



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

Stock Code: 2317



REACTION OF TECHNOLOGY AND TASTE

ANNUAL REPORT 2005 年報

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CORPORATE PROFILE

公司簡介



Vedan International (Holdings) Ltd. has been listed on the Main Board of the Stock Exchange of Hong Kong since 2003. The Group is the leading producer of fermentation-based amino acids, food additive products and cassava starch-based industrial products in Asia. Our products are sold to food distributors, international trading companies, and manufacturers of food, paper, textile, and chemical products in Vietnam and other ASEAN countries, the PRC, Japan, Taiwan and several European countries. Most of our products are marketed under the VEDAN brand name.

Since the 1970s, our products have been marketed in Vietnam, the PRC, and other ASEAN countries. To accelerate market expansion, the Group established Vietnam Vedan in 1991 as our major production base. Since then, the Group's production has undergone continuous expansion due to strong growing demand. The Group is currently the largest MSG producer in the Southeast Asian region, and the largest supplier of lysine and cassava starch-based industrial products in Vietnam. In 1995, Vedan acquired a factory in Xiamen to focus on developing the PRC market. In 2004, the Group further acquired the assets and MSG business of Shanghai Vedan Foods Company Limited, which will be developed into its business operations center in the PRC, signifying its determination and commitment to become a major player in the PRC market. To ensure the Group has a stable supply of starch and a strong production platform for starch related products, Vedan Vietnam acquired Ve-Thai Tapioca-Starch Co. Ltd. in November 2005. In December the same year, Shandong Vedan Snowflake Enterprise Co., Ltd. was established. Shandong Vedan Snowflake will play a crucial role in Vedan's global supply chain in the future, allowing it to meet the demand and to stabilize prices of raw materials, hence facilitate its business development strategy in China.

Leveraging on our production facilities located in Vietnam and China, steady upstream supply of raw materials, our possessing of advanced fermentation production technology and other biochemical processing technology, coupled with the experienced management team, the Group boasts strong competitiveness over its peers.

味丹國際於二零零三年在香港聯交所主板上市。本集團是亞洲區域內以醱酵技術生產氨基酸產品、食品添加劑及澱粉工業產品的領先生產製造商。味丹國際的產品銷售予越南、東協國家、中國、日本、台灣以及一些歐洲國家的食品分銷商、國際貿易公司，以及食品、紙類加工、紡織和化學產品生產商，本集團大部份產品均以「味丹」品牌銷售。

自七十年代起，我們的味精產品即銷售到越南、中國及其他東協國家。為加快開拓市場，本集團於一九九一年成立越南味丹作為主要的生產基地，之後，業務不斷發展，生產規模也持續擴大。目前，已是東南亞地區最大的味精生產廠商。在越南國內則是最大的賴氨酸和澱粉工業產品供應商。於一九九五年收購廈門茂泰廠以專注於發展中國市場。更在二零零四年收購上海味丹食品公司之資產及味精業務，作為其中國區營運中心，務求全力開發中國市場。二零零五年十一月味丹越南完成收購味泰木薯澱粉有限公司，將為本集團提供穩定之澱粉供應，並加強澱粉產品的生產基礎。同年十二月成立山東味丹雪花實業有限公司，未來，將成為味丹國際全球供應鏈中的一個重要環節，讓集團進一步穩定原材料供應量及價格，以配合其於中國的業務發展策略。

憑藉我們位於越南和中國的生產設施、上游原材料的穩定供給，所擁有高級醱酵工藝技術以及其他高級生化加工技術，加上管理層團隊所擁有的豐富經驗和知識，本集團對所從事的行業享有優勢競爭力。

CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS 董事會

Executive Directors 執行董事

Yang, Tou-Hsiung 楊頭雄

Yang, Cheng 楊正

Yang, Kun-Hsiang 楊坤祥

Yang, Chen-Wen 楊辰文

Wang, Joel J. 王肇樹

Non-executive Directors 非執行董事

Huang, Ching-Jung 黃景榮

Lam, Tuan 林俊*

Independent Non-executive Directors 獨立非執行董事

Chao, Pei-Hong 趙培宏*

Chuang, Shu-Fen 莊淑芬*

Ko, Jim-Chen 柯俊禎*

* member of Audit Committee 審核委員會成員

AUTHORISED REPRESENTATIVES 法定代表

Yang, Kun-Hsiang 楊坤祥

Wang, Joel J. 王肇樹

COMPANY SECRETARY 公司秘書

Lo, Chi-Man 羅志文

AUDITORS 核數師

PricewaterhouseCoopers

Certified Public Accountants

羅兵咸永道會計師事務所

執業會計師

22nd Floor, Prince's Building, Central, Hong Kong

香港中環太子大廈22樓

LEGAL ADVISORS 法律顧問

Deacons

的近律師行

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Central, Hong Kong

香港中環遮打道16-20號歷山大廈5樓

REGISTERED OFFICE 註冊辦事處

Century Yard, Cricket Square,

Hutchins Drive, George Town

Grand Cayman

British West Indies

PRINCIPAL PLACE OF BUSINESS 主要營業地點

Vietnam Office 越南辦事處

National Road 51, Hamlet 1A,

Phuoc Thai, Long Thanh District,

Dong Nai Province, Vietnam

越南同奈省

隆城縣福泰社

51國道旁第1A邑

Shanghai, China Office 中國上海辦事處

No. 158 CheXin Road, Songjiang Industrial Park

Shanghai, PRC

中國上海市松江工業區車新公路158號

Xiamen, China Office 中國廈門辦事處

568, North Tong Ji Road,

Tong-An District, Xiamen City,

Fujian Province, PRC

中國福建省廈門市

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信德中心西座37樓3706室

WEBSITE 網址

www.vedaninternational.com

FINANCIAL HIGHLIGHTS

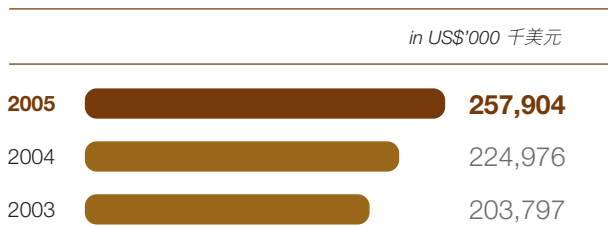
財務摘要

		2005	2004	
		US\$'000	US\$'000	Change
		千美元	千美元	增減
Turnover	營業額	257,904	224,976	14.6%
Profit from operations	經營盈利	10,240	29,887	-65.7%
Net profit	純利	7,947	24,334	-67.3%
Shareholders' funds	股東權益	236,655	234,521	+0.9%
Basic earnings per share (US cents)	每股基本盈利(美仙)	0.52	1.61	-67.7%
Diluted earnings per share (US cents)	每股攤薄盈利(美仙)	0.52	1.58	-67.1%
Interim dividend per share (US cents)	中期股息(美仙)	0.201	0.506	-60.3%
Final dividend per share (US cents)	期末股息(美仙)	0.112	0.453	-75.3%
Dividend payout ratio	派息率	60.0%	60.0%	—

