

VEDAN

INTERNATIONAL

Vedan International (Holdings) Limited
味丹國際(控股)有限公司



Flavor the world
with Taste and Delight
為世界添上美味與歡欣



INTERIM REPORT 2005 中期報告

味丹

MISSION 使命

To be Asia's leading manufacturer of fermentation-based amino acids, food additive products and cassava starch based products

發酵氨基酸、食品添加劑、木薯澱粉產品，味丹獨專，亞洲首選

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Financial Highlights

財務摘要

Results	業績	Unaudited	Unaudited	Change
		未經審核	未經審核	
		Six months ended	Six months ended	
		30 June 2005	30 June 2004	
		截至二零零五年	截至二零零四年	
		六月三十日止	六月三十日止	
		六個月	六個月	變動
		US\$'000	US\$'000	
		千美元	千美元	
Turnover	營業額	117,354	109,439	7.2%
Profit before taxation	除稅前盈利	7,167	19,238	(62.7%)
Profit attributable to shareholders	股東應佔盈利	5,673	15,677	(63.8%)
Basic earnings per share (US cents)	每股基本盈利(美仙)	0.37	1.04	(64.4%)
Diluted earnings per share (US cents)	每股攤薄盈利(美仙)	0.37	1.02	
Interim dividend declared per share	已宣派每股中期股息			
(US cents)	(美仙)	0.201	0.506	
(HK cents)	(港仙)	1.567	3.947	

TURNOVER 營業額

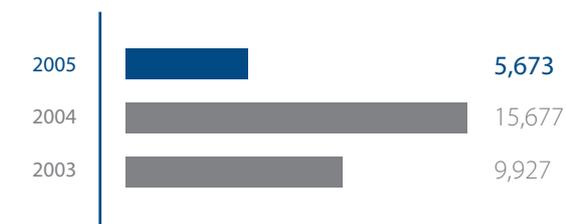
6 months ended 30 June
截至六月三十日止六個月



in US\$'000
千美元

NET PROFIT 純利

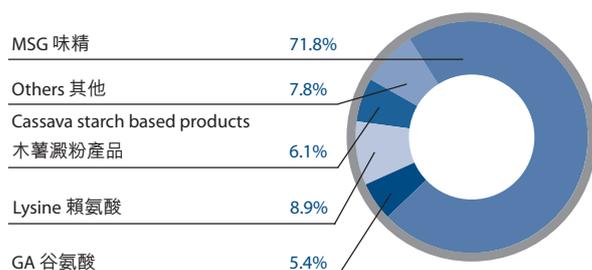
6 months ended 30 June
截至六月三十日止六個月



in US\$'000
千美元

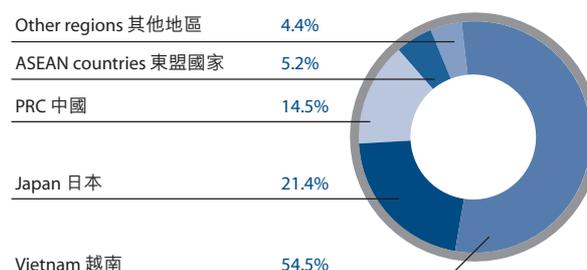
TURNOVER BY PRODUCTS 按產品分類之營業額

6 months ended 30 June 2005
截至二零零五年六月三十日止六個月



TURNOVER BY GEOGRAPHIC LOCATION 按地區分類之營業額

6 months ended 30 June 2005
截至二零零五年六月三十日止六個月



Board of Directors

Executive Directors

Yang, Tou-Hsiung (Chairman)
Yang, Cheng
Yang, Kun-Hsiang (CEO)
Yang, Chen-Wen
Wang, Joel J.

Non-executive Directors

Huang, Ching-Jung
Lam, Tuan*

Independent Non-executive Directors

Chao, Pei-Hong*
Chuang, Shu-Fen*
Ko, Jim-Chen*

* member of Audit Committee

Authorised Representatives

Yang, Kun-Hsiang
Wang, Joel J.

Company Secretary

Lo, Chi-Man

Auditors

PricewaterhouseCoopers
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Legal Advisors

Deacons
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執行董事

楊頭雄 (主席)
楊 正
楊坤祥 (行政總裁)
楊辰文
王肇樹

非執行董事

黃景榮
林 俊*

獨立非執行董事

趙培宏*
莊淑芬*
柯俊禎*

* 審核委員會成員

法定代表

楊坤祥
王肇樹

公司秘書

羅志文

核數師

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Reuters: 2317.HK

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路透社：2317.HK

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In the first half of 2005, market demand for the Group's products grew stably. All of our major markets reported growth in sales, except for Japan. Turnover from the Vietnam market grew 4.5% to US\$63,909,000, accounting for 54.5% of the Group's total turnover. Japan remained as the Group's second largest market. Due to the drop in turnover from lysine, turnover from this market slightly decreased by 3.7% to US\$25,112,000, accounting for 21.4% of the Group's total turnover. Turnover from the PRC market increased 45.6% to US\$16,958,000, constituting 14.5% of the Group's total turnover. The ASEAN market reported the fastest growth with turnover surging 53.1% to US\$6,158,000.

Our turnover grew as a result of growing market demand, but the drop in lysine prices and the rising costs of carbohydrates had adversely affected our profitability during the review period. Apart from tactically raising product prices, to mitigate pressure on material costs, we also tried to find new materials to replace carbohydrates. Currently, we are working with the Swiss company Syngenta to cultivate tropical sugar beet and satisfactory progress has been made. We are hopeful about reaping higher and long-term benefits from the partnership starting next year. And as cultivation techniques improve over time, such benefits would become even more significant. Better control over our carbohydrate source would allow us to significantly lower costs. Furthermore, Ve-Thai Tapioca-Starch Co., Ltd. (in Gia-Lai Province), which we acquired in June this year, and the starch factory in Ha Tinh Province, which is under construction and will be finished next year, will both be able to produce glucose syrup, hence will also help ease the pressure of rising material costs on the Group.

二零零五年上半年度集團的產品市場需求，仍呈穩定成長，各主要市場的銷售額，除日本外，均有成長。越南市場的營業額增加4.5%至63,909,000美元，佔總營業額的54.5%。集團第二大市場日本的銷售，因受賴氨酸營收減少的影響，略為降低3.7%至25,112,000美元，仍佔總營業額的21.4%。中國市場的銷售則增加45.6%，達16,958,000美元，佔總營業額14.5%。東盟市場的增長最快，銷售額上升了53.1%達6,158,000美元。

因為整體市場需求仍然在成長，使得集團之營收增加，但獲利卻由於賴氨酸價格持續低迷與主要糖源原料成本的高漲等因素導致二零零五年上半年度獲利未如預期。面對此等情勢，集團除有計劃地對產品價格提升以因應原料上漲外，同時也積極地尋求替代糖源之原料。目前集團正與瑞士 Syngenta 公司進行熱帶甜菜之開發，並已獲得不錯的進展，如持續進行的順利，在明年也將開始發揮效益，而這種熱帶甜菜所帶來的效益將是長久性的，且隨著種植的技術越熟練，效益越高，對主要糖質原料的取得更能掌握，對成本的降低有相當的助益；同時在今年六月所收購的嘉萊澱粉廠與明年將建置完成的河靜澱粉廠均可生產糖化液原料以減緩原料價格上漲的壓力。

Apart from continuing to trim costs, seeing mid- to long-term development potentials in the market, we invested in developing new products and expanding our production capacities strategically. In the first half of 2005, we boosted the production capacity of our modified starch factory in Vietnam and acquired Ve-Thai Tapioca-Starch Co., Ltd., also in Vietnam. The moves have allowed us to expand our material sources and grow our prospering starch business. In the second half of this year, we will establish more MSG and high value-added seasonings factories. We also expect our PGA factory and the starch factory in Ha Tinh Province to be ready for operation in the first half of next year. The Group expects its operation and profitability to grow when all these expansion initiatives are completed.

During the review period, our core market Vietnam continued to grow steadily. As for the PRC and ASEAN markets, they achieved notable growth of 45.6% and 53.1% respectively when compared with the same period last year. The ASEAN market which has close trading relationship with Vietnam, strong consumption power and promising potential, was made a prime focus of the Group, in addition to the PRC market. We believe this market will bring considerable contributions to our profits in the future.

We have been expanding in the PRC market through mergers and acquisitions, and forging strategic alliances. During the period under review, at our efforts to consolidate our networks and brands, we achieved better performance in the market. Besides pushing for vertical integration of our MSG operation in the PRC, we also planned to expand our product ranges, adding to them high value-added products, and step up overall sales efforts. The overall encouraging economic environment of the PRC and the recent re-valuation of the RMB, we believe, will work in favour of our investment and development in the market.

除持續加強成本的節省，我們相信整個市場以中長期來看還是相當有發展潛力，故集團仍不遺餘力地開發新產品並有計劃的擴展生產規模。於二零零五年上半年度，集團在越南已再擴充化工澱粉廠規模，並收購越南嘉萊澱粉廠以增加原料來源，用以充實蓬勃發展的澱粉事業。同時，在今年下半年度，將陸續完成味精精製廠及風味調味料廠；我們也預計PGA廠與河靜澱粉廠將在明年上半年分別完工投產。集團相信這些擴產的完成對集團未來的營運與獲利將帶來增長。

在業務拓展方面，集團最主要的越南市場相較去年上半年仍有穩定的成長。另外，集團的中國市場與東盟市場，分別較去年同期增加45.6%及53.1%。東盟各國與越南有緊密的經貿關係，消費能力很強，發展潛力相當雄厚。故集團除中國市場外，亦將此市場列為重點的經營目標，相信未來這個市場將對集團的盈利帶來不可忽視的貢獻。

對於中國市場的開拓，集團的味精業務仍以併購與策略聯盟為主要的擴展方式，而且集團在這段期間內也不斷努力地整合通路和品牌，從業績持續成長來看，此等效益也逐漸在顯現。集團在中國市場不僅只有味精縱向的深耕，集團同時也計劃增加其他系列產品橫向的延伸，以拓展高附加價值的相關產品，增強整體在市場上銷售的力度。我們相信近年來中國總體環境的進步與匯率的升值趨勢，將對集團在中國市場的佈局、投入與發展有正面的幫助。

Although our profits slipped because of persistently high material costs during the review period, we have strong confidence in the markets' prospects and our solid operations. We believe our operational and investment emphases are correct and will bring concrete results. To effect robust growth and cement our industry leadership, we will strive to expand low cost material sources, cut production costs and raise production efficiency, reduce expenses, enhance corporate governance, achieve economies of scale, expand product mix, increase market share and consolidate our networks. Last but not least, while counting on working closely with our shareholders, we will maintain our proven strategies and work hard to deliver better results to reward our shareholders for their support.

By order of the Board

Yang, Tou-Hsiung

Chairman

Hong Kong, 30 August, 2005

雖然今年集團遭遇原料巨幅上漲的挑戰，使得獲利滑落，但是我們對市場的前景與集團經營的體質仍具有堅實的信心。我們也確信集團現在所專注的經營策略與產業發展仍是正確而有前瞻性的。集團全體同仁也莫不戰戰兢兢努力地從尋找低成本多元化原料、降低生產成本、提升製造效率、節省費用支出、更強化公司治理、創造經濟規模、拓展新產品項目、精耕市場與整合通路等方向努力，以突破現有的局面，進而更茁壯成長。最後，我們也期望股東繼續地對集團指教、鞭策與鼓勵，集團全體同仁也將秉持初衷，全力以赴開創佳績，以回報各位股東的愛護與支持。

承董事會命

楊頭雄

主席

香港，二零零五年八月三十日

Management Discussion and Analysis

管理層研討及分析

Business Overview

Against the upward trend of oil prices in 2004 and into the first half of 2005, the prices of agricultural and industrial raw materials remained high, some climbed even further. This pushed up production costs of the Group and affected our operations in major markets, including Vietnam and China.

In the first half of 2005, the Group's total turnover amounted to US\$117,354,000, 7.2% higher than in the corresponding period last year. Vietnam Vedan brought in US\$101,864,000 in turnover, 2.4% more than the last corresponding period, accounting for 86.8% of the Group total. Turnover from the China operation (Xiamen Mao Tai and Shanghai Vedan) stood at US\$15,490,000, accounting for 13.2% of the Group total and 56.4% higher than in the corresponding period last year. Gross profit margin decreased from 34.2% (US\$37,374,000) in 2004 to 19.9% (US\$23,361,000) in the first half of 2005. Net profit margin decreased from 14.3% (US\$15,677,000) in the corresponding period in 2004 to 4.8% (US\$5,673,000) this half year.

The Group's profit was dragged down by (1) the continuous price slip of lysine and (2) high oil price-linked raw materials costs. The price of lysine started to drop after it peaked in the first quarter of 2004. That resulted in its sales shrinking by US\$8,358,000 during the review period when compared with the corresponding period last year. Our gross profit and gross profit margin for the period also lowered by US\$8,974,000 and 89% respectively.

Over production was to blame for the drop in lysine price. Many manufacturers expanded their production capacity in the second half of 2003 and the first half of 2004 when lysine price was at its highest. However, hit by the outbreak of bird flu in Asia and pig-borne streptococcus disease in China, the demand for feedstock with lysine as an ingredient was lower than anticipated. The steady price and supply of soya beans also added pressure on the price of lysine.

The raw material price hike in the second half of 2004 continued in 2005. The price of molasses, a major raw material of the Group, for example, more than doubled the level in the first half of 2004. As such, the proportion of direct raw material cost to the Group's total manufacturing cost increased to 65.5%, that of molasses alone accounted for 46.4% of the total direct material cost.

業務總覽

二零零五年上半年，緊隨著二零零四年因國際油價高漲而帶來物價上漲的趨勢，並沒有趨緩，農工業原料價格仍處於高檔水平，部分甚至更為上揚。而且，此種現象在集團經營活動的主要區域，越南與中國，更是對於生產成本造成直接影響。

本集團二零零五年上半年總營業額為117,354,000美元，較去年同期增加7.2%。其中越南公司是101,864,000美元，佔86.8%，比去年同期成長2.4%。中國(廈門茂泰與上海味丹)是15,490,000美元，佔13.2%，比去年同期成長56.4%。而毛利率則由二零零四年的34.2%(37,374,000美元)，下降至二零零五年上半年的19.9%(23,361,000美元)，純利率由二零零四年同期的14.3%(15,677,000美元)，下降至二零零五年上半年的4.8%(5,673,000美元)。

集團的獲利減少，主要受到(1)賴氨酸價格持續下跌與(2)油價居高不下造成主要原料價格高漲等兩大因素影響。其中賴氨酸價格，受二零零四年第一季高峰之後逐步下滑的影響，致使二零零四與二零零五年同期比較，銷售金額下降8,358,000美元，毛利下降8,974,000美元，毛利率下降89%。

主要影響賴氨酸價格因素，其一是在二零零三年下半年與二零零四年上半年較高價格情況下，多家廠商擴充產能，致使賴氨酸生產數量急速擴大，其二是在亞洲飼料業面臨禽流感等疾病，致使需求量沒有預期的增長，其三是大豆價格平穩豐收等三方面影響所致。

而原料的價格高漲現象，延續二零零四年下半年的趨勢，仍然居高不下。以集團使用的主要原料，糖蜜的價格為例，由二零零四年上半年的低檔，提升至一倍以上。由於原料價格高漲，致使與二零零四年上半年同期比較，集團本期內的直接原料成本佔製造成本比率提高至65.5%，其中糖蜜又佔46.4%。

During the period, to minimize production cost, the Group adopted measures to enhance efficiency and production capacity, and lower expenses. Sales expense did not increase although sales increased, and administrative cost was reduced by approximately 11.9% (US\$1,166,000). Financial cost, however, increased US\$1,034,000 during the period attributable to the interest rate hike in the US.

