnam slightly appreciated by 0.15% in the first half of 2022, from VND23,145/USD at the end of 2021 to VND23,110/USD in the first half of 2022. The exchange rate of VND remained basically stable. Vietnam is expected to continue its export growth and maintain trade surplus in 2022. However, with continuous interest rate hikes in the US and a strong US dollar, VND will face increasing depreciation pressure in the second half of 2022. It is forecasted that the exchange rate of VND will depreciate by approximately 2% to 2.3% in 2022.

The Group's subsidiaries in the PRC are mainly engaged in local sales with transactions denominated in RMB. Affected by the interest rate hikes in the US, experts forecast that the RMB will face depreciation pressure. However, the currency will maintain higher flexibility and will remain stable relative to other key currencies. The Group will continue to monitor the changes in the RMB to US dollar exchange rate going forward.

(4) Loss Per Share and Dividends

Basic loss per share were 0.0142 US cents for the period. The Board has elected not to declare a dividend payment.

(三) 匯率

越南近年來充足的外匯儲備有助越盾幣值穩定，致使雖在疫情衝擊及美元升值下，越盾表現相對新加坡、印尼、泰國等主要東協經濟體的貨幣強勢。越南國家銀行公佈的中心匯率於2022年上半年升值0.15%，由2021年底平均23,145越幣／美元，略微升值至2022年上半年底的23,110越幣／美元，越南盾匯率保持基本穩定。各界預測越南2022年將延續出口增長趨勢，保持貿易順差態勢，但在美國持續加息，美元強勢之下，2022年下半年越盾貶值壓力將加重，預測2022年的匯率將貶值約2%-2.3%

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。專家預期2022年受美元加息影響，人民幣雖然有貶值壓力，但仍保持較高彈性，整體走勢相較其他主要貨幣穩健，集團將持續關注人民幣與美元幣值之間的匯率變動。

(四) 每股虧損及股息

本期每股基本虧損為0.0142美仙。董事會決定不派發股息。

V. PROSPECTS

In 2021, countries around the world experienced a surge in the number of people infected by new variants of the COVID-19 virus, and lockdowns were imposed once again. Despite other major influential factors, including supply chain challenge and rising transportation costs, the global economic growth rate still rebounded to 5.5%, but it is expected to slow sharply to 2.9% in 2022. Economic growth is projected to slow down, mainly due to the Russia-Ukraine war, which is expected to cause energy and raw material prices to remain high, resulting in global inflation. As countries increase interest rates to control inflation, operating and capital costs will rise and put heavy pressure on companies' business operations, inevitably restricting economic growth.

Although facing an unprecedented economic environment and variables, the Group will continue to improve the flexibility of its overall operations, adjust its business portfolios and models, strengthen its organizational operations to raise management efficiency, actively develop new products, expand the scale of production, place greater focus on satisfying the demand from customers and consumers, optimize the flexible cost structure and industrial chain integration, expeditiously implement the established action plans and, ultimately, create new growth drivers to raise profitability. The main tasks and direction are set forth 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 partners 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 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.

五、 展望

2021年世界各國經歷新冠病毒新變異病毒株爆發，感染人數激增、封鎖措施重新啟動、供應鏈困難、運輸成本高漲等諸多重大不利因素下，全球經濟增長率依然反彈復甦至5.5%，但預估於2022年將大幅放緩至2.9%。經濟增長預測放緩，主要反映俄烏戰爭料使能源與原料價格持續高企，造成全球性通脹，而各國調高利率對抗通脹，亦會令企業經營及資金成本提升，加重企業的經營壓力，勢必影響經濟成長。

雖然集團將面對前所未見的經濟環境與變數，但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，改善彈性成本結構與產業鏈整合，落實組織既定的行動方案，創造新成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，逐漸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，尋求合作夥伴來擴大市場規模，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。

- 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) functions 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.

- 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 acquisition plans, 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, the economic situation in the second half year is not optimistic. Variables such as soaring raw material and energy prices and the Russia-Ukraine war have brought great uncertainty to the prospects of global economic recovery, and the Group is still facing considerable difficulties in its operations. However, with its existing operational strategies, enhanced development of domestic and overseas markets, well-established sales network, advantage of exporting an array of products from Vietnamese factories, and staff who are united and dedicated to facing the hard times, the Group is confident it can overcome the difficulties and leverage its operational strengths to promote the rapid recovery of its operations. The Group is also hopeful that it can achieve better results in the future.

- 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。

- 建置戰鬥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，尋求策略併購方案，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，降低金融市場變動所帶來的風險。

展望下半年經濟局勢不容樂觀，原材料及能源價格飛漲與俄烏戰爭衝突等變數為全球經濟復甦前景帶來極大的不確定性，集團經營仍面對相當的困難。然而，憑藉由集團制定的經營策略，配合深耕國內外市場的力度與深度，已建立的銷售網路等成果，加上越南廠多種產品的出口力度優勢，以及全體員工風雨同舟齊心面向挑戰，集團有信心可克服相關困難，發揮營運綜效，推動經營快速復甦，期為未來再創佳績。