Turnover 營業額

12 months ended 31 Dec 2005

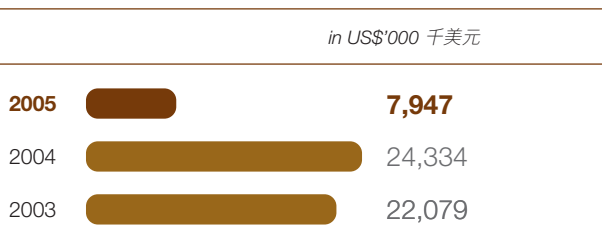
截至二〇〇五年十二月三十一日止十二個月



Net Profit 純利

12 months ended 31 Dec 2005

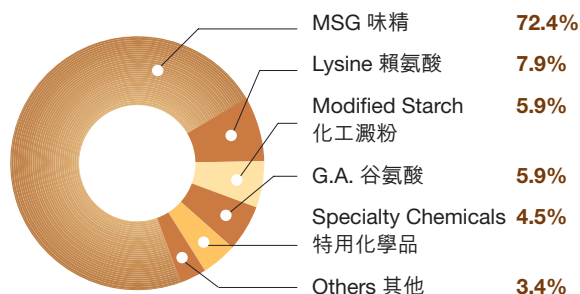
截至二〇〇五年十二月三十一日止十二個月



Turnover by Products 按產品分類之營業額

12 months ended 31 Dec 2005

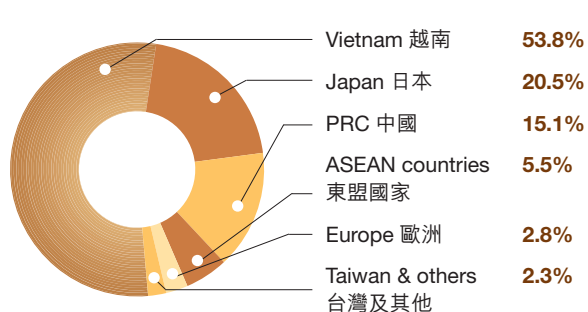
截至二〇〇五年十二月三十一日止十二個月



Turnover by Geographic Location 按地區分類之營業額

12 months ended 31 Dec 2005

截至二〇〇五年十二月三十一日止十二個月



MAJOR CORPORATE EVENTS

大事回顧

Vedan Vietnam 味丹越南

1月 January

- Award for Vietnam Quality Prize in 2004 by Dong Nai Provincial People's Committee
獲頒同奈省2004年品質獎狀
- Award for the outstanding contributions to the social activities and welfare of the employees by Dong Nai Provincial People's Committee
獲頒同奈省社會活動貢獻以及照顧員工福祉獎狀

3月 March

- Award for outstanding achievements in export in 2004 by Dong Nai Provincial People's Committee
獲頒同奈省傑出出口貢獻獎狀

4月 April

- Launched new modified starch products for use in fish paste, meat products, sauces, frozen foods and paper coating
開始陸續推出魚漿專用澱粉、肉製品專用澱粉、醬類專用澱粉、冷凍食品專用澱粉、造紙用塗佈澱粉

5月 May

- Award for important contributions for the support of Children Sponsor Fund of Dong Nai Province
獲頒同奈省兒童贊助基金貢獻獎

6月 June

- Entered into an exclusive distributorship agreement with Syngenta Seeds Ltd. of Switzerland, and Mitsui and Co., (Thailand) Ltd. for Syngenta's tropical sugar beet seeds in Vietnam
與瑞士Syngenta公司和三井公司，簽定熱帶甜菜種子越南地區獨家代理合同
- Ministry of Planning and Investment approved the construction of Phase II of the company's by-products processing factory
計劃投資部批准公司興建固化第二期廠

9月 September

- Launched new product – Vedan high value-added seasoning
新產品味丹品牌風味調味料上市

11月 November

- Completed the acquisition of Ve-Thai Tapioca-Starch Co., Ltd and change its name to Ve-Yu Enterprise Co., Ltd., added equipment to increase monthly dry starch production capacity by 1,200 tonnes
完成收購味泰公司並改名為味友公司，增加月產1,200噸乾澱粉設備
- Completed new addition of GA fermentation facilities, enhancing monthly MSG production capacity by 1,200 tonnes
完成增設味精廠生產設備，使味精月產能增加1,200噸

12月 December

- Award for outstanding contribution to humanity activities in 2005
獲頒同奈省2005年人道活動貢獻獎
- Ministry of Planning and Investment approved the company's proposal to build a 8-hectare staff dormitory outside its factory
計劃投資部批准公司興建廠外8公頃員工宿舍
- Received the HACCP food hygiene and safety accreditations for the Company's MSG, modified starch (food and industrial category) and high value-added seasonings products
味精、化工澱粉(食品 and 工業級)、風味調味料通過HACCP食品衛生安全認證

2006年1月 January

- Saigon Times Top 40 Awards in 2005 for outstanding investment performance and for important contribution to social activities
獲 Saigon Times 雜誌頒發傑出社會貢獻獎狀
- Received Golden Dragon Award for FDI in Vietnam
獲 Vietnam Economy Times雜誌頒發越南傑出外資金龍獎