The Vietnamese economy grew 7.6% in the first half of this year, against 7.1% in the last corresponding period. To achieve the targeted annual economic growth rate of 8.5%, the Vietnam government is aiming for a 9.3% growth in the second half of the year. Taking into account the approximately 5.3% inflation rate of the country in first half 2005; the relatively stable exchange rate between the Dong and the US dollar with the Dong depreciated only 0.62%; the 2% appreciation of the revaluated RMB; and the PRC lowered its import tariff after her admission to ASEAN, Vietnam Vedan enjoys obvious advantage in exporting its GA, modified starch and lysine to the PRC. During the period, supported by expanded production capacities, the Group's MSG business and GA business grew 16.2% and 43.1% respectively. In the PRC market, the acquisition of Shanghai Vedan proved to be a profitable move. The Group's six months' hard work bore fruit manifesting as a notable 51.6% growth in operating turnover to US\$ 12,617,000, with MSG business as the main contributor. With the chicken essence based seasoning and modified starch production lines expected to start operation in the second half of the year, the Group will have an even more comprehensive product mix to take full advantage of its effective distribution network to achieve business development in the PRC.

The overall performance in the first half of this year suffered a decline in profit owing to the consistently low level of lysine price and the consistently high cost of material. Regarding lysine price, though not optimistic of it rising in the near future, its fluctuation follows an historical track, the Group believes market demand for lysine will continue to grow in the mid to long run. The Group will work hard at lowering production cost including finding new sources of carbohydrates. The Group is cautiously optimistic about its future development.

期間集團採取效率提升、產能增加、費用降低等措施，盡力降低成本。其中在銷售增加的情況下，銷售費用並沒有增加，而行政費用則比去年同期下降1,166,000美元，約11.9%，而財務費用受借款金額增加，美元利率上揚之影響，本期增加1,034,000美元。

在今年上半年越南經濟成長率7.6%，比去年同期7.1%為高。為達成今年目標8.5%，越南政府致力於達到下半年9.3%之經濟成長率。二零零五年上半年通貨膨脹率約5.3%，同時越南盾兌美金維持穩定的狀態，上半年僅貶值0.62%，然人民幣匯率政策修正同時升值2%，及中國加入東盟降低關稅，對集團內越南廠出口谷氨酸、化工澱粉和賴氨酸等產品到中國將更有競爭力。集團內越南廠之營收，因味精和谷氨酸之擴廠完成和業務穩定成長，期內味精成長16.2%、谷氨酸成長43.1%。在中國地區，因併購上海廠之效應已逐步顯現，經半年多來努力，營收已有顯著成長，該地區於期內營收成長51.6%，達12,617,000美元，主要增長動力來自於味精業務，但隨著下半年雞精、化工澱粉之生產線陸續完成，將使中國區產品組合更加完善，充分發揮通路效益，對中國區業務拓展將有助益。

綜觀集團上半年業績，因賴氨酸價格持續低水平與主要原料持續高水平兩大因素影響，致使盈利下滑，然因賴氨酸市場起伏是有歷史軌跡可循的現象，短期內雖較不樂觀，中長期而言，賴氨酸使用量仍是持續成長。集團將再努力降低生產成本，並已針對影響生產成本最重要的糖源，展開更多元化的努力，相信集團的發展方向仍審慎樂觀。

Business Analysis

During the period, all major products saw double-digit growth in sales as compared with the corresponding period last year, except for lysine which sales was dragged down by the drop in lysine prices; and native starch which has low margin. The latter was strategically converted into the production of modified starch.

Table 1: Comparison of sales of various products

		First half of 2004		First half of 2005		Unit: US\$'000 單位：千美元 change (%) 增/減(%)	
		二零零四年上半年		二零零五年上半年			
MSG	味精	72,497	66.2%	84,243	71.8%	11,746	16.2%
GA	谷氨酸	4,434	4.1%	6,347	5.4%	1,913	43.1%
Lysine	賴氨酸	18,808	17.2%	10,450	8.9%	-8,358	-44.4%
Native Starch	生澱粉	4,645	4.2%	138	0.1%	-4,507	-97.0%
Modified Starch	化工澱粉	3,942	3.6%	7,027	6.0%	3,085	78.3%
Specialty Chemicals*	特用化學品*	2,779	2.5%	5,457	4.7%	2,678	96.4%
Others**	其他**	2,334	2.1%	3,692	3.1%	1,358	58.2%
Total	總和	109,439	100%	117,354	100%	7,915	7.2%

* Specialty chemicals: Hydrochloric acid, Hypochlorite, Caustic Soda

** Others: Fertilizer, Feed-use additives, Beverages

經營分析

期內集團主要產品中，除賴氨酸因售價大幅下跌，天然澱粉因毛利低而轉作化工澱粉之策略性考量外，與去年同期相比，其餘產品均有二位數字以上之成長。

表一：各項產品銷售額比較

* 特用化學品包括：鹽酸、次氯酸鹽、蘇打

** 其他包括：肥料、飼料添加物、飲料

(1) Product Analysis

1. MSG

MSG is the core product of the Group, accounting for 70% of the Group's total turnover. In the first half of 2005, the sales of MSG and GA grew 16.2% and 43.1% to US\$84,243,000 and US\$6,347,000 respectively. The growth was primarily the result of:

- (i) Vietnam Vedan completed expansion of its plant in late 2004 resulting in increased production capacities for MSG and GA. With reference to plant development, the Group decided to strategically focus on the production of GA in the first to third quarters. It will change to producing MSG after the new and sophisticated production facilities are completed in the fourth quarter.
- (ii) After the acquisition of Shanghai Vedan, the Group revamped its MSG sales strategy for the PRC, changing its marketing focus from primarily on big city wholesaler market to also retail markets in second and third tier cities, to increase market share. Currently, the Group's major markets are mainly located in Eastern and Southern coastal provinces, such as Guangdong, Fujian, Zhejiang and Jiangsu. The Group expanded its business through: (1) Expanding sales coverage, promoting the Vedan brand in second tier cities like Zhejiang and Jiangsu riding on the acquired "Hoping" brand and its distribution network, and it also stepped up business developments of its two branches in Chongqing and Tianjin to facilitate its expansion to the Yangtze River and the Northern China regions; (2) Consolidation of conventional distribution network and actively rallying the support of restaurant chains, hyper-market and supermarkets; and (3) Increasing market share, especially emphasized on the sales of handy packs designed for family and dining use. The Group's MSG business in the PRC market grew 58.2% when compared with the corresponding period last year. The Group expects its growth momentum to continue into the second half of the year as its brand name and distribution network strengthen and the market keeps expanding.

(一) 產品銷售分析

1. 味精

集團的核心產品，佔集團總營收之70%，於二零零五年上半年味精和谷氨酸(味精之半成品)分別成長16.2%達84,243,000美元和43.1%達6,347,000美元。增長的動力主要來自：

- (i) 越南廠味精及谷氨酸產能之擴廠已於二零零四年底完成。產能增加的部份，基於策略考量與設廠進度之因素，今年第一季到第三季將主要以生產谷氨酸為主，待新設精製廠設備於第四季完成後將轉為生產味精。
- (ii) 中國地區味精業務由於上海廠購併後，重新擬定銷售策略，從批發市場逐步轉向精耕市場。目前主要市場集中於東南沿海省份，如廣東、福建、浙江、江蘇等地。業務拓展主要有三大策略：(1)銷售區域的延伸：特別是利用收購「皇品」之品牌和通路，將味丹品牌亦快速切入江、浙兩省二級城市，另加強重慶和天津分公司業務以配合公司由東南沿海各省擴展到長江流域和華北之長期發展策略；(2)通路之重新整合：除原有各區域傳統代理之重新整合外，並積極佈局連鎖餐廳、大賣場和超商之通路；及(3)精耕市場之強化：特別是著重家庭與餐飲用的小包裝銷售，中國區味精業務比去年同期成長58.2%。集團預期下半年業務，隨著品牌、通路逐步建立以及銷售市場之延伸，應可持續保有成長之動力。

(iii) In the ASEAN market, the Group's MSG business grew a remarkable 68%, increasing from US\$3,471,000 in the corresponding period last year to US\$5,823,000 in the review period. In Japan, the sales of MSG amounted to US\$14,915,000, a growth of 37.3% against US\$10,867,000 in the corresponding period last year. Sales in the European market, however, decreased 14.7% from US\$2,853,000 in the corresponding period last year to US\$2,434,000 this half year.

The substantial drop in the gross profit of MSG in the first half of 2005 was mainly due to the sharp increase in the cost of molasses, which was more than double than that of 2004. The Group's profit was compressed further by the expansion of production capacities that could not be fully absorbed through pricing. Stable growth in sales is anticipated after new production facilities commence operation in the fourth quarter and Shanghai Vedan's expansion is completed. The Group looks forward to improving its gross profit margin in the second half of the year by exploring new sources of carbohydrates, enhancing production efficiency, and further increasing the price of finished products.

2. Lysine

As mentioned in the interim report last year, lysine price moves in a cycle. The Group recorded historically high price for lysine in the first half of 2004 and the reverse happened in the second half of 2004 and continued into the first half of this year. Adding to the drop was the over production by manufacturers lured by the all-time high price of lysine a year ago. The international price of lysine had dropped around 40% when compared with the level in the corresponding period last year. The Group's turnover from lysine decreased 44% to US\$10,450,000, gross profit decreased 89% to US\$8,970,000. Share of total turnover of lysine also dropped from 17.2% to 8.9%. As bird flu cases are still emerging in Vietnam and elsewhere and cases of Streptococcus suis infection are reported in Sichuan, the PRC, the Group did not expect the price of lysine to return to last year's level shortly. The Group will continue to reduce production costs and expenses and explore other potential markets so as to maintain the profit level of this product.

(iii) 在其他市場方面，東盟國家亦有不錯的表現，其中味精業務由去年同期3,471,000美元，成長至二零零五年5,823,000美元，約68%。日本市場在二零零五年味精的銷售為14,915,000美元，較去年同期的10,867,000美元，成長約37.3%。歐洲市場二零零五年的銷售金額為2,434,000美元，則比去年同期的2,853,000美元衰退14.7%。

二零零五年上半年味精毛利大幅下降，主要是糖蜜成本急速上漲約一倍以上，而因產能擴充，為穩定業務致使售價未能完全吸收，以致於壓縮到獲利空間。預期第四季增設之精製廠設備正式運轉和中國區上海廠業務擴展後，銷售量仍應會有穩定成長。而集團致力於多元化糖源取得，生產效率的提升與成品售價的再提升等方向做努力，對於下半年毛利率的提升，都會產生較正面的助益。

2. 賴氨酸

正如我們在去年中期報告所指出，賴氨酸市場價格常有週期性之上下起伏。二零零四年上半年賴氨酸價格屬歷史上高峰之波段，而在二零零四年下半年則開始逆轉，價格開始下滑。今年上半年延伸去年下跌之趨勢，再加上多家廠商，鑑於二零零三年下半年及二零零四年上半年之景氣而擴充產能，因此迫使期內國際賴氨酸價格比去年同期下跌約四成左右。故營業額為10,450,000美元比去年衰退44%，毛利減少8,970,000美元比去年下降約89%，佔總營收比率由17.2%下降至8.9%。由於越南禽流感尚未完全滅絕，同時中國四川又爆發豬鏈球菌疫情，預期短期內價格應無法回升到去年水平。集團已朝向降低生產成本，降低費用與尋找有利市場等三方向努力，期使此產品項目，仍得以維持獲利水平。

3. Starch business

Affected by weather conditions and the increasing demand in Thailand and Vietnam for cassava slices to make feedstock and alcohol, the price of cassava continued to surge. To combat the high price, the Group took the initiative to transform cassava into modified starch raw materials of higher added value during the period. This contributed to the 78.3% growth in turnover from modified starch to reach US\$7,027,000. The sales volume of the product also increased by 64% over that of the corresponding period last year. The sales of native starch, on the other hand, dropped by 97% to US\$138,000.

Starch business is one of the Group's core businesses. The Group has taken a three-prong approach to strengthen this business segment:

- (i) **Raise the added value of the products.** As a way to improve its profitability, the Group established a new technology research and development center in the second half of last year to focus on the research and development of high value added modified starch products for food processing.
- (ii) **Secure stable supply of raw materials.** The Group announced its acquisition of Ve-Thai Tapioca-Starch Co., Ltd. in June. The plant is expected to commence production in the cassava harvest season this year, increasing related production capacity from 60 tonnes/day to 100 tonnes/day this year, and possibly 200 tonnes/day in the coming year. The construction of the new starch factory in Ha Tinh Province is well under way, with initial construction scheduled for completion in the second quarter of 2006. The initial planned production capacity is 200 tonnes/day.
- (iii) **Enhance the production capacity of modified starch.** The acquisition of Shanghai Vedan was completed in July and production is scheduled to begin in the third quarter. The expected production capacity of the new modified starch plant will be 10,000 tonnes/year. Construction of a starch factory in Ha Tinh Province is also underway. Its planned initial production capacity is 20,000 tonnes of modified starch per annum. Vietnam Vedan completed expansion in late June and its current production capacity is 60,000 tonnes/year.

3. 澱粉業務

鑑於泰國和越南產地，因天候影響和木薯切片轉作動物飼料及製造酒精之需求增加，導致木薯價格亦節節高昇，公司的因應措施則是優先將木薯作為附加價值較高之化工澱粉原料，因而期內化工澱粉比去年成長78.3%達7,027,000美元，銷售數量也比同期增加64%，天然澱粉則因原料問題衰退97%，銷售金額僅138,000美元。

澱粉事業是集團積極拓展之核心事業之一，目前正強化三大方向：

- (i) **提高產品之附加價值。** 集團已於去年下半年成立技術研發中心，全力研究開發附加價值較高之食品加工用之化工澱粉，以提升集團獲利。
- (ii) **加強掌握原料。** 集團已於六月公告收購嘉萊澱粉廠，預計今年木薯產季可開始投產，產能將由60噸／天，擴充到100噸／天，明年則將評估擴充產能到200噸／天。另外，河靜新設澱粉廠亦在積極籌設中，預期二零零六年第二季可完成初期建廠，初期產能規劃為200噸／天。
- (iii) **擴大化工澱粉產能。** 上海廠併購手續已於七月完成，預定新設化工澱粉廠產能10,000噸／年，預估初期可於第三季投產。河靜廠目前也正在籌設中，第一期產能亦規劃生產化工澱粉20,000噸／年。越南福泰廠已於六月底完成化工澱粉擴產計畫，增加到60,000噸／年。

4. Specialty Chemicals

As economic development in Vietnam accelerates, the country's demand for specialty chemicals is also rising rapidly. During the period, the sales of soda and hydrochloric acid and related products amounted to US\$5,457,000, up 96.4% against US\$2,779,000 in the corresponding period last year.

5. Fertilizer and Feed Additive (CMS)

Agriculture constitutes a major proportion of the Vietnam economy, and has been the factor underscoring the stable growth of the Group's CMS product. During the period, the sales of CMS and related products totaled at US\$1,292,000, representing an increase of 24% as compared with US\$1,042,000 in the corresponding period last year.

(2) Market Analysis

Vietnam and Japan remained as the Group's major markets in the first half of 2005, while China and ASEAN countries posted robust growth (table below).

Table 2: Comparison of Sales In Major Markets

		First half of 2004		First half of 2005		Change (%)
		二零零四年上半年		二零零五年上半年		增/減 (%)
Vietnam	越南	61,142	55.9%	63,909	54.5%	+4.5%
Japan	日本	26,078	23.8%	25,112	21.4%	-3.7%
The PRC	中國	11,643	10.6%	16,958	14.5%	+45.6%
ASEAN	東盟國家	4,023	3.7%	6,158	5.2%	+53.1%
Others	其他地區	6,553	6.0%	5,217	4.4%	-20.4%
Total	總計	109,439	100%	117,354	100%	

Unit: US\$'000

單位：千美元

Change (%)

增/減 (%)

4. 特用化學品

隨著越南市場經濟成長的速度加快，國內對於特用化學品的需求也隨著增加，本期集團的蘇打與鹽酸相關產品的銷售金額為5,457,000美元，比去年同期的2,779,000美元，大幅成長約96.4%。

5. 肥料與飼料添加物(CMS)

越南經濟結構中，農業仍佔極大比例，這也使集團生產的肥料與飼料添加物逐年穩定成長，本期集團的肥料與飼料添加物(CMS)相關產品的銷售金額為1,292,000美元，比去年同期的1,042,000美元，亦成長24%。

(二) 市場分析

二零零五年上半年集團產品銷售的主要市場仍是以越南和日本為主，而中國和東盟國家則有較為顯著之成長。

表二：各主要市場銷售比較

1. Vietnam

Vietnam remained as the Group's largest market. Total turnover from this market amounted to US\$63,909,000, and its share of the Group's total turnover grew 4.5% to 54.5%. The sales of MSG and GA, the Group's core products, grew 4.7% or US\$2,362,000 to US\$52,684,000. The turnover from lysine, on the contrary, recorded a significant drop of 34% to US\$3,837,000, US\$1,944,000 lower than in the corresponding period last year. The turnover from modified starch sale, the main product in the Group's starch segment, was US\$561,000. Though still posting a relatively small amount, the product's turnover boasted a remarkable 218% growth over the previous corresponding period. Soda sales from the market also saw a sharp increase of 111.78% from US\$2,021,000 last year to US\$4,280,000 this year.