Vedan Shanghai 味丹上海

4月 April

- Completed the expansion of the MSG packaging unit, increasing monthly average production capacity of MSG consumer packs from 550 tonnes to 880 tonnes
味精包裝車間擴張完成，小包裝系列味精月平均產能由550噸增加至880噸

7月 July

- Received the Shanghai Vedan property right certificate and completed all acquisition procedure
取得上海味丹企業房地產權狀，完成收購手續



- Simultaneous launch of the "Hoping" brand and the "Vedan" brand high value-added seasoning – chicken flavor
皇品及味丹品牌雞精同步上市
- Compounded modified starch products commenced operation in Shanghai
變性澱粉複配車間正式投產

Xiamen Mao Tai 廈門茂泰

7月 July

- Launched the "Hoping" brand high value-added seasoning – chicken flavor in Xiamen area
皇品雞精上市

9月 September

- Vedan's "Morewater" brand drinking water was selected as the sole official drinking water of the 17th Xiamen Sports Game
味丹「多喝水」獲選為廈門第十七屆運動會指定飲用水



12月 December

- Named a "Food Safety Guarantee Unit and Food Safety Integrity Unit" by Fujian Province in China
獲譽為福建省「食品安全保證單位及食品安全誠信宣言發起單位」的稱號

Shandong Vedan Snowflake 山東味丹 雪花

12月 December

- The establishment of Shandong Vedan Snowflake Enterprise Co., Ltd. – contract signed on 22 December and announcement made on 28 December
成立山東味丹雪花實業有限公司，於12月22日完成簽約事宜，並於12月28日公告





Long-established in Asia, Vedan International (Holdings) Limited is a premier manufacturer of fermentation-based amino acids, food additive and cassava starch-based products. Its prominent reputation has been built on the quality manufacture of MSG, a key food additive lying at the heart of the unique tastes of Asia's two billion consumers. The Group's vision of the future is simple: to expand and enrich its markets across the region while developing new products for the demand of Asian consumers.

味丹國際(控股)有限公司立足亞洲，是以醱酵生產技術生產氨基酸、食品添加物和木薯澱粉類產品的知名生產商。味丹國際的成功奠基於其生產優質的味精產品上，而此主要食品添加物在亞洲二十億消費群眾的口味中佔領了重要地位。集團未來的目標只有一個：拓展及加強亞洲市場，發展新產品，以滿足亞洲消費者的需求。

... GREAT VISION

高瞻遠矚

Armed with modern technology and sound management, we have successfully created a number of quality products to cater to the consumers' tastes and demands.

憑著現代科技設備與管理，我們成功始創多種優質產品，以迎合消費者的口味和要求。



CHAIRMAN'S STATEMENT

主席報告書

In 2005, our business recorded overall healthy growth, delivering double digit growth in turnover. Our products were in strong demands and our various business segments made substantial advances. However, our profit for the year suffered because of rising raw material costs and the drop in lysine prices.

Looking at our operation in 2005, our turnover increased by 14.6% from that of last year. The expanded capacity of MSG and modified starch facilities matched the strong market demand and turnover of these two segments rose 19.4% and 55.9% respectively as compared with last year. The Group experienced substantial growth in all of its major markets including Vietnam, the PRC, ASEAN countries, Japan and Europe. Furthermore, benefiting from expanded production capacities, the turnover of other products, such as Hydrochloric Acid and Caustic Soda, also grew 40.1% and 79.6% respectively. As for our operation in the PRC, our efforts to build a strong business channels and sales network have returned the good preliminary results. The total turnover from the PRC operations last year soared 42.1% over that of 2004. The joint venture agreement with Shangdong Xue Hua Bio-chemical Co., Ltd. last December to set up Shangdong Vedan Snowflake Enterprise Co., Ltd., in particular, represented a great step forward in our bid to expand the PRC market. The new plant will focus on manufacturing GA and MSG. The Group also made good progress in research and development, especially in the development of new products and improvement of technologies. All in all, the Group followed the planned directions and targets last year and achieved steady growth. Nonetheless, as raw material costs shot up by sharp rise in crude oil costs, the Group's production costs also increased markedly and gross profit margin was severely squeezed. As a result, the Group's profit for the year also dropped. Although we gradually raised product prices, but it could not match the rise of raw material costs in speed and magnitude. Meanwhile, as the international price of lysine continued to drop and remained weak, our overall profitability was also affected.

集團在2005年整體業務狀況保持穩健的成長，營收仍保持有兩位數之增長，主要產品之市場需求樂觀，集團各項營運的發展也有相當的進步。但是受到糖質原料價格的飆漲與賴氨酸價格持續低迷的影響，整年度的盈利水準因此受到嚴重地衝擊。

綜觀2005年集團的營業表現，營收較2004年成長14.6%，由於集團主要的味精與澱粉產品產能之擴增，配合市場需求強勁，使味精與化工澱粉去年之營業額分別較2004年成長19.4%及55.9%。而集團在越南、中國、東協、日本與歐洲等主要市場的營收也都有亮麗的成長；另外，其他產品如鹽酸與蘇打也因產能擴充使營收較前年成長40.1%及79.6%。在中國的營運上，因業務通路與行銷佈局已逐漸顯現出效益，使去年整體營業額較2004年增長42.1%。尤其集團於去年12月正式與山東雪花生物化工有限公司簽訂成立山東味丹雪花實業有限公司之合資合約，藉以增加麩酸/味精之產能，使集團在中國的拓展又邁出一步。而在新產品研發與技術改良方面也有多項的突破和良好之進展。所以整體而言，集團在去年的營運，均按既定之方向與計劃進行，並獲得穩定的成長。唯2005年糖質原料之價格隨石油價格在短時間飛漲超過一倍以上，使得生產成本急劇上升，造成毛利嚴重壓縮；全年的獲利也隨之銳減，雖然集團已逐步拉升產品售價，但仍不及原料價格上漲的速度與幅度；同時，賴氨酸價格受到國際價格仍處低迷之影響，使賴氨酸售價不振，侵蝕原有之利潤，而影響獲利之水準。





The management adopted a series of measures to mitigate these challenges. The Group started to adjust upward the products selling prices continuously from the second half of 2005 to stabilize the Group's profit margin. To address the tight supply of carbohydrates, we have started trial cultivating tropical sugar beet in Vietnam with the aim of creating new carbohydrate sources. We also planned to develop other carbohydrate substitutes. In addition, the acquisition of Veyu Starch Factory in Gia Lai Province in November 2005 and the planned new addition of the starch factory in Ha Tinh province both in Vietnam will further ease the tight supply of carbohydrate. The management believes these measures will allow the Group to secure carbohydrates supply at a reduced cost and thus improve its profitability.

OUTLOOK FOR 2006

In 2006, the Group will strive to control production and operating costs, achieve a balance between product prices and costs, and secure alternative supply of raw materials at competitive prices. It will also seek to fully take the advantage of its production capacities for MSG and modified starch to maximize cost effectiveness and strengthen its major markets, including Vietnam, The PRC, ASEAN countries, Japan and Europe, for these core products.

面對此等經營挑戰，管理層亦採取相對的因應對策。從去年下半年度開始，集團持續調高產品售價以使毛利回穩；同時，針對糖源之供應，集團目前開始於越南地區試種植熱帶甜菜，以期增加糖質原料來源，並計劃開發其他替代糖源。另外，2005年11月併購越南中部嘉萊省的味友澱粉廠與2006年將於中北部河靜省建設澱粉廠的計劃，都對集團使用的糖質原料有更進一步的助益。管理層相信此等措施將對解決目前所面對的糖源短缺與獲利回穩有實質之助益。

展望2006年

集團在2006年仍將致力於生產與營運成本的控制、產品售價與成本的平衡及掌握低成本原料之來源。同時也將發揮味精與化工澱粉產品之產能及效益，穩固此等核心產品於越南、中國、東協、日本與歐洲等主要市場之精耕。