2. Japan

Total turnover from this market slightly decreased by 3.7% to US\$25,112,000 due to the drop in turnover from lysine by 49.2% to US\$6,400,000. As a result of higher prices and sales, the turnover from MSG sale soared 37.3% (US\$ 4,049,000) to US\$14,915,000. Modified starch also recorded an enormous growth of 125% (approximately US\$1,991,000) to US\$3,583,000. Supported by its technology research and development center, the Group is confident of quickly obtaining a stronghold of the modified starch market in Japan.

3. The PRC

The Chinese economy has seen continuous robust growth, with growth rate reported at 9.3% last year and 9.5% in the first half of 2005. Riding on Shanghai Vedan Foods' established distribution network for MSG products and increasing consumer awareness of the Vedan brand, our MSG business recorded a substantial growth of US\$13,683,000, or approximately 58%, during the period under review.

1. 越南市場

集團最大市場仍是在越南，二零零五年上半年越南市場總營收為63,909,000美元，約佔集團總營收之54.5%，比去年同期增加約4.5%。其中以味精和谷氨酸為主要項目，銷售金額為52,684,000美元，比去年同期增加2,362,000美元約4.7%。然而賴氨酸今年營業額為3,837,000美元，比去年同期減少1,944,000美元，呈大幅衰退約34%。澱粉業務則集中於化工澱粉為561,000美元，金額雖小但快速成長約218%。蘇打業務在今年亦呈現大幅成長，銷售金額為4,280,000美元，較去年的2,021,000美元，成長111.78%。

2. 日本市場

期內日本市場總營收為25,112,000美元，比去年略減少3.7%，主要是賴氨酸營收減少約49.2%，相當於6,400,000美元。味精產品則因銷售價格和數量均有調升，成長金額為4,049,000美元約37.3%，達到14,915,000美元。另外化工澱粉亦呈現亮麗的增長，幅度為125%增加金額約1,991,000美元，達到3,583,000美元。預期隨著技術研發中心不斷研究及改良之結果，集團之化工澱粉將可逐漸在日本市場佔有一席之地。

3. 中國市場

隨著中國經濟快速起飛，去年經濟成長率高達9.3%，今年上半年亦有9.5%成長，再加上上海味丹企業已逐步建立相關味精產品之通路、和味丹品牌之知名度，故期內集團中國區味精業務有顯著之成長約58%，金額為13,683,000美元。

Other related products, including chicken essence based seasoning and MSG, will be introduced into the market, creating a more diversified products mix for the Group and paving the way for the Group to expand its business even more effectively. As the Chinese economy grows, the need for processed foods will follow, as evidenced by the continuously rising import and usage volume of modified starch in the PRC. With the anticipated support of the improved research and development capabilities of the Vietnam starch factory and stable supply of top quality cassava, the advantageously located Shanghai modified starch factory is expected to commence phase 1 production in the third quarter of this year. Modified starch business is set to join MSG products as another core segment of the Group in the PRC.

4. ASEAN countries

Primarily located and growing consistently, the ASEAN market with a total population of 500 million and tremendous development potential has been the Group's major focus. During the period under review, turnover from the ASEAN market amounted to US\$ 6,158,000, around 53.1% higher than the corresponding period last year, with its MSG business grew 68%. Modified starch has been introduced to the market as well, and its sales during the review period recorded more than 200% growth over that of the same period last year. With the ASEAN free trade zone taking shape, member nations are gradually opening their markets to each other and strengthening trade and economic connections, presenting to the Group substantial room for further business development.

(3) Production capability expansion and construction of new factory

Our production related plans for the second half of this year are summarized as follows:

- (i) The production capability for modified starch of the Vietnam factory reached 60,000 tons per year at the end of June.

其他相關產品，如雞精也將開始推出，將使味精系列產品更加多元化，產品項的增加，將有效地增加業務成長。一旦隨著經濟的高速發展，中國人民對加工食品需求增加快速，在中國市場上，化工澱粉的進口與使用數量，一直呈現成長現象。伴隨著越南廠澱粉研發技術的提升，優良品質的木薯原料，再加上就近在上海生產，上海化工澱粉廠初期將可於今年第三季投入生產，未來化工澱粉業務必能成為集團在中國區，除味精產品外之另一項核心產品。

4. 東盟市場

東盟市場由於地緣關係，隨著東盟國家各國的經濟成長，此擁有5億人口的市場，一直是集團非常重視，極有發展潛力的市場。期內東盟市場營收為6,158,000美元，比去年同期成長約53.1%。其中味精成長約68%，化工澱粉亦開始進入本市場，比去年同期成長逾200%。隨著東盟自由貿易區的實施，各國間逐漸開放市場和加強經貿關係，未來應有極大之成長空間。

(三) 擴產及建廠計劃

集團在下半年的生產相關計劃概述如下：

- (i) 越南廠六月底已完成化工澱粉產能擴充到60,000噸／年。

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|--|---|
| <p>(ii) The construction of the new factory in Vietnam for producing high value-added seasonings was completed at the end of July, and trial production has begun. The Group expects to launch the products in the third quarter and will evaluate the need for further expansion in 2006.</p> | <p>(ii) 越南廠七月底已完成新設風味調味料生產先導工廠，初期先行試驗市場，產品預定將於第三季上市，二零零六年將評估擴廠。</p> |
| <p>(iii) Shanghai modified starch plant will commence production in the third quarter, with annual production of 10,000 tonnes modified starch.</p> | <p>(iii) 上海化工澱粉廠預估初期可於第三季投產，產能為10,000噸／年。</p> |
| <p>(iv) Utilizing enhanced GA fermentation capability, new MSG production facilities are being added to the Vietnam factory and installation will be completed in the fourth quarter.</p> | <p>(iv) 越南廠配合醱酵產能增加，增設味精精製廠設備將於第四季完工。</p> |
| <p>(v) The PGA factory in Vietnam is expected to be completed at the end of 2005 or the first quarter of 2006.</p> | <p>(v) 越南PGA廠預估可於二零零五年底或二零零六年第一季完成。</p> |
| <p>(vi) The starch factory in Ha Tinh Province, Vietnam will start production in the second quarter of 2006, with production capacity of 200 tons/day in the initial stage.</p> | <p>(vi) 越南河靜澱粉廠將於二零零六年第二季加入生產澱粉行列，初期產能為200噸／天。</p> |
| <p>(vii) The production capability of the newly acquired starch factory in Gia Lai Province will be expanded from 60 tons/day to 100 tons/day, and it will start operation in the fourth quarter.</p> | <p>(vii) 新併購嘉萊澱粉廠，將擴充產能從60噸／天至100噸／天，第四季投入生產。</p> |

(4) Mergers and acquisitions, and forging of strategic alliances

- (i) **The acquisition of Ve-Thai Tapioca-Starch Co., Ltd.** We require adequate supply of cassava as fermentation materials to produce MSG, GA and lysine, etc., and for producing modified starch raw materials. To assure access to cassava, which is critical to our long-term development, the Group announced the acquisition of the entire shareholdings of Ve-Thai Tapioca-Starch Co., Ltd. at the end of June. It is the Group's second acquisition in Vietnam after the French MSG plant Orsan in 2001. The Ve-Thai factory is located in Gia Lai Province, Central Vietnam, a key cassava source area, and boasts daily production of 60 tons of

(四) 併購與策略聯盟

- (i) **味泰澱粉廠併購案。** 集團為長期之發展及短期之需要，必須有充足之木薯澱粉來源，作為醱酵生產味精、谷氨酸、賴氨酸的原料，同時也提供集團發展化工澱粉產品的原料來源。故集團於六月下旬，已公告收購味泰澱粉廠全部股權，成為集團在越南境內，自二零零一年收購法國Orsan味精廠後的第二個併購案。該廠位於越南中部嘉萊省，屬

starch. The Group plans to purchase more equipment to increase the plant's production capability to 100 tons/day by the end of the third quarter. It is expected to realize full capability in the harvest season of cassava in the fourth quarter. To meet the Group's future requirement, we will decide in 2006 whether to increase the plant's production capacity to 200 tons/day. The capital for the acquisition was US\$3,300,000, but since the assets acquired comprised around US\$1,000,000 in cash, after deducting that and the around US\$563,000 due from shareholders, the actual purchase price should be around US\$1,750,000.

- (ii) **The acquisition of Shanghai Vedan Foods.** The Group announced the completion of the acquisition of Shanghai Vedan Foods and its fixed assets at the end of July 2005. Following that, the Group proceeded with (1) the establishment of a chicken essence based seasoning processing factory, and (2) the construction of a modified starch factory as planned. Both factories are scheduled to start operation in the third quarter of this year, realizing the anticipated benefits of the acquisition.

- (iii) **Alliance with Shandong Snowflake**

At a total investment of US\$10,000,000, both parties will set up a joint venture company which will have an annual production capacity of 30,000 tons of GA. The Group will hold 70% stake in the company. All due diligence work has been completed and the parties involved are in the final stage of the negotiations.

(5) Costs review

During the period under review, the Group's cost of sales increased by approximately 30.4%. The substantial increase was mainly the result of the rising costs of molasses and cassava. How to cope with the fluctuations of international oil prices which drove up raw material costs will definitely be a major challenge for us in the future.

越南重要之木薯產區，目前澱粉產量約60噸／天，集團預計於第三季前，添置少數設備擴產到100噸／天，預估可於第四季木薯產季正式發揮其產能。二零零六年則將評估規劃提高到200噸／天產能，以因應集團需求。此併購案收購價格為3,300,000美元，惟其中收購資產中，含現金約1,000,000美元，且將由收購價款中扣除股東借款約563,000美元，故實際現金支出約為1,750,000美元左右。

- (ii) **上海味丹食品併購案。** 集團亦已於二零零五年七月底公告完成收購上海味丹食品土地和不動產的收購手續。在完成收購程序後，集團已依原規劃加速進行(1)雞精加工廠之設立工作，及(2)化工澱粉廠之建廠工作。預估初期分別可於今年第三季前正式投產，加速發揮併購效益。

- (iii) **山東雪花合作案**

預計雙方合資成立投資額為10,000,000美元的合資公司，集團佔股份70%，年產為30,000噸谷氨酸。目前已完成審察並進入最後協商階段。

(五) 成本回顧

期內銷貨成本大幅增加約30.4%。銷貨成本大幅的增加，主要是來自糖蜜和木薯原料的上漲。這又和石油價格的大幅上漲，有密切關係。如何因應國際油價變化所產生的影響，是公司未來所面臨的一個很重要課題。

Corresponding measures for rising material costs

1. Molasses

Molasses is one of the major raw materials of MSG, GA and lysine. In the first half of 2005, the price of molasses grew 100% over that in the first half of 2004, squeezing the profits of our two main products, which prompted the adoption of the following measures by the Group in the second half of this year:

- (i) Purchase from diverse sources: In addition to the existing major sources in nearby countries such as Thailand, we started to purchase materials from other sources such as Pakistan and Eastern Europe.
- (ii) Replace molasses with raw sugar: The Group has already started import of raw sugar, which will be used in production in the third quarter.
- (iii) Develop different types of carbohydrates: Since the fourth quarter of 2004, we have been working with the Swiss company Syngenta, a world leading agribusiness company, to cultivate tropical sugar beet in Vietnam. After several months' hard work, satisfactory preliminary results were achieved. We have thus signed an agreement in June 2005 with Mitsui and Co., (Thailand) Ltd., exclusive distributor of Syngenta's tropical sugar beet seeds in Vietnam, to distribute and jointly promote the cultivation of tropical sugar beet seeds in Vietnam. This agreement will enable the Group to expand its sources of carbohydrates.

原料價格上漲之因應措施

1. 糖蜜

糖蜜是集團味精、谷氨酸和賴氨酸之主要原料，二零零五年上半年比二零零四年上半年糖蜜價格上漲一倍以上，造成集團上述兩大核心產品毛利衰退，而集團已自去年下半年開始採取下列因應措施：

- (i) 分散採購地區：由原來鄰近國家泰國為主，擴及其他國家地域，例如巴基斯坦與東歐。
- (ii) 粗糖取代糖蜜：已進口部分粗糖，將於第三季開始投入生產。
- (iii) 多元化糖源：集團於二零零四年第四季即和瑞士Syngenta公司(世界頂尖之種苗公司)合作，嘗試於越南推廣種植熱帶甜菜，經過數月之試種，初步已有不錯之成果。故集團已於今年六月與三井公司及Syngenta公司，簽訂甜菜種子的越南地區獨家代理，共同進行推廣種植，集團未來將可在糖源取得上又多一項選擇。

2. Cassava

During the period under review, the cost of cassava rose approximately 40% above that in the same period last year because of bad weather and a change of its usage as material for alcohol fermentation. To secure a new reliable source of cassava, the Group adopted the following strategies:

- (i) Actively increase the purchase quantity of its two starch factories in Phuoc Long Province and Binh Thuan Province.
- (ii) Expand to the central and northern regions of Vietnam. The newly acquired Ve-Thai starch factory and new starch factory in Ha Tinh Province will commence operation in the fourth quarter of this year and in 2006 respectively.
- (iii) The Group will follow closely the starch supply situations in neighboring countries, and seek to expand cultivation areas.

3. Liquid Ammonia

In the past, the Group had relied entirely on import to meet its need for liquid ammonia. However, as Vietnam is able to start its own supply, the Group will purchase more liquid ammonia in Vietnam to save costs.

(6) Research and Development

The Group undertakes various research and development work, to ensure its ability to cope with changes in the business environment and support future development needs. These include:

1. Study the feasibility of planting tropical sugar beet in Vietnam, conduct relevant promotion activities, and continue large-scale trial cultivation.
2. Study and evaluate the feasibility of using rice as raw materials, produce high value-added products such as rice protein and starch syrup. The development of preliminary stage technology is mature. The Group will continue to conduct larger scale trial production and evaluate the feasibility of constructing new plants.

2. 木薯

由於天候因素減產，移轉作為酒精釀酵原料等因素影響，期內木薯原料價格比去年同期比較，亦上漲約40%，集團對木薯穩定取得方面，已採取下列策略：

- (i) 積極增加現有福隆、平順澱粉兩廠木薯採購量。
- (ii) 擴展到中北部產區，例如已收購味泰澱粉廠與新設河靜澱粉廠將分別於今年第四季與二零零六年投產。
- (iii) 密切收集並評估鄰近國家的澱粉資訊與尋找擴充種植面積。

3. 液氨

集團越南廠使用之液氨，過去需全數依賴進口，最近越南本地已有能力開始供應，集團將逐步擴大本地採購，以降低成本。

(六) 研究與開發

集團基於經營環境的變化與未來發展需要，仍應投入各項研發工作，包括：

1. 研究、推廣熱帶甜菜於越南地區種植，持續較大規模試種工作。
2. 研究評估以大米為原料，生產高附加價值的大米蛋白與澱粉糖漿，初期技術已發展成熟。集團將持續進行較大規模試驗生產與建廠評估。

3. Continue to develop modified starch products, in particular, enhance the research and development and application of modified starch for food processing to boost their added values.
4. Improve the production efficiency of starch factories, make the best use of the byproducts in cassava production, and initiate and encourage recycling activities.
5. Continue to improve the production processes of MSG, GA and lysine and enhance production efficiency so as to lower production costs and enhance overall production management efficiency.
6. Continue to develop high quality seasonings to increase products varieties and maximize the integrated benefits of business development.
3. 持續開發化工澱粉品項，尤其加強食品加工用之化工澱粉的開發與應用，提升附加價值。
4. 進行澱粉工廠生產效率改善提升，充分利用木薯生產的副產品，創造與回收資源。
5. 持續味精、谷氨酸與賴氨酸的製程改善與效率提升，致力於使成本降低的各項生產管理效率提昇。
6. 持續開發高級調味料系列產品，增加產品品項、促進業務拓展的綜效發揮。

(7) Corporate Governance

The Group operates in strict compliance with relevant laws and regulations and the Articles of Association, and has established and implemented relevant orders of proceedings and operational procedures under the management system supervised by the AGM, the Board, and the audit committee, etc. Comprising five executive directors, two non-executive directors and three independent non-executive directors, the Board executes and supervises the Group's various operations and management activities.