In addition, the Group will continue to step up business expansion in the PRC market. Besides continuing to build the business framework for and deepen penetration of markets for our Shanghai and Xiamen MSG business, our Shanghai factory will start its value-added seasonings and modified starch production this year to bring in higher revenue. Our newly-established Shandong Vedan Snowflake Enterprise Co., Ltd. is also expected to start bringing in concrete contribution in terms of raw material supply and profit. Through acquisitions and forging strategic alliances, the Group will increase sourcing of materials and speed up consolidation of business operations in China. We believe that through this consolidation step and through the expansion of the strategic alliances, Vedan International will gain an increasingly strong grip on the China market and deliver better performance.

Construction of our new factory for producing the new product Poly Glutamic Acid ("PGA") will be completed in the second quarter this year. We are fully confident of the prospects of this new product and expect it to deliver good return to the Group in the near future. Currently, on top of the efforts of our own R&D team, we are negotiating certain projects relating to product development or production technology with some international bio-chemical companies holding advanced technical know-how. Our aims are to advance our production technology and efficiency, and add to our portfolio of more high value-added products.

另外，集團今年將繼續加強中國市場業務的推展，除上海廠與廈門廠之味精業務在當地更進一步深耕與佈局外，今年上海廠也將投入風味調味料與化工澱粉之業務，以增添更高的營業成果；而新成立之山東味丹雪花廠，預計在今年對原料的供應與獲利也將有實質的貢獻。集團將持續以併購或策略聯盟的方式，加速進行在中國市場之原料採購與業務通路的整合與營運。相信透過整合的力度及策略聯盟的擴張，將使味丹國際於中國的版圖不斷地堅實與茁壯，以創造更高之業績。

集團新產品聚谷氨酸建廠計劃，預計於今年第二季建廠完成，並開始生產與銷售，我們對此項新產品未來的潛力具有相當的信心，相信不久的將來，此產品會為集團獲取更高之盈利。而集團目前除本身研發團隊的全力投入外，也與數家國際性先進之生化公司，洽談開發各項產品或製程的創新技術，以期不斷提升生產技術與效率，並創造更多樣化的高附加價值產品。



Facing vigorous challenges posed by the macroeconomic environment last year, the management and staff at all levels committed their utmost efforts in trimming cost, expanding business and developing technical know-how. We also reviewed our business operating structure, materials supply and sales network. We believe, in the process of meeting these challenges, we will become stronger with sharpened competitive strengths. We are optimistic about the basic market environment and continued strong demand for the Group's products. As long as we are able to remain competitive in our core business, fully taking advantage of the production capabilities of our core products, improving control on raw material supply, expanding new products business and consolidating our market channels in PRC, we expect our operational performance will improve steadily in 2006. Supported by our solid foundation and innovation, we are confident that we can triumph over uncertainties in the market and achieve better performance results.

By order of the Board

Yang, Tou-Hsiung
Chairman

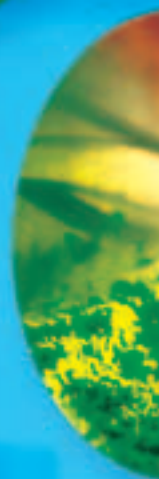
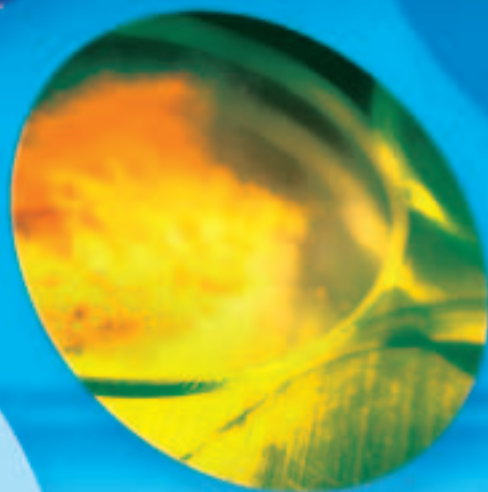
Hong Kong, 22 March, 2006