The independent non-executive directors of the Group attend the Board meetings and audit committee meetings held each quarter, and exercise the power of independent non-executive directors in performing their duties. During the review period, the audit committee comprising the independent directors had reviewed and endorsed the Group's financial reporting procedures and internal control in accordance with related provisions, and also reviewed all connected transactions and guarantees made upon, and conducted strict supervision over the Group's financial risks control.

(七) 公司治理

集團的經營，均嚴格按照相關法規與公司章程規範運作，在股東會、董事會、審核委員會等經營管理督導的管理制度下，建立並執行相關的議事規則與運作程序，目前集團有由五位執行董事、兩位非執行董事與三位獨立非執行董事組成的董事會，執行並督導各項經營管理工作。

集團獨立非執行董事參加每季召開的董事會與審核委員會，依照相關規定行使獨立董事權力與履行其義務。由獨立非執行董事成立的審核委員會，已對集團財務報告與內控制度，依相關規定進行審議與確認，並就集團關聯交易及對外保證等事項展開審查，進行對財務風險管控的嚴謹監督。

The Group will continue to enhance internal control by strengthening the implementation of its “risks management measures” and the review of its ERP system, and the systems and rules of its subsidiaries, the quality certification of products, efforts on safety, hygiene and environmental protection, and the management of suppliers and customers, etc. It will also emphasize on training and recruitment of auditing staff.

(8) Prospects

The two main factors affecting the Group's profitability during the period are: (1) the slipping price of lysine, and (2) the subsisting high material costs. The negative impacts of these factors are expected to persist in the second half of this year. Though we have gone through similar cycles in the past decades, the most recent ups and downs are the most severe and has lasted the longest. And both factors striking at the same time brought even bigger challenges on us. Nonetheless, we have laid down certain combat strategies. By consistently implementing these strategies, we are confident that we will come out of the valley soon. Regarding our development in the second half of 2005 and onwards, we are cautiously optimistic about our overall development with the support of the following strategies:

(i) Increase product prices to reflect rising costs

Following the surge of material costs, the Group has been actively negotiating with dealers and product distributors to raise product prices without affecting their market shares. The Group will continue to increase product prices to reflect the rising costs.

(ii) Realize diverse development of carbohydrate

Develop more carbohydrate sources. Short, medium and long term directions are being planned and pursued.

集團對於強化內控工作持續進行，包括強化「風險管理辦法」的執行，強化ERP系統檢討，持續強化檢討集團各子公司的各項制度與規定，強化產品品質確保的各項認證工作，強化安全、衛生、環保等相關工作，強化供應商與客戶的管理等等。另外，將培訓與增加審計處專責人員事項列為重要的工作項目，持續進行。

(八) 展望

期內影響獲利甚鉅之兩大因素：(1) 賴氨酸售價低迷不振；(2) 主要原料成本高居不下。此兩項目預估下半年內應不至於有太大的逆轉，然集團依過去數十年之經驗，也曾經歷過類似週期性的起伏。但不可諱言的，此次起伏甚大且歷時也較長久，兩大不利因素幾乎同時發生，給集團帶來更多的挑戰和考驗。集團經營層已擬定各種對策，將貫徹執行，有決心跟信心克服困難。對於二零零五年下半年與未來的發展，集團將朝下列方向進行，預期整體發展仍是審慎樂觀。

(i) 提升產品售價，適度反映成本

隨著原料成本節節高昇，集團亦努力協商經銷商、產品通路商，在不衝擊市場佔有率下，逐步調升售價。今年下半年仍將繼續提高售價反映成本。

(ii) 執行多元化糖源發展方向

糖質原料的多元化發展，集團已經規劃並展開執行，此項工作將依短、中、長期方向持續推動，並做好推展規劃，貫徹執行。

(iii) Obtain reliable supply of GA

Reliable supply of GA raw materials at a competitive price is one of the key factors for the success of our MSG business in the PRC. The alliance with Shandong Snowflake is in the final negotiation stage; and the expansion of the GA factory in Vietnam has been completed, these favourable developments plus the PRC lowering its import tariffs and the revaluation of the RMB, GA from Vietnam has become more competitive in the PRC, which will in turn enhance our production efficiency and ultimately benefit our business development in the country.

(iv) Further development of starch business

After the Group established a starch research center in the second half of 2004, apart from enabling it to step up the development of modified starch products, the Group has further successfully developed various types of modified starch for application in food processing. These products are suitable for making different kinds of food products including chili sauce, tomato ketchup, BBQ sauce, frozen meat, prepared dim sum, etc. and have been well received by the market. We have decided to launch the products to the enormous food processing market in China and to other countries.

(v) Expand product mix

Trial production at the new high value added seasonings factory in Vietnam was completed successfully, and products will be introduced to the market in the third quarter. The Shanghai factory is prepared to set up a new high value added seasonings facility, and has begun the trial sales and marketing of chicken essence based seasoning. Increasing products varieties will not only allow us to boost our relationship with dealers, but will also facilitate the expansion of our distribution network and in turn contribute to our profits.

(iii) 取得穩定的谷氨酸原料

穩定和具競爭力的谷氨酸原料，將是集團決心在中國拓展味精事業極具重要的關鍵之一，與山東雪花合作案已進入最後確認階段，且越南谷氨酸廠已擴產完成，再加上中國關稅調降與人民幣升值的條件下，越南供應谷氨酸將更具競爭力，如此將使在中國生產更具效率，對中國業務推廣有極大的效果。

(iv) 逐步落實澱粉事業發展

自二零零四年下半年成立澱粉技術中心後，除已加強開發多項化工澱粉品項外，集團更成功地研發出不同種類的食品加工用之化工澱粉，可作為製造各種調味醬如辣椒醬、蕃薯醬、烤肉醬、冷凍肉品與各項點心生產用的添加物，客戶反應良好，將不僅行銷中國廣大的食品加工市場，並計畫外銷至其他各國。

(v) 強化產品組合，增加產品項目

越南廠新設風味調味料完成試產工作，將於第三季實際推廣到市場。上海廠亦開始籌設複合調味料工廠，並已先行展開雞精的市場試銷推廣工作。產品項目的增加，不僅可加強與經銷商關係，發揮通路極大化效益，更可提高收益。

(vi) Enhance research and development efforts, and increase production efficiency

After our research center and pilot plant are upgraded, we are working on various projects on production process improvement to help us enhance production efficiency, improve product quality and production capacities, and cut costs.

(vii) Bring in contribution by acquiring Shanghai Vedan Foods

The Group completed the acquisition of Shanghai Vedan Foods and related fixed assets at the end of July 2005. Shanghai Vedan Foods will start the production of high value added seasonings and modified starch as soon as practicable, and we believe it will bring synergies to the distribution network and ultimately enhance the Group's profitability.

(9) Financial Review

As at 30 June 2005, our cash and bank savings amounted to US\$20,415,000, decreased by US\$12,777,000 from the amount as at the end of 2004. Our bank loans increased by US\$12,740,000 to US\$79,615,000, mainly due to (1) rising capital expenditure, and (2) substantial surge of material costs leading to a dramatic increase in inventory valued at US\$10,047,000. The current ratio of the Group was maintained at 1.65, slightly lower than the 1.79 level of last year. 99% of our bank loans were denominated in US dollar, the remaining 1% was denominated in RMB. The ratio of medium to long term loans and short-term loans was 37% to 63%. The Group's gearing ratio, based on total bank loans to shareholders' funds, was 34.1%. After deducting cash and bank savings, our net gearing ratio is 25.4%.

The majority of the Group's transactions from its business in the PRC are conducted in RMB, and our RMB loans approximated at only US\$785,000. The exchange rate between the Vietnamese Dong and the US dollar remained stable, the depreciation rate of the Dong for the period between 1 January and 30 June 2005 was about 0.62%. The Group did not record any negative foreign exchange trade, nor did we engage in any exchange rate hedging activities.

The basic earnings per share for the review period were 0.37 US cent. The Board recommended the payment of an interim dividend of 0.201 US cent per share.

(vi) 加強技術研發、提升生產效率

藉由技術研發中心與實驗工廠的提升，試驗各項生產製程的改進，提升生產效率，確保產品品質，增加產能，降低成本。

(vii) 創造併購上海味丹效益

集團已於二零零五年七月底公告完成上海味丹收購不動產與土地手續，將儘速進行複合調味料與化工澱粉生產線的投入工作。進行多項複合調味料與化工澱粉的生產，強化產品組合，發揮通路綜效，提高獲利空間。

(九) 財務回顧

截於二零零五年六月三十日止，本集團現金和銀行存款為20,415,000美元，比二零零四年底減少12,777,000美元。銀行借款為79,615,000美元，比二零零四年底增加12,740,000美元，主要是(1)資本支出增加；及(2)因原料價格大幅上漲，存貨金額隨著劇增10,047,000美元。集團之流動比率為1.65，略低於與去年底1.79之水平。銀行借款中美元借款占99%，人民幣佔1%。中長期與短期借款比例為37%比63%。資本負債比(銀行總借款比股東權益)為34.1%，淨資本負債比(扣除現金和存款)則為25.4%。

集團中國區業務主要以人民幣交易，而人民幣借款僅約785,000美元。而越南盾對美金匯兌穩定，二零零五年初到六月三十日止貶值幅度約0.62%。集團並無不利的外匯活動且無採用任何金融工具進行外幣對沖。

本期每股基本營利為0.37美仙。董事會擬派付股息每股0.201美仙。

PURCHASE, SALE OR REDEMPTION OF SHARES

During the review period, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

DISCLOSURE OF INTERESTS AND SHORT POSITIONS OF OUR DIRECTORS AND CHIEF EXECUTIVE OF OUR COMPANY

(a) As at 30 June 2005, the interests and short positions of each Director and chief executive of our Company in the shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to our Company and the Stock Exchange, were as follows:—

購回、出售或贖回本公司之證券

於回顧期內，本公司或其任何附屬公司概無購回、贖回或出售本公司之任何上市證券。

本公司董事及最高行政人員權益及淡倉之披露

(a) 於二零零五年六月三十日，本公司各董事及最高行政人員於本公司及其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債權證中，擁有(a)根據證券及期貨條例第XV部第7及第8分部須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及淡倉(包括根據證券及期貨條例有關條文董事被認為或被視為擁有之權益及淡倉)，或(b)規定須列入證券及期貨條例第352條規定存置之登記冊內之權益及淡倉，或(c)根據聯交所上市規則所載之上市公司董事進行證券交易之標準守則須知會本公司及聯交所之權益及淡倉如下：—

Name 姓名	Interests in Shares 於股份中之權益			
	Number of Shares in which interested (other than under equity derivatives) 擁有權益 之股份數目 (股本衍生 工具除外)	Number of Shares in which interested under physically settled equity derivatives 按實物結 算股本衍生 工具擁有權益 之股份數目	Total number of Shares 股份總數	Percentage of issued Shares 已發行股份 百分比
Mr. YANG, Tou-Hsiung 楊頭雄先生	424,325,488 (Note 1) (附註1)	4,500,000 (Note 3) (附註3)	428,825,488	28.16%
Mr. YANG, Chen-Wen 楊辰文先生	424,325,488 (Note 2) (附註2)	4,500,000 (Note 3) (附註3)	428,825,488	28.16%

Other Information (continued)

其他資料 (續)

Name 姓名	Interests in Shares 於股份中之權益		Total number of Shares 股份總數	Percentage of issued Shares 已發行股份 百分比
	Number of Shares in which interested (other than under equity derivatives) 擁有權益 之股份數目 (股本衍生 工具除外)	Number of Shares in which interested under physically settled equity derivatives 按實物結 算股本衍生 工具擁有權益 之股份數目		
Mr. YANG, Cheng 楊正先生	–	4,500,000 (Note 3) (附註3)	4,500,000	0.30%
Mr. YANG, Kun-Hsiang 楊坤祥先生	–	4,500,000 (Note 3) (附註3)	4,500,000	0.30%
Mr. WANG, Joel J. 王肇樹先生	750,000	–	750,000	0.05%
Mr. HUANG, Ching-Jung 黃景榮先生	200,000	–	200,000	0.01%
Mr. LAM, Tuan 林俊先生	–	500,000 (Note 3) (附註3)	500,000	0.03%
Mr. CHAO, Pei-Hong 趙培宏先生	500,000	–	500,000	0.03%
Ms. CHUANG, Shu-Fen 莊淑芬女士	500,000	–	500,000	0.03%

Notes:-

1. Mr. YANG, Tou-Hsiung's interest in Shares are held in the following capacities:-

Capacity	身份	Number of Shares 股份數目	Number of Shares through physically settled equity derivatives **** 透過實物結算股本衍生工具持有之股數 ****
Beneficial owner	實益擁有人	-	4,500,000 ***
Interest of company controlled by him	於楊頭雄先生控制之公司中擁有權益	82,897,246 *	-
Others	其他	341,428,242 **	-

* Mr. YANG, Tou-Hsiung is entitled to exercise or control the exercise of more than one-third of the voting power of King International Limited ("King International") and King International is the holder of such 82,897,246 Shares.

** Mr. YANG, Tou-Hsiung is entitled to exercise or control the exercise of more than one-third of the voting power of King International, which is the holder of 40 per cent. of all the issued and outstanding units in the Royal Trust and is taken to be interested in the 341,428,242 Shares in which DBS Trustee Limited as trustee of the Royal Trust is interested. These 341,428,242 Shares include 62,172,933 Shares held by each of Concord Worldwide Holdings Ltd. ("Concord Worldwide") and High Capital Investments Limited ("High Capital") pursuant to section 317 of the SFO and 217,082,376 Shares held by DBS Trustee Limited as trustee of the Royal Trust.

*** Mr. YANG, Tou-Hsiung is interested in 4,500,000 Shares pursuant to the options granted to him on 13 June 2003 under a share option scheme adopted by our Company on 13 June 2003 (the "Pre-IPO Share Option Scheme"). The exercise price under the options is HK\$0.801 and the exercise period is 13 June 2004 to 12 June 2008.

**** These derivatives are unlisted.

附註：—

1. 楊頭雄先生以下列身份持有股份權益：

* 楊頭雄先生有權行使或控制行使King International Limited (「King International」) 超過三分之一之投票權，且King International 為持有該批82,897,246股股份之持有人。

** 楊頭雄先生有權行使或控制行使King International 超過三分之一之投票權；King International 為持有Royal Trust全部已發行及尚未行使單位40%之持有人，而楊頭雄先生被視為擁有Royal Trust 透過其受託人DBS Trustee Limited 持有341,428,242股股份之權益。該341,428,242股股份包括Concord Worldwide Holdings Ltd. (「Concord Worldwide」) 及High Capital Investments Limited (「High Capital」) 根據證券及期貨條例第317條各自持有之62,172,933股股份及DBS Trustee Limited作為Royal Trust 之受託人持有之217,082,376股股份。

*** 楊頭雄先生根據本公司於二零零三年六月十三日採納之購股權計劃(「首次公開發售前購股權計劃」)而於二零零三年六月十三日獲授之購股權，擁有4,500,000股股份之權益。該等購股權之行使價為0.801港元，行使期由二零零四年六月十三日至二零零八年六月十二日止。

**** 該等衍生工具均為非上市。

2. Mr. YANG, Chen-Wen's interest in Shares are held in the following capacities:-

Capacity	身份	Number of Shares 股份數目	Number of Shares through physically settled equity derivatives **** 透過實物結算股本衍生工具持有之股數 ****
Beneficial owner	實益擁有人	-	4,500,000 ***
Interest of company controlled by him	於楊辰文先生控制之公司中擁有權益	62,172,933 *	-
Others	其他	362,152,555 **	-

* Mr. YANG, Chen-Wen is entitled to exercise or control the exercise of one-third of the voting power of High Capital and High Capital is the holder of such 62,172,933 Shares.

** Mr. YANG, Chen-Wen is entitled to exercise or control the exercise of one-third of the voting power of High Capital, which is the holder of 30 per cent. of all the issued and outstanding units in the Royal Trust and is taken to be interested in the 362,152,555 Shares in which DBS Trustee Limited as trustee of the Royal Trust is interested. These 362,152,555 Shares include 62,172,933 Shares held by Concord Worldwide, 82,897,246 Shares held by King International pursuant to section 317 of the SFO and 217,082,396 Shares held by DBS Trustee Limited as trustee of the Royal Trust.

*** Mr. YANG, Chen-Wen is interested in 4,500,000 Shares pursuant to the options granted to him on 13 June 2003 under the Pre-IPO Share Option Scheme. The exercise price under the options is HK\$0.801 and the exercise period is 13 June 2004 to 12 June 2008.

**** These derivatives are unlisted.

2. 楊辰文先生以下列身份持有股份權益：—

楊辰文先生有權行使或控制行使 High Capital 三分之一之投票權，且 High Capital 為持有該批 62,172,933 股股份之持有人。

楊辰文先生有權行使或控制行使 High Capital 三分之一之投票權；High Capital 為持有 Royal Trust 全部已發行及尚未行使單位 30% 之持有人，而楊辰文先生被視為擁有 Royal Trust 透過其受託人 DBS Trustee Limited 持有該 362,152,555 股股份之權益。該 362,152,555 股股份包括 Concord Worldwide 及 King International 根據證券及期貨條例第 317 條分別持有之 62,172,933 股股份及 82,897,246 股股份以及 DBS Trustee Limited 作為 Royal Trust 之受託人持有之 217,082,396 股股份。

楊辰文先生根據首次公開發售前購股權計劃而於二零零三年六月十三日獲授之購股權，擁有 4,500,000 股股份之權益。該等購股權之行使價為 0.801 港元，行使期由二零零四年六月十三日至二零零八年六月十二日止。

該等衍生工具均為非上市。

3. Various interests of our Directors and chief executive of our Company pursuant to physically settled equity derivatives are through share options granted pursuant to the Pre-IPO Share Option Scheme. The exercise price under the options is HK\$0.801 and the exercise period is 13 June 2004 to 12 June 2008.
- (b) Save as disclosed in this circular, as at 30 June 2005, none of our Directors or chief executive of our Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to our Company and the Stock Exchange.
- (c) Since 31 December 2004, the date of the latest published audited financial statements of our Company, none of our Directors has any direct or indirect material interest in any assets which have been acquired or disposed of by or leased to us, or proposed to be acquired or disposed of by or leased to us.
- (d) As at 30 June 2005, none of our Directors was materially interested in any contract or arrangement which is subsisting at the date of this circular and which is significant in relation to our business.
3. 本公司董事及最高行政人員根據實物結算股本衍生工具擁有之各項權益乃透過本集團首次公開發售前購股權計劃授出之購股權擁有。該等購股權之行使價為0.801港元，行使期由二零零四年六月十三日至二零零八年六月十二日止。
- (b) 除本通函所披露者外，於二零零五年六月三十日，概無本公司董事及最高行政人員於本公司及其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債權證中，擁有(a)根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之權益及淡倉(包括根據上述證券及期貨條例被認為或被視為擁有之權益及淡倉)，或(b)規定須列入證券及期貨條例第352條規定存置之登記冊內之權益及淡倉，或(c)根據聯交所證券上市規則所載之上市公司董事進行證券交易之標準守則須知會本公司及聯交所之權益及淡倉。
- (c) 自二零零四年十二月三十一日(本公司最近一次公佈經審核財務報表之日)起，任何本公司董事均無於本公司收購、出售或租賃之任何資產中直接或間接持有重大權益，或本公司擬收購、出售或租賃之任何資產中直接或間接持有重大權益。
- (d) 於二零零五年六月三十日，概無本公司董事於對本公司業務關係重大(於本通函刊發日期仍屬有效)之任何合約或安排中擁有重大權益。

SUBSTANTIAL SHAREHOLDERS

- (a) So far as was known to any Director or chief executive of our Company, as at 30 June 2005, the following persons, other than a Director or chief executive of our Company, had an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in five per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any of our Subsidiaries:—

主要股東

- (a) 據本公司董事及最高行政人員所知，於二零零五年六月三十日，除本公司董事或最高行政人員外，以下人士於本公司之股份及相關股份擁有根據證券及期貨條例第XV部第2及第3分部之條文須向本公司披露之權益或淡倉，或直接或間接擁有附有權利於任何情況下在本公司任何附屬公司之股東大會上投票之任何類別股本面值5%或以上權益：—

Name 名稱	Number of Shares in which interested (other than under equity derivatives) 擁有權益之股份數目 (股本衍生工具除外)	Percentage of issued Shares 已發行股份 百分比
Billion Power Limited	460,237,609 (Note 1) (附註1)	30.22%
Vedan Enterprise Corporation 台灣味丹企業股份有限公司 ("Taiwan Vedan") (「台灣味丹」)	460,237,609 (Note 1) (附註1)	30.22%
DBS Trustee Limited	424,325,488 (Note 2) (附註2)	27.86%
King International Limited ("King International")	424,325,488 (Note 3) (附註3)	27.86%
Concord Worldwide Holdings Limited ("Concord Worldwide")	424,325,488 (Note 4) (附註4)	27.86%
High Capital Investments Limited ("High Capital")	424,325,488 (Note 5) (附註5)	27.86%
J. P. Morgan Chase & Co.	87,064,000 (Note 6) (附註6)	5.71%

Name 名稱	Number of Shares in which interested (other than under equity derivatives) 擁有權益之股份數目 (股本衍生工具除外)	Percentage of issued Shares 已發行股份 百分比
Nordea 1 Sicom FE Value Fund	80,836,000 (Note 7) (附註7)	5.31%

Notes:–

附註：–

- Vedan Enterprise Corporation (“Taiwan Vedan”) is entitled to exercise or control the exercise of more than one-third of the voting power of Billion Power and is therefore taken to be interested in these 460,237,609 Shares held by Billion Power.

1. 味丹企業股份有限公司(「台灣味丹」)有權行使或控制行使Billion Power 超過三分之一之投票權，故台灣味丹被視為擁有Billion Power 所持有該460,237,609股股份之權益。
- Of these 424,325,488 Shares, 217,082,376 Shares are held by DBS Trustee Limited as trustee of the Royal Trust and the remaining 82,897,246, 62,172,933 and 62,172,933 Shares are held by King International, Concord Worldwide and High Capital, respectively, each of which is party to an agreement under section 317(1)(a) of the SFO with DBS Trustee Limited.

2. 該424,325,488股股份其中217,082,376股由DBS Trustee Limited 以Royal Trust 信託人之身份持有，而其餘82,897,246股、62,172,933股及62,172,933股分別由King International、Concord Worldwide 以及High Capital 持有。根據證券及期貨條例第317(1)(a)條，以上均為與DBS Trustee Limited 訂立協議之各方。
- King International directly holds 82,897,246 shares and is the holder of 40 per cent. of all the issued and outstanding units in the Royal Trust. Accordingly, King International is taken to be interested in the 341,428,242 shares in which DBS Trustee Limited as trustee of the Royal Trust is interested. These 341,428,242 shares include 62,172,933 shares held by each of Concord Worldwide and High Capital pursuant to section 317 of the SFO and 217,082,376 shares held by DBS Trustee Limited as trustee of the Royal Trust.

3. King International 直接持有82,897,246股股份，並為持有Royal Trust 全部已發行及尚未行使單位40%的持有人。因此，King International 被視為擁有DBS Trustee Limited 作為Royal Trust 受託人所持有該批341,428,242股股份的權益。該等341,428,242股股份包括Concord Worldwide 及High Capital 各自根據證券及期貨條例第317條持有之62,172,933股股份及DBS Trustee Limited 作為Royal Trust 受託人持有之217,082,376股股份。

4. Concord Worldwide directly holds 62,172,933 shares and is the holder of 30 per cent. of all the issued and outstanding units in the Royal Trust. Accordingly, Concord Worldwide is taken to be interested in the 362,152,555 shares in which DBS Trustee Limited as trustee of the Royal Trust is interested. These 362,152,555 shares include 62,172,933 shares held by High Capital, 82,897,246 shares held by King International pursuant to section 317 of the SFO and 217,082,396 shares held by DBS Trustee Limited as trustee of the Royal Trust.
 5. High Capital directly holds 62,172,933 shares and is the holder of 30 per cent. of all the issued and outstanding units in the Royal Trust. Accordingly, High Capital is taken to be interested in the 362,152,555 shares in which DBS Trustee Limited as trustee of the Royal Trust is interested. These 362,152,555 shares include 62,172,933 shares held by Concord Worldwide, 82,897,246 shares held by King International pursuant to section 317 of the SFO and 217,082,396 shares held by DBS Trustee Limited as trustee of the Royal Trust.
 6. The capacity of JP Morgan Chase & Co and its associates in holding the 87,064,000 shares was as to 77,024,000 shares as investment manager and as to 10,040,000 shares as approved lending agent.
 7. The capacity of Nordea 1 Sicor FE Value Fund in holding the 80,836,000 shares was as beneficial owner.
4. Concord Worldwide 直接持有 62,172,933 股股份，並為持有 Royal Trust 全部已發行及尚未行使單位 30% 的持有人。因此，Concord Worldwide 亦被視為擁有 DBS Trustee Limited 作為 Royal Trust 受託人所持有該批 362,152,555 股股份的權益。該批 362,152,555 股股份其中 62,172,933 股由 High Capital 持有，82,897,246 股由 King International 根據證券及期貨條例第 317 條持有，而 217,082,396 股則由 DBS Trustee Limited 作為 Royal Trust 之受託人持有。
 5. High Capital 直接持有 62,172,933 股股份，並為持有 Royal Trust 全部已發行及尚未行使單位 30% 的持有人。因此，High Capital 亦被視為擁有 DBS Trustee Limited 作為 Royal Trust 受託人所持有該批 362,152,555 股股份的權益。該批 362,152,555 股股份其中 62,172,933 股由 Concord Worldwide 持有，82,897,246 股由 King International 根據證券及期貨條例第 317 條持有，而 217,082,396 股則由 DBS Trustee Limited 作為 Royal Trust 之受託人持有。
 6. JP Morgan Chase & Co 及其聯繫人所持有之 87,064,000 股股份，分別以投資經理身份持有 77,024,000 股股份及以認可借款代理身份持有 10,040,000 股股份。
 7. Nordea 1 Sicor FE Value Fund 乃以實益持有人身份持有 80,836,000 股股份。
- (b) Save as disclosed above, as at 30 June 2005, there was no other person (other than our Directors or chief executive of our Company) who was recorded in the register of our Company as having interests or short positions in the Shares or underlying shares of our Company.
- (b) 除上文披露者外，於二零零五年六月三十日，概無任何人士(本公司之董事或最高行政人員除外)於本公司登記冊中記錄為於本公司之股份或相關股份中擁有權益或淡倉。

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except code provisions A.4.2 and B.1 in respect of the rotation of Chairman of the Board and establishment of remuneration committee.

Under the code provision A.4.2, all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after their appointment. Under the code provision B.1, a remuneration committee should be established to make recommendations to the board on policy and structure of all remuneration of directors and senior management.

CODE PROVISION A.4.2

According to Bye-law 87 of the Bye-laws of the Company, the chairman or the managing director of the Board shall hold office and not subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year.

To comply with code provision A.4.2 of the Code, the Board of directors will propose relevant amendments to be made to the Bye-laws of the Company for approval by the shareholders at the forthcoming special general meeting or annual general meeting of the Company, whichever comes first.

CODE PROVISION B.1

The Company has not established the remuneration committee and is currently studying the relevant method and procedure for such establishment.

EMPLOYEE INFORMATION

At 30 June, 2005, the Group has 2,689 employees of whom 2,294 are based in Vietnam, 380 are based in the PRC, 14 are based in Taiwan and 1 is based in Hong Kong.

The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's employee remuneration policy and package are periodically reviewed by the management. Apart from pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

遵守上市規則企業管治常規守則

除了董事會主席輪席及薪酬委員會的成立方面與守則A.4.2及B.1之規定外，本公司已遵守上市規則附錄十四載列之企業管治常規守則。

根據守則A.4.2之規定，所有獲委任填補後補空缺之董事，均須在彼等獲委任後之首屆股東大會由股東選舉。根據B.1之守則規定，薪酬委員會應予成立，以向董事會就與所有董事及高級管理層之薪酬有關的政策及架構提供建議。

守則A.4.2之規定

根據本公司章程細則第87條之規定，董事會的主席或董事總經理將留任而無須受輪席告退，亦無須被列入每年需予告退的董事名單。

為配合守則A.4.2之規定，董事會將建議修訂本公司的章程細則，並於本公司即將召開的特別股東大會或股東週年大會(以較早者為準)上提呈，由股東審議批准。

守則B.1之規定

本公司尚未成立薪酬委員會，目前正研擬相關辦法與程序。

僱員資料

於二零零五年六月三十日，本集團僱有2,689名僱員，其中2,294名駐於越南、380名駐於中國、14名駐於台灣以及1名駐於香港。

僱員之薪酬乃按工作表現、專業資歷及普遍行業慣例釐定。管理層會定期檢討本集團僱員之薪酬政策及待遇。除退休金外，本集團按照個別表現評估向若干僱員發放酌情花紅及購股權。

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SHARE DEALING

All Directors have confirmed, following specific enquiry by the Company, that they complied with the required standards set out in the Model Code for Directors' Share Dealing as set out in Appendix 10 to the Listing Rules throughout the review period.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial report for the six months ended 30 June 2005. In addition, the condensed consolidated financial statement of the Company for the six months ended 30 June 2005 have been reviewed by our auditors, Messrs. PricewaterhouseCoopers and an unaudited review report was issued. The Audit Committee comprises the three independent non-executive directors of the Company.

SHARE OPTION SCHEMES

On 13 June 2003, the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme were approved by shareholders under which the Directors of the Company may, at their discretion, offer any employee (including any executive director) of the Company or of any of its subsidiaries, options to subscribe for shares in the Company subject to the terms and conditions stipulated in the two schemes.

Options to subscribe for 29,770,000 Shares had been granted to employees on 13 June 2003 under the Pre-IPO Share Option Scheme. No further options can be, or have been, issued under the Pre-IPO Share Option Scheme from 27 June 2003, the date of listing of the Shares on the Stock Exchange.

遵守董事股份交易之標準守則

經本公司具體查詢後，所有董事已確認於整個回顧期內已遵守上市規則附錄十中載列有關董事股份交易之標準守則之規定。

審計委員會

審計委員會已會同管理層審閱本集團採納的會計原則和慣例，並已與董事討論內部監控和財務申報事宜。審計委員會已經審閱截至二零零五年六月三十日止六個月之未經審核中期財務報告。此外，本公司截至二零零五年六月三十日止六個月之簡明綜合財務報表已由我們的核數師羅兵咸永道會計師事務所審閱，而未經審核審閱報告已予發表。審計委員會之成員包括本公司三位獨立非執行董事。

購股權計劃

二零零三年六月十三日，股東已批准首次公開發售前購股權計劃及首次公開發售後購股權計劃。據此，本公司董事可酌情向本公司或其任何附屬公司之僱員(包括任何執行董事)授出購股權，根據該兩項購股權計劃之條款及條件認購本公司的股份。

二零零三年六月十三日，已根據首次公開發售前購股權計劃向僱員授出可認購29,770,000股股份之購股權。自二零零三年六月二十七日(即股份於聯交所上市之日)起，再不可或已根據首次公開發售前購股權計劃授出購股權。

Details of the share options outstanding as at 30 June 2005 which have been granted to the Directors of the Company under the Pre-IPO Share Option Scheme are as follows:

以下是根據首次公開發售前購股權計劃向本公司董事授出，而於二零零五年六月三十日尚未行使之購股權詳情：

Director/Employees 董事／僱員	Number of options 購股權數目			exercise price 行使價	date of grant 授出日期	exercise period 行使期
	balance at 1 January 2005 於二零零五年 一月一日 結餘	exercised during the period 期內行使	outstanding at 30 June 2005 於二零零五年 六月三十日 尚未行使			
Mr YANG, Tou-Hsiung 楊頭雄先生	4,500,000	-	4,500,000	HK\$0.801 0.801港元	13 June 2003 二零零三年 六月十三日	13 June 2004 to 12 June 2008 二零零四年六月十三日至 二零零八年六月十二日
Mr YANG, Chen-Wen 楊辰文先生	4,500,000	-	4,500,000	HK\$0.801 0.801港元	13 June 2003 二零零三年 六月十三日	13 June 2004 to 12 June 2008 二零零四年六月十三日至 二零零八年六月十二日
Mr YANG, Cheng 楊正先生	4,500,000	-	4,500,000	HK\$0.801 0.801港元	13 June 2003 二零零三年 六月十三日	13 June 2004 to 12 June 2008 二零零四年六月十三日至 二零零八年六月十二日
Mr YANG, Kun-Hsiang 楊坤祥先生	4,500,000	-	4,500,000	HK\$0.801 0.801港元	13 June 2003 二零零三年 六月十三日	13 June 2004 to 12 June 2008 二零零四年六月十三日至 二零零八年六月十二日
Mr LAM, Tuan 林俊先生	500,000	-	500,000	HK\$0.801 0.801港元	13 June 2003 二零零三年 六月十三日	13 June 2004 to 12 June 2008 二零零四年六月十三日至 二零零八年六月十二日
	<u>18,500,000</u>	<u>-</u>	<u>18,500,000</u>			

Condensed Consolidated Balance Sheet

簡明綜合資產負債表

As at 30 June 2005 於二零零五年六月三十日

			Unaudited 未經審核 As at 30 June 2005 於二零零五年 六月三十日	Restated 重列 As at 31 December 2004 於二零零四年 十二月三十一日
	Note 附註		US\$'000 千美元	US\$'000 千美元
Non-current assets		非流動資產		
Property, plant and equipment	4	物業、廠房及設備	212,663	213,849
Land use rights	4	土地使用權	221	225
Intangible assets	4	無形資產	18,545	6,859
Held-to-maturity investments		持有至到期之投資	3,170	–
Prepayment to a related party	16(b)	預付關連方款項	5,145	–
			239,744	220,933
Current assets		流動資產		
Inventories		存貨	55,295	45,248
Trade receivables	5	應收貿易賬款	34,455	31,104
Due from related parties	16(b)	應收關連方款項	28	53
Prepayments and other receivables		預付款項及其他應收款項	11,024	6,739
Cash and cash equivalents		現金及現金等價物	20,415	33,192
			121,217	116,336
Current liabilities		流動負債		
Trade payables	7	應付貿易賬款	13,990	11,107
Accruals and other payables		應付費用及其他應付款項	8,557	12,122
Due to related parties	16(b)	應付關連方款項	666	193
Short-term bank loans		短期銀行貸款		
–Secured	17	–有抵押	12,713	9,374
–Unsecured		–無抵押	29,434	23,523
Current portion of long-term liabilities	8	長期負債之即期部份	7,818	8,235
Taxation payable		應付稅項	437	392
			73,615	64,946
Net current assets		流動資產淨額	47,602	51,390
Total assets less current liabilities		總資產減流動負債	287,346	272,323
Non-current liabilities		非流動負債		
Long-term bank loans	8	長期銀行貸款	29,650	25,743
Deferred taxation		遞延稅項	12,127	12,059
Long term payable to a related party	16(b)	應付關連方之長期款項	12,277	–
Net assets		資產淨值	233,292	234,521
Financed by:		資金來源：		
Capital and reserves		資本和儲備		
Share capital	6	股本	15,228	15,228
Retained earnings		保留盈利		
–Proposed dividends		–擬派發股息	3,060	6,895
–Others		–其他	215,004	212,398
Shareholders' funds		股東資金	233,292	234,521

Condensed Consolidated Income Statement

簡明綜合損益表

For the six months ended 30 June 2005 截至二零零五年六月三十日止六個月

		Unaudited 未經審核		
		Six months ended 30 June 截至六月三十日止六個月		
		2005	2004	
		US\$'000	US\$'000	
		千美元	千美元	
	Note 附註			
Turnover	營業額	3	117,354	109,439
Cost of sales	銷售成本		(93,993)	(72,065)
Gross profit	毛利		23,361	37,374
Other revenues	其他收益	9	314	165
Selling and distribution expenses	銷售及分銷開支		(7,627)	(7,742)
Administrative expenses	行政開支		(8,647)	(9,813)
Net other operating income	其他經營收入淨額		1,610	64
Operating profit	經營盈利	10	9,011	20,048
Finance costs	融資成本	11	(1,844)	(810)
Profit before taxation	除稅前盈利		7,167	19,238
Taxation	稅項	12	(1,494)	(3,561)
Profit attributable to shareholders	股東應佔盈利		5,673	15,677
Dividends	股息	14	3,060	7,705
Basic earnings per share (US cents)	每股基本盈利(美仙)	13	0.37	1.04
Diluted earnings per share (US cents)	每股攤薄盈利(美仙)	13	0.37	1.02

Condensed Consolidated Cash Flow Statement

簡明綜合現金流量表

For the six months ended 30 June 2005 截至二零零五年六月三十日止六個月

		Unaudited 未經審核	
		Six months ended 30 June 截至六月三十日止六個月	
		2005	2004
		US\$'000	US\$'000
		千美元	千美元
Net cash generated from operating activities	經營業務產生的現金淨額	445	14,143
Net cash used in investing activities	投資活動動用的現金淨額	(19,060)	(2,551)
Net cash generated from/(used in) financing activities	融資活動產生/(動用)的現金淨額	5,845	(7,455)
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)/增加淨額	(12,770)	4,137
Cash and cash equivalents at 1 January	一月一日的現金及現金等價物	33,192	35,447
Effect of foreign exchange rate changes	匯率變動的影響	(7)	5
Cash and cash equivalents at 30 June	六月三十日的現金及現金等價物	20,415	39,589
Analysis of balances of cash and cash equivalents:	現金及現金等價物的結餘分析：		
Bank balances and cash	銀行結餘及現金	20,415	39,589

Condensed Consolidated Statement Of Changes In Equity

簡明綜合權益變動表

For the six months ended 30 June 2005 截至二零零五年六月三十日止六個月

		Unaudited 未經審核					
		Share capital 股本	Share premium 股份溢價	Exchange reserve 匯兌儲備	Merger reserve 合併儲備	Retained earnings 保留盈利	Total 總計
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
At 1 January 2005	二零零五年一月一日	15,228	47,358	3,628	79,994	88,313	234,521
Profit for the period	本期盈利	-	-	-	-	5,673	5,673
Dividends	股息	-	-	-	-	(6,895)	(6,895)
Exchange translation differences	匯兌差額	-	-	(7)	-	-	(7)
At 30 June 2005	二零零五年六月三十日	15,228	47,358	3,621	79,994	87,091	233,292

		Unaudited 未經審核					
		Share capital 股本	Share premium 股份溢價	Exchange reserve 匯兌儲備	Merger reserve 合併儲備	Retained earnings 保留盈利	Total 總計
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
At 1 January 2004	二零零四年一月一日	15,115	46,314	3,621	79,994	80,079	225,123
Profit for the period	本期盈利	-	-	-	-	15,677	15,677
Dividends	股息	-	-	-	-	(8,395)	(8,395)
Exchange translation differences	匯兌差額	-	-	5	-	-	5
At 30 June 2004	二零零四年六月三十日	15,115	46,314	3,626	79,994	87,361	232,410

Notes to the Condensed Consolidated Financial Information

簡明綜合財務資料附註

For the six months ended 30 June 2005 截至二零零五年六月三十日止六個月

1. Basis of preparation and accounting policies

This unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

This condensed consolidated financial information should be read in conjunction with the 2004 annual financial statements.

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 December 2004 except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRS”) which are effective for accounting periods commencing on or after 1 January 2005.

This interim financial information has been prepared in accordance with those HKFRS standards and interpretations issued and effective as at the time of preparing this information. The HKFRS standards and interpretations that will be applicable at 31 December 2005, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing this interim financial information.

The changes to the Group’s accounting policies and the effect of adopting these new policies are set out in note 2 below.

1. 編製基準及會計政策

本未經審核簡明綜合財務資料乃根據由香港會計師公會頒布之香港會計準則（「香港會計準則」）第34號「中期財務報告」編製。

本簡明綜合財務資料應與二零零四年年度財務報表一併閱讀。

本簡明綜合財務資料所採用之會計政策及計算方法，與截至二零零四年十二月三十一日止年度之年度財務報表所採用者一致，惟本集團採納新制訂／經修訂香港財務報告及香港會計準則（「新香港財務報告準則」）後，已改變其若干會計政策，新香港財務報告準則適用於二零零五年一月一日或之後開始之會計期間。

本中期財務資料之編製，乃按照編製時已頒布和適用之該等香港財務報告準則之準則及詮釋。將於二零零五年十二月三十一日適用之香港財務報告準則之準則及詮釋，包括該等按選擇性基準適用之準則及詮釋，於編製本中期財務資料時並未明確知悉。

本集團會計政策之改變和採納此等新政策之影響載列於下文附註2。

2. Changes in accounting policies

Effect of adopting new HKFRS

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 21, 23, 24, 27 and 33 did not result in substantial changes to the Group's accounting policies. In summary:

- HKASs 1, 2, 7, 8, 10, 16, 23, 27 and 33 had no material effect on the Group's policies.
- HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard.
- HKAS 24 has affected the identification of related parties and some other related-party disclosures.

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of land use rights from property, plant and equipment to operating leases. The up-front prepayments made for land use rights are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment; the impairment is expensed in the income statement. In prior years, the land use rights were accounted for at cost less accumulated depreciation and accumulated impairment.

The adoption of HKAS 32 and 39 has resulted in the following changes:

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. In prior years, they are carried at cost. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

2. 會計政策之改變

採納新香港財務報告準則之影響

採納新制訂／經修訂之香港會計準則第1, 2, 7, 8, 10, 16, 21, 23, 24, 27及33號並沒有對本集團之會計政策構成重大改變。現撮錄如下：

- 香港會計準則第1, 2, 7, 8, 10, 16, 23, 27及33號對本集團之政策並無重大影響。
- 香港會計準則第21號對本集團之政策並無重大影響。所有綜合實體之功能貨幣已根據經修訂準則之指引予以重新估值。
- 香港會計準則第24號影響關連方之識別及部份其他關連方之披露。

採納香港會計準則第17號導致來自物業、廠房及設備之土地使用權需重新分類為經營租賃之會計政策改變。土地使用權之預付款在損益表中於租賃期內按直線法列為開支，或於出現減損時，該減損於損益表中列為開支。於過去年度，土地使用權乃按成本減累積折舊及累積減損列賬。

採納香港會計準則第32及39號導致如下影響：

貿易及其他應收賬項最初按公平值確認，隨後則使用實際利率法按攤銷成本計算並扣除減損撥備。於過去年度，該等賬項乃按公平值列賬。當有客觀證據顯示，本集團未能根據應收賬項之原來期限收回所有款項，即為貿易及其他應收賬項作出減損撥備。撥備額為資產賬面值與估計未來現金流現值之差異，按實際利率折讓後之金額。撥備額於損益表中確認。

Notes to the Condensed Consolidated Financial Information (continued)

簡明綜合財務資料附註 (續)

For the six months ended 30 June 2005 截至二零零五年六月三十日止六個月

2. Changes in accounting policies (continued)

Effect of adopting new HKFRS (continued)

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings were previously carried at cost.

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31 December 2004, the provision of share options to employees did not result in an expense in the income statement. Effective on 1 January 2005, the Group expenses the cost of share options in the income statement. As a transitional provision, the cost of share options granted after 7 November 2002 and had not yet vested on 1 January 2005 was expensed retrospectively in the income statement of the respective periods.

The adoption of HKFRS 3, HKAS 36 and HKAS 38 results in a change in the accounting policy for goodwill. Until 31 December 2004, goodwill was:

- Amortised on a straight-line basis over the economic useful life; and
- Assessed for an indication of impairment at each balance sheet date.

2. 會計政策之改變 (續)

採納新香港財務報告準則之影響 (續)

借貸最初按公平值確認，並扣除已產生之交易成本。交易成本為直接與收購、發行或出售財務資產或財務負債有關之增值成本，包括支付予代理、顧問、經紀及交易商之費用及佣金，監管機關及證券交易所之收費，以及轉讓稅項和稅收。借貸隨後以攤銷成本列賬，收益（經扣除交易成本）與贖回值之間的任何差異，使用實際利率法於借貸期內在損益表中確認。於過去年度，借貸乃按公平值列賬。

採納香港財務報告準則第2號導致有關以股份作基準之支出之會計政策有所轉變。於二零零四年十二月三十一日之前，向僱員提供購股權不足以構成損益表上的開支項目。自二零零五年一月一日起，本集團有關購股權之成本於損益表中以開支列賬。根據過渡性條文，於二零零二年十一月七日之後授出而於二零零五年一月一日尚未歸屬之購股權之成本，於有關期間在損益表中追溯列為開支項目。

採納香港財務報告準則第3號、香港會計準則第36號及第38號導致有關商譽之會計政策有所轉變。於二零零四年十二月三十一日之前，商譽為：

- 於經濟使用年期按直線法攤銷；及
- 於每個結算日評估減損出現之可能性。

2. Changes in accounting policies (continued)**Effect of adopting new HKFRS (continued)**

In accordance with the provisions of HKFRS 3:

- The Group ceased amortisation of goodwill from 1 January 2005;
- Accumulated amortisation as at 31 December 2004 has been eliminated with a corresponding decrease in the cost of goodwill; and
- From the year ending 31 December 2005 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards, where applicable. All standards adopted by the Group require retrospective application other than:

- HKFRS 2-only retrospective application for all equity instruments granted after 7 November 2002 and not vested at 1 January 2005; and
- HKFRS 3-prospectively after the adoption date.

The adoption of revised HKAS 17 resulted in:

2. 會計政策之改變 (續)**採納新香港財務報告準則之影響 (續)**

根據香港財務報告準則第3號條文之規定：

- 本集團自二零零五年一月一日起，停止商譽攤銷；
- 於二零零四年十二月三十一日之累計攤銷已予對銷，並於商譽成本中作出相應扣減；及
- 自截至二零零五年十二月三十一日止年度開始，商譽減值於每年及於出現減值跡象時予以測試。

會計政策之所有改變，已根據相關準則適用之過渡條文作出。本集團採納之所有準則均要求追溯應用，惟下列者除外：

- 香港財務報告準則第2號—追溯應用僅適用於二零零二年十一月七日後授出而於二零零五年一月一日尚未歸屬之所有股本工具；以及
- 香港財務報告準則第3號—於採納日期後適用。

採納經修訂之香港會計準則第17號之結果載列如下：

		As at
	As at	31 December
	30 June	於十二月
	於六月三十日	三十一日
	2005	2004
	US\$'000	US\$'000
	千美元	千美元
Decrease in property, plant and equipment	物業、廠房及設備之減少	(221) (225)
Increase in land use rights	土地使用權之增加	221 225

Notes to the Condensed Consolidated Financial Information (continued)

簡明綜合財務資料附註 (續)

For the six months ended 30 June 2005 截至二零零五年六月三十日止六個月

2. Changes in accounting policies (continued)

Effect of adopting new HKFRS (continued)

The adoption of revised HKFRS 3 and HKAS 38 resulted in:

		As at 30 June 於六月三十日 2005 US\$'000 千美元
Increase in intangible assets	無形資產之增加	184
Increase in retained earnings	保留盈利之增加	184
		For the six months ended 30 June 截至 六月三十日止六個月 2005
Decrease in administrative expenses	行政開支之減少	(184)
Increase in earnings per share (US cents)	每股盈利(美仙)之增加	0.012
Increase in diluted earnings per share (US cents)	每股攤薄盈利(美仙) 之增加	0.012

There was no impact on opening retained earnings at 1 January 2004 from the adoption of HKAS 17 and HKFRS 2.

2. 會計政策之改變 (續)

採納新香港財務報告準則之影響 (續)

採納經修訂之香港財務報告準則第3號及香港會計準則第38號之結果載列如下：

		As at 30 June 於六月三十日 2005 US\$'000 千美元
Increase in intangible assets	無形資產之增加	184
Increase in retained earnings	保留盈利之增加	184
		For the six months ended 30 June 截至 六月三十日止六個月 2005
Decrease in administrative expenses	行政開支之減少	(184)
Increase in earnings per share (US cents)	每股盈利(美仙)之增加	0.012
Increase in diluted earnings per share (US cents)	每股攤薄盈利(美仙) 之增加	0.012

採納香港會計準則第17號及香港財務報告準則第2號對二零零四年一月一日之期初保留盈利並無影響。

3. Segment analysis

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

(a) Business segment

The Group has been operating in one single business segment, i.e. the manufacture and sale of fermentation-based food additives and biochemical products and cassava starch-based industrial products including modified starch, glucose syrup, MSG, soda and acid, and beverages.

(b) Geographical segments

In presenting information on the basis of geographical segment, revenue is based on the geographical presence of customers.

3. 分部分析

分部資料按本集團之業務及地理分類呈列。選擇業務分部資料作為主要呈報形式，原因是業務分部資料與本集團經營及財務決策有較密切關係。

(a) 業務分部

本集團專注經營單一業務，即生產及銷售各種發酵食品添加劑、生化產品及木薯澱粉工業用品，包括化工澱粉、葡萄糖糖漿、味精、梳打、酸及飲料。

(b) 地理分部

按地理分部呈列資料時，收入乃根據客戶所在地入賬。

		Six months ended 30 June	
		截至六月三十日止六個月	
		2005	2004
		US\$'000	US\$'000
		千美元	千美元
Vietnam	越南	63,909	61,142
The People's Republic of China (the "PRC")	中華人民共和國(「中國」)	16,958	11,643
Japan	日本	25,112	26,078
Taiwan	台灣	1,408	1,991
ASEAN countries (other than Vietnam)	東南亞國家聯盟(不包括越南)	6,158	4,023
Other regions	其他地區	3,809	4,562
		117,354	109,439

Notes to the Condensed Consolidated Financial Information (continued)

簡明綜合財務資料附註(續)

For the six months ended 30 June 2005 截至二零零五年六月三十日止六個月

4. Capital expenditure

4. 資本支出

		Intangible assets			Property,	Land use
		Goodwill	Trademark	Total	plant and equipment	
		商譽	商標	總額	物業、廠房及設備	土地使用權
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元	千美元
Opening net book value as at 1 January 2005	於二零零五年一月一日承前的賬面淨值	6,859	–	6,859	213,849	225
Additions	添置	–	12,089	12,089	8,545	–
Reclassification from inventories	存貨重新分類	–	–	–	3,100	–
Disposals	出售	–	–	–	(7)	–
Amortisation/ depreciation charge	攤銷/折舊費用	–	(403)	(403)	(12,824)	(4)
Closing net book value as at 30 June 2005	於二零零五年六月三十日結轉的賬面淨值	6,859	11,686	18,545	212,663	221
Opening net book value as at 1 January 2004	於二零零四年一月一日承前的賬面淨值	838	–	838	203,000	233
Additions	添置	–	–	–	2,713	–
Disposals	出售	–	–	–	(374)	–
Amortisation/ depreciation charge	攤銷/折舊費用	(54)	–	(54)	(11,713)	(4)
Closing net book value as at 30 June 2004	於二零零四年六月三十日結轉的賬面淨值	784	–	784	193,626	229
Additions	添置	6,259	–	6,259	32,010	–
Disposals	出售	–	–	–	(84)	–
Amortisation/ depreciation charge	攤銷/折舊費用	(184)	–	(184)	(11,703)	(4)
Closing net book value as at 31 December 2004	於二零零四年十二月三十一日結轉的賬面淨值	6,859	–	6,859	213,849	225

5. Trade receivables

5. 應收貿易賬款

		As at	As at
		30 June	31 December
		於六月三十日	於十二月三十一日
		2005	2004
		US\$'000	US\$'000
		千美元	千美元
Trade receivables	應收貿易賬款	31,048	27,053
Due from Vedan Enterprise Corporation ("Taiwan Vedan")	應收味丹企業股份有限公司 ("台灣味丹") 款項	1,778	2,371
Due from Shanghai Vedan Foods Company Ltd ("Shanghai Vedan Foods")	應收上海味丹食品有限公司 ("上海味丹食品") 款項	2,097	2,171
Less: provision for impairment of receivables	減: 應收賬款減值撥備	(468)	(491)
Trade receivables – net	應收貿易賬款 – 淨額	34,455	31,104

The credit terms of trade receivables range from cash on delivery to 120 days. At 30 June 2005 and 31 December 2004, the ageing analysis of the trade receivables was as follows:

應收貿易賬款之信貸期由貨到付款到120天。於二零零五年六月三十日及二零零四年十二月三十一日，應收貿易賬款之賬齡分析如下：

		As at	As at
		30 June	31 December
		於六月三十日	於十二月三十一日
		2005	2004
		US\$'000	US\$'000
		千美元	千美元
Current	即期	15,922	16,451
30 – 90 days	30至90天	15,536	10,935
91 – 180 days	91至180天	648	1,447
181 – 365 days	181至365天	440	2,271
Over 365 days	超過365天	1,909	–
		34,455	31,104

The Group's trade receivables at 30 June 2005 include a receivable of US\$10,511,000 from one customer of the Group. This receivable is aged within 90 days at 30 June 2005. Management believes that no additional credit risk beyond the amounts provided for collection losses that are inherent in the Group's trade receivables.

於二零零五年六月三十日之本集團應收貿易賬款包括應收本集團一名客戶之款項10,511,000美元。於二零零五年六月三十日此應收賬款之賬齡為90天以內。管理層相信除本集團之應收貿易賬款本身已提撥之收賬損失以外，概無其他額外信貸風險。

Notes to the Condensed Consolidated Financial Information (continued)

簡明綜合財務資料附註(續)

For the six months ended 30 June 2005 截至二零零五年六月三十日止六個月

6. Share capital

At 31 December 2004 and at 30 June 2005	於二零零四年十二月三十一日及 於二零零五年六月三十日

At 31 December 2004 and at 30 June 2005	於二零零四年十二月三十一日及 於二零零五年六月三十日

On 13 June 2003, a share option scheme and a Pre-IPO Share Option Plan were approved pursuant to a written resolution of all the shareholders of the Company.

Under the share option scheme, the board of directors may at its discretion offer options to any directors, employees, business partners or their trustees of the Group which entitle them to subscribe for shares in aggregate not exceed 10% of the shares in issue from time to time. These options have a duration of ten years from the date of grant, but shall lapse where the grantee ceases to be employed by the company or its subsidiaries. No share options were granted by the Company under the share option scheme during the period.

Under the Pre-IPO Share Option Plan, the board of directors may at its discretion offer options to any directors or employees of the Company to the Group and its subsidiaries which entitled them to subscribe for shares of the Company. On 13 June 2003, 29,770,000 share options were granted under this Plan. These options are exercisable in accordance with the terms of the Pre-IPO Share Option Plan commencing on 13 June 2004 up to 12 June 2008.

6. 股本

Authorised Ordinary shares 法定普通股	
Par value 面值	Number of shares 股份數目
US\$ 美元	US\$'000 千美元

0.01	10,000,000,000	100,000
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Issue and fully paid Ordinary shares 已發行及繳足普通股	
Par value 面值	Number of shares 股份數目
US\$ 美元	US\$'000 千美元

0.01	1,522,742,000	15,228
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二零零三年六月十三日，本公司所有股東根據書面決議案批准購股權計劃及首次公開售股前購股前計劃。

根據購股權計劃，董事會可酌情向本集團任何董事、僱員、業務夥伴或彼等的受託人授出購股權，賦予彼等權利認購合共不超過不時已發行股份10%的股份，該等購股權的有效期限自授出當日起計，為期十年，惟將於該承授人不再受僱於本公司或其附屬公司時失效。本公司在本期間並無根據購股權計劃授出任何購股權。

根據首次公開售股前購股權計劃，董事會可酌情向本集團及其附屬公司任何董事或僱員授出購股權，賦予彼等權利認購本公司股份。於二零零三年六月十三日，董事會根據計劃授出29,770,000份購股權。該等購股權自二零零四年六月十三日至二零零八年六月十二日期間可根據首次公開售股前購股權計劃的條款行使。

6. Share capital (continued)

Pre-IPO share options outstanding as at 30 June 2005 have the following terms:

		Exercise price per share 每股行使價	Number of options 購股權數目
Directors	董事	HK\$0.801	18,500,000

No share options were exercised nor cancelled during the period.

6. 股本 (續)

於二零零五年六月三十日，尚未行使之首次公開售股前購股權條款如下：

		Exercise price per share 每股行使價	Number of options 購股權數目
Directors	董事	HK\$0.801	18,500,000

期內概無行使或註銷購股權。

7. Trade payables

The ageing analysis of trade payables is as follows:

		As at 30 June 於六月三十日 2005 US\$'000 千美元	As at 31 December 於十二月三十一日 2004 US\$'000 千美元
Current	即期	11,923	8,835
30 – 90 days	30至90天	1,759	2,238
91 – 180 days	91至180天	267	–
181 – 365 days	181至365天	41	34
		13,990	11,107

7. 應付貿易賬款

應付貿易賬款的賬齡分析如下：

Notes to the Condensed Consolidated Financial Information (continued)

簡明綜合財務資料附註(續)

For the six months ended 30 June 2005 截至二零零五年六月三十日止六個月

8. Long-term bank loans

8. 長期銀行貸款

		As at 30 June 於六月三十日 2005 US\$'000 千美元	As at 31 December 於十二月 三十一日 2004 US\$'000 千美元
Long-term bank loans – secured	長期銀行貸款 – 有抵押	37,468	33,978
Current portion of long-term bank loans – secured	長期銀行貸款的即期部份 – 有抵押	(7,818)	(8,235)
		29,650	25,743

The Group's long-term bank loans were repayable as follows:

本集團的長期銀行貸款須於以下期間償還：

		As at 30 June 於六月三十日 2005 US\$'000 千美元	As at 31 December 於十二月 三十一日 2004 US\$'000 千美元
Within one year	一年內	7,818	8,235
In the second year	於第二年	9,289	8,971
In the third to fifth years	於第三至第五年	20,361	16,772
		37,468	33,978

9. Other revenues

9. 其他收益

		Six months ended 30 June 截至六月三十日止六個月	
		2005 US\$'000 千美元	2004 US\$'000 千美元
Net loss from sales of electricity	出售電力之虧損淨額	(85)	(80)
Interest income	利息收入	200	162
Sales of scrap materials	廢料銷售	199	83
Other revenues	其他收益	314	165

10. Operating profit

Operating profit is arrived at after (crediting)/charging the following:

		Six months ended 30 June 截至六月三十日止六個月	
		2005	2004
		US\$'000	US\$'000
		千美元	千美元
Crediting	計入		
Vietnam tax refund with respect to reinvestment in prior years	有關過去年度再投資的越南退稅	(1,200)	–
Charging	扣除		
Cost of inventories (included depreciation charge and staff costs)	存貨成本(包括折舊費用及員工成本)	93,993	72,065
Amortisation of trademark (included in administrative expenses)	商標攤銷(已計入行政開支)	403	–
Amortisation of goodwill (included in administrative expenses)	商譽攤銷(已計入行政開支)	–	54
Amortisation of land use rights	土地使用權攤銷	4	4
Depreciation on owned property, plant and equipment	自置物業、廠房及設備折舊	12,824	11,713
Operating leases in respect of land and buildings	有關土地及樓宇的經營租約	60	51
Loss on disposal of fixed assets	出售固定資產虧損	7	374
Net exchange losses	匯兌虧損淨額	90	195
Staff costs	僱員成本	6,632	6,242

10. 經營盈利

經營盈利已(計入)/扣除下列各項：

11. Finance costs

		Six months ended 30 June 截至六月三十日止六個月	
		2005	2004
		US\$'000	US\$'000
		千美元	千美元
Interest on bank loans and overdraft	銀行貸款及透支利息	1,656	810
Amortised cost on long-term payable to a related party	應付關連方長期款項之攤銷成本	188	–
		1,844	810

11. 融資成本

12. Taxation

Taxation charged to the consolidated income statement represents:

		Six months ended 30 June 截至六月三十日止六個月	
		2005 US\$'000 千美元	2004 US\$'000 千美元
Enterprise income tax	企業所得稅	1,426	3,068
Deferred taxation	遞延稅項	68	493
		1,494	3,561

Enterprise income tax ("EIT")

(i) Vietnam

EIT is provided on the basis of the statutory profit for financial reporting purposes, adjusted for income and expenses items which are not assessable or deductible for income tax purposes. The applicable EIT rates for the Group's operation in Vietnam range from 15% to 20%, as stipulated in the respective subsidiaries' investment licenses.

(ii) The PRC

EIT is provided on the basis of the statutory profit for financial reporting purposes, adjusted for income and expenses items which are not assessable or deductible for income tax purposes. The applicable EIT rate for the Group's operation in the PRC ranges from 15% to 27%.

(iii) Singapore/Hong Kong

No Singapore/Hong Kong profits tax has been provided as the Group had no estimated assessable profit arising in or derived from Singapore/Hong Kong during the periods.

12. 稅項

綜合損益表內的稅項包括：

		Six months ended 30 June 截至六月三十日止六個月	
		2005 US\$'000 千美元	2004 US\$'000 千美元
Enterprise income tax	企業所得稅	1,426	3,068
Deferred taxation	遞延稅項	68	493
		1,494	3,561

企業所得稅

(i) 越南

企業所得稅按財務申報的法定盈利計算，且就所得稅的毋須課稅或不可扣減的收支項目作出調整。本集團在越南的業務相關企業所得稅率介乎15%至20%之間，按附屬公司各自的投資許可證所規定。

(ii) 中國

企業所得稅按財務申報的法定盈利計算，且就所得稅的毋須課稅或不可扣減的收支項目作出調整。本集團在中國的業務相關企業所得稅率介乎15%至27%之間。

(iii) 新加坡／香港

由於本集團於本期內並無在新加坡／香港賺取或獲得估計應課稅盈利，因此並無作出新加坡／香港利得稅撥備。

13. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the number of ordinary shares in issue during the period (note 6).

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of US\$5,673,000 (2004: US\$15,677,000). The basic earnings per share for the six months ended 30 June 2005 is based on 1,522,742,000 (2004: 1,511,472,000) ordinary shares in issue during the period.

Diluted earnings per share is calculated adjusting the number of ordinary shares outstanding to assume conversion of all share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the pre-IPO share options.

The calculation of diluted earnings per share is based on the Group's profit attributable to shareholders of US\$5,673,000 (2004: US\$15,677,000). The diluted earnings per share for the six months ended 30 June 2005 is based on the number of ordinary shares of 1,530,659,231 (2004: 1,541,242,000) which is the 1,522,742,000 (2004: 1,511,472,000) ordinary shares in issues plus the number of ordinary shares deemed to be issued at no consideration as if all outstanding pre-IPO share options had been exercised.

13. 每股盈利

每股基本盈利按本公司股本持有人應佔盈利除以期內已發行普通股數目(附註6)計算。

每股基本盈利之計算以本集團股東應佔盈利5,673,000美元(二零零四年: 15,677,000美元)為基準。截至二零零五年六月三十日止六個月之每股基本盈利以期內已發行普通股1,522,742,000股(二零零四年: 1,511,472,000股)為基準。

每股攤薄盈利乃按假設兌換所有購股權而調整發行之普通股數目計算, 而股份數目之計算為根據尚未行使之購股權附有之認購權價值, 按公平值(以本公司股份之平均年度市場價格釐訂)購入之股份數量。根據上述計算出來之股份數目與假設行使首次公開售股前購股權而發行之股份數目比較。

每股攤薄盈利之計算以本集團股東應佔盈利5,673,000美元(二零零四年: 15,677,000美元)為基準。截至二零零五年六月三十日止六個月之每股攤薄盈利以普通股數目1,530,659,231股(二零零四年: 1,541,242,000股)為基準計算, 該普通股數目即已發行普通股1,522,742,000股(二零零四年: 1,511,472,000股)加上假設已行使所有尚未行使之首次公開售股前購股權而視為以零代價將予發行之普通股數目。

Notes to the Condensed Consolidated Financial Information (continued)

簡明綜合財務資料附註(續)

For the six months ended 30 June 2005 截至二零零五年六月三十日止六個月

14. Dividends

14. 股息

		Six months ended 30 June 截至六月三十日止六個月	
		2005 US\$'000 千美元	2004 US\$'000 千美元
2004 Final dividend of 0.453 US cents (2003: 0.555 US cents) per ordinary share, paid	已付二零零四年末期股息 每股普通股0.453美仙 (二零零三年：0.555美仙)	6,895	8,395
2005 Interim dividend of 0.201 US cents (2004: 0.506 US cents) per ordinary share, proposed	建議派付二零零五年中期股息 每股普通股0.201美仙 (二零零四年：0.506美仙)	3,060	7,705
		9,955	16,100

15 Commitments

15. 承擔

(a) Capital commitments

(a) 資本承擔

		As at 30 June 於 六月三十日 2005 US\$'000 千美元	As at 31 December 於 十二月三十一日 2004 US\$'000 千美元
Contracted but not provided for:	已訂約但未撥備：		
– Property, plant and equipment	– 物業、廠房及設備	5,010	2,706
– Acquisition of land use rights from Shanghai Vedan Foods (note 16(b)(ii))	– 收購上海味丹食品 的土地使用權 (附註16(b)(ii))	4,555	10,149
– Acquisition of trademarks from Tung Hai Fermentation Industrial Co Ltd (“Tung Hai”) and Taiwan Vedan (note 16(a)(iii))	– 向東海醱酵工業股份有限公司 (「東海」)及台灣味丹 收購商標 (附註16(a)(iii))	–	15,303
Authorised but not contracted for:	已批准但未訂約：		
– Property, plant and equipment	– 物業、廠房及設備	20,979	35,130

15 Commitments (continued)

(b) Lease commitments

The Group had future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases as follows:

		As at 30 June 於 六月三十日 2005 US\$'000 千美元	As at 31 December 於 十二月三十一日 2004 US\$'000 千美元
Not later than one year	第一年內	101	101
Later than one year and not later than five years	第二至第五年內	404	404
Later than five years	第五年後	2,913	2,961
		3,418	3,466

(c) Other commitments

(i) On 22 June 2005, the Group has entered into an Acquisition Agreement with Gia Lai Export Agricultural Product Foodstuff Co., Bangna Steel Works Ltd., Sin Thai Import-Export Co., Ltd. and Taiwan Vedan pursuant to which the Group will acquire 100% of the entire issued share capital of Ve-Thai Tapioca-Starch Co., Ltd ("Ve-Thai"). The Group will pay US\$3.3 million subject to the fulfilment of the conditions precedent to the Acquisition Agreement.

(ii) As at 30 June 2005, the Group has letters of credit facilities in place with banks which are irrevocable amounted to approximately US\$8.3 million (31 December 2004: US\$8.3 million). These mainly relate to commitments of a subsidiary to purchase raw materials which are fall due within 12 months.

15 承擔(續)

(b) 租約承擔

本集團根據土地及樓宇的不可撤銷經營租約而須於未來支付的最低租約承擔總額如下：

	As at 30 June 於 六月三十日 2005 US\$'000 千美元	As at 31 December 於 十二月三十一日 2004 US\$'000 千美元
Not later than one year	101	101
Later than one year and not later than five years	404	404
Later than five years	2,913	2,961
	3,418	3,466

(c) 其他承擔

(i) 於二零零五年六月二十二日，本集團與Gia Lai Export Agricultural Product Foodstuff Co.、Bangna Steel Works Ltd.、Sin Thai Import-Export Co., Ltd. 及台灣味丹訂立收購協議，據此，本集團將收購Ve-Thai Tapioca-Starch Co., Ltd. (「Ve-Thai」) 全部已發行股本之100%權益。在履行收購協議之先決條件下，本集團將支付3,300,000美元。

(ii) 於二零零五年六月三十日，本集團擁有不可撤回銀行信用證貸款總額約8,300,000美元(二零零四年十二月三十一日：8,300,000美元)。此等貸款主要與一家附屬公司購買原材料之承擔有關，並於12個月內到期。

Notes to the Condensed Consolidated Financial Information (continued)

簡明綜合財務資料附註 (續)

For the six months ended 30 June 2005 截至二零零五年六月三十日止六個月

16 Related party transactions

- (a) Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

		Six months ended 30 June 截至六月三十日止六個月	
		2005	2004
		US\$'000	US\$'000
		千美元	千美元
	Note 附註		
Sale of goods to	向下列公司銷售貨品		
– Taiwan Vedan	– 台灣味丹	4,254	4,533
– Shanghai Vedan Foods	– 上海味丹食品	–	3,464
Trademark license fee paid to Tung Hai	向東海支付商標許可費	289	926
Technological support fee paid to Taiwan Vedan and Tung Hai	向台灣味丹及東海支付技術支援費	1,292	682
Commission from Taiwan Vedan in connection with the Agency Agreement	就代理協議收取台灣味丹的佣金	57	81
Assignment of trademarks from Tung Hai and Taiwan Vedan	東海及台灣味丹的商標轉讓	12,089	–

Note:

- (i) In the opinion of the directors of the Company, sales to related parties were conducted in the ordinary course of business at prices and terms no less than those charged to and contracted with other third party customers of the Group.
- (ii) In the opinion of the directors of the Company, the transactions were carried out in the normal course of business and the fees are charged in accordance with the terms of the underlying agreements.
- (iii) On 13 June 2003, the Company entered into a trademark assignment agreement (the "Trademark Assignment Agreement") with Taiwan Vedan and Tung Hai, pursuant to which each of Taiwan Vedan and Tung Hai has agreed to assign to the Company absolutely all its entire right, title and interest in and to the trademarks registered in the name of Taiwan Vedan and Tung Hai in Vietnam, the PRC and certain ASEAN countries.

During the period, the transfer of the titles and registrations of these trademarks had been substantially completed and accordingly, these trademarks were recognised as intangible assets.

16. 關連方交易

- (a) 在本集團日常業務中與關連方進行的重大交易如下：

		Six months ended 30 June 截至六月三十日止六個月	
		2005	2004
		US\$'000	US\$'000
		千美元	千美元
	Note 附註		

Sale of goods to	向下列公司銷售貨品		
– Taiwan Vedan	– 台灣味丹	4,254	4,533
– Shanghai Vedan Foods	– 上海味丹食品	–	3,464
Trademark license fee paid to Tung Hai	向東海支付商標許可費	289	926
Technological support fee paid to Taiwan Vedan and Tung Hai	向台灣味丹及東海支付技術支援費	1,292	682
Commission from Taiwan Vedan in connection with the Agency Agreement	就代理協議收取台灣味丹的佣金	57	81
Assignment of trademarks from Tung Hai and Taiwan Vedan	東海及台灣味丹的商標轉讓	12,089	–

附註：

- (i) 本公司董事認為向關連方銷售在日常業務中進行，且價格及條款不遜於本集團與其他第三方客戶交易所支付及訂立的價格及條款。
- (ii) 本公司董事認為該等交易在日常業務中進行，並且根據相關協議的條款收費。
- (iii) 於二零零三年六月十三日，本公司與台灣味丹及東海訂立一份商標轉讓協議（「商標轉讓協議」）。據此，台灣味丹及東海各自同意向本公司轉讓彼等在越南、中國及若干東盟國家以台灣味丹及東海之名稱註冊之商標的全部權利、擁有權及權益。

期內，此等商標之擁有權轉讓和註冊手續已大致完成，此等商標因而已確認為無形資產。

16 Related party transactions (continued)

(b) Balances with related parties

As at 30 June 2005, the Group had the following significant balances with related parties:

			As at 30 June 於 六月三十日 2005 US\$'000 千美元	As at 31 December 於 十二月三十一日 2004 US\$'000 千美元
Current:	即期：			
Trade receivables from related parties (note 5):	應收關連方貿易賬款(附註5)：	(i)		
– Shanghai Vedan Foods	– 上海味丹食品		2,097	2,171
– Taiwan Vedan	– 台灣味丹		1,778	2,371
			3,875	4,542
Due from related parties	應收關連方款項	(i)		
– Bosen Trading Limited	– Bosen Trading Limited		–	10
– Taiwan Vedan	– 台灣味丹		28	43
			28	53
Due to related parties	應付關連方款項	(i)		
– Taiwan Vedan	– 台灣味丹		(467)	(29)
– Tung Hai	– 東海		(199)	(164)
			(666)	(193)
Non-current:	非即期：			
Prepayment made to Shanghai Vedan Foods for assignment of land use rights and buildings	就轉讓土地使用權及樓宇向上海味丹食品預付之款項	(ii)	5,145	–
Due to Taiwan Vedan and Tung Hai in connection with assignment of trademarks	就轉讓商標應付台灣味丹及東海之款項	(iii)	(12,277)	–

16. 關連方交易 (續)

(b) 關連方之結餘

於二零零五年六月三十日，本集團與關連方有以下重大結餘：

	As at 30 June 於 六月三十日 2005 US\$'000 千美元	As at 31 December 於 十二月三十一日 2004 US\$'000 千美元
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Current:		
Trade receivables from related parties (note 5):		
– Shanghai Vedan Foods	2,097	2,171
– Taiwan Vedan	1,778	2,371
	3,875	4,542

Due from related parties		
– Bosen Trading Limited	–	10
– Taiwan Vedan	28	43
	28	53

Due to related parties		
– Taiwan Vedan	(467)	(29)
– Tung Hai	(199)	(164)
	(666)	(193)

Non-current:		
Prepayment made to Shanghai Vedan Foods for assignment of land use rights and buildings	5,145	–

Due to Taiwan Vedan and Tung Hai in connection with assignment of trademarks	(12,277)	–
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16 Related party transactions (continued)**(b) Balances with related parties (continued)**

Note:

- (i) All current balances with related parties are unsecured, interest-free and repayable on demand except for the trade balances with Shanghai Vedan Foods and Taiwan Vedan which are repayable within their trade credit terms.
- (ii) The amount represented a prepayment made to Shanghai Vedan Foods for certain land and buildings for a total cash consideration of approximately US\$9.7 million, in connection with the Immovable Properties Acquisition Agreement dated 6 May 2004. As at 30 June 2005, the aforesaid agreement has not yet been completed.
- (iii) The amount represented payable to Taiwan Vedan and Tung Hai for assignment of certain trademarks. It is payable by seven equal annual instalments commencing in December 2006. Details of which are set out in Note 16(a)(iii).
- (iv) On 22 June 2005, the Group has entered into an Acquisition Agreement to acquire the entire equity interest in Ve-Thai, in which Vedan Taiwan has 30% equity interest. As at 30 June 2005, the acquisition has not yet completed. Refer to Note 15(c)(i) for details of the commitment.

17 Banking facilities

The Group's bank borrowings of US\$50,181,000 as at 30 June 2005 (31 December 2004: US\$43,352,000) were secured by legal charges over certain of the Group's fixed assets with net book value of approximately US\$83,985,000 (31 December 2004: US\$112,418,000).

16. 關連方交易 (續)**(b) 關連方之結餘 (續)**

附註：

- (i) 關連方的所有即期結餘均無抵押、免息及須即時償還，惟上海味丹食品及台灣味丹的貿易結餘須在彼等之信貸期內償還。
- (ii) 該金額為有關日期為二零零四年五月六日之不動產收購協議，就總現金代價為約9,700,000美元之若干土地及樓宇向上海味丹食品作出之預付款項。於二零零五年六月三十日，上述協議仍未完成。
- (iii) 該金額為就若干商標之轉讓，向台灣味丹及東海支付之款項。款項由二零零六年十二月開始分7年平均繳付。詳情載於附註16(a)(iii)。
- (iv) 於二零零五年六月二十二日，本集團訂立一份收購協議，以收購Ve-Thai全部股權，當中台灣味丹佔30%股權。於二零零五年六月三十日，該收購尚未完成。有關承擔之詳情載於附註15(c)(i)。

17. 銀行信貸

本集團於二零零五年六月三十日的銀行借貸50,181,000美元(二零零四年十二月三十一日：43,352,000美元)乃以本集團賬面淨值約83,985,000美元(二零零四年十二月三十一日：112,418,000美元)的若干固定資產作法定抵押。

Auditors' Independent Review Report

核數師的獨立審閱報告

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF VEDAN INTERNATIONAL (HOLDINGS) LIMITED

(incorporated in the Cayman Islands with limited liability)

Introduction

We have been instructed by the company to review the interim financial report set out on pages 36 to 58.

Respective responsibilities of directors and auditors

The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with HKAS 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with SAS 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2005.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 August 2005

獨立審閱報告

致味丹國際(控股)有限公司董事會

(於開曼群島註冊成立的有限公司)

引言

本所已按貴公司指示，審閱第36至58頁所載的中期財務報告。

董事及核數師各自之責任

香港聯合交易所有限公司證券上市規則規定，上市公司之中期財務報告的編制須符合香港會計師公會頒佈的香港會計準則第34號「中期財務報告」及其相關條文規定。董事須對中期財務報告負責，而該報告亦已經董事會批准。

本所之責任是根據審閱之結果，對中期財務報告出具獨立結論，並按照雙方所協定的應聘書條款僅向整體董事會報告，除此之外，本報告別無其他目的。本所不會就本報告的內容向任何其他人士負上或承擔任何責任。

已執行的審閱工作

本所已按照香港會計師公會所頒佈的核數準則第700號「審閱中期財務報告的委聘」進行審閱工作。審閱工作主要包括向集團管理層作出查詢，及對中期財務報告進行分析程序，然後根據結果評估貴公司之會計政策及呈報方式是否貫徹應用（惟已另作披露則者除外）。審閱工作並不包括監控測試及核證資產、負債及交易等審計程序。由於審閱的範圍遠較審計為小，故所提供的保證程度較審計為低。因此，本所不會對中期財務報告發表審計意見。

審閱結論

按照本所審閱的結果，但此審閱並不作為審計之一部份，本所並無發現任何須在截至二零零五年六月三十日止六個月的中期財務報告作出重大修訂之事項。

羅兵咸永道會計師事務所
執業會計師

香港，二零零五年八月三十日

Notice of Payment of Interim Dividend, 2005

派發二零零五年度中期股息之通告

INTERIM DIVIDEND AND CLOSE OF REGISTER

The Board of Directors has resolved to declare an interim dividend of 0.201 US cents (1.567 HK cents) per share for the year ending 31 December 2005.

The share register will be closed from 7 October to 13 October 2005, both days inclusive, during which period no transfer of shares will be registered. Dividend warrants will be dispatched to shareholders on or about 20 October 2005. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Register, Tengis Limited on Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on 6 October 2005.

By Order of the Board

Lo Chi Man

Company Secretary

Hong Kong, 30 August 2005

中期股息及截止過戶

董事會議決宣派截至二零零五年十二月三十一日止年度每股0.201美仙(1.567港仙)之中期股息。

股份過戶登記處將於二零零五年十月七日至二零零五年十月十三日(首尾兩天包括在內)暫停辦理過戶登記手續。股息單將於二零零五年十月二十日或稍後寄予股東。為確保獲派中期股息,所有填妥的過戶表格連同有關股票須於二零零五年十月六日下午四時三十分前送達香港灣仔告士打道56號東亞銀行港灣中心地下,本公司之股份過戶登記處香港分處登捷時有限公司辦理過戶手續。

承董事會命

公司秘書

羅志文

香港, 二零零五年八月三十日

VEDAN INTERNATIONAL (HOLDINGS) LIMITED
味丹國際（控股）有限公司