集團在去年面對因總體環境所衍生之嚴峻挑戰，集團經營層與各級同仁莫不戰戰兢兢針對成本的節省，業務的推展與技術的開發付出最大的努力，進而對整個企業經營結構，原料掌握與行銷通路進行更深層的檢討，我們相信也藉此挑戰將使得集團整個經營體質鍛鍊得更穩健、更具競爭力。我們也認為當前市場的基本面與需求仍相當樂觀，只要我們固守具競爭力的核心產業，我們也預期在2006年，透過主力產品產能的發揮，原料的掌握，新產品業務的引進與中國市場通路的整合，相信將使經營績效再逐漸攀升。所以，縱使在市場上仍存在些許總體環境的變數，但我們相信以味丹國際穩固的基礎及創新的精神，將會突破現有局勢再創良好營運佳績。

承董事會命

主席
楊頭雄

香港，二零零六年三月二十二日





STANDING OUT IN A SPECIALIZED INDUSTRY

投注於專門產業中的佼佼者

As a successful long-term player in a market with significant entry barriers, Vedan International has distinct competitive advantages that add real value to its products. With advanced expertise in large-scale fermentation technology, starch processing conversion technology and chemical and electro-chemical technology, Vedan International is developing new products which represent the latest breakthroughs in industrial science and look set to be major profit drivers in the future.

味丹國際所從事的產業入行屏障高，而集團能長期屹立其中，是因為本身獨特的競爭優勢能附加真正的價值於產品中。擁有大規模之醱酵、澱粉加工轉換、化學和電解化學等先進技術，味丹國際能不斷發展突破產業科學的新產品，為未來盈利創造強勁的動力。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

BUSINESS OVERVIEW

The Group's turnover has been growing consistently since 2002 and 2005 was no exception. Total turnover of the Group increased to US\$257,904,000, approximately 14.6% higher than in the same period last year. Turnover from the Vietnam operations grew by approximately 11.1% to US\$221,620,000, and turnover from the China operations (Xiamen Mao Tai and Shanghai Vedan) surged a remarkable 42.1% to US\$36,284,000. Our notable turnover growth had forceful drives – the expanded production capacities of our MSG and modified starch facilities in Vietnam and the completion of the Shanghai Vedan Foods acquisition. As for individual products, MSG, GA and modified starch products delivered growth of 19.4%, 59.5% and 55.9% respectively.

However, affected by rising raw material costs, including that of molasses, cassava and liquid ammonia and the continuous price slip of lysine, which started in the second half of 2004, the Group's profit shrunk in 2005. With raw materials costs persistently high and lysine price suppressed, the Group began to strategically reduce lysine production in the second half of the year and increase GA output. Turnover of our lysine business thus decreased by approximately 37.5%. Also to address the adverse cost situations and mitigate profit slide, the Group gradually adjusted the sales price of its products starting in the middle of the year to reflect the rising costs, lifting prices substantially in the fourth quarter. It is worthy of mention though raising sales price did not affect the Group's turnover growth. Meanwhile, the contribution from hydrochloric acid and caustic soda saw substantial growth of 40.1% and 79.6% respectively after their production capacities were enlarged.

Adhering to the Group's corporate development strategy, which is to make suitable acquisitions and investment that can lead to business expansion, assure stable supply of competitive raw materials and increase the production of high value added products, the Group acquired the Ve-Thai Tapioca-Starch Co., Ltd. in Vietnam in November 2005 and formed a JV Company with Shandong Xue Hua Bio-chemical Co., Ltd. in December to produce GA and MSG. The founding of the JV company in Shandong especially is a major step forward for the Group in expanding its business in China. The Group also launched its high value-added seasoning in Vietnam in September and the market responded with great enthusiasm. The construction of the γ -PGA plant is well underway and is scheduled to complete in the second quarter of 2006. This new plant will make further contribution to the Group's operating turnover and profit.

業務總覽

本集團2005年度總營業額為257,904,000美元，延續集團自2002年起營業額持續成長的走勢，較去年同期增加約14.6%。越南區總生產營業額為221,620,000美元，較去年成長約11.1%。中國區（廈門茂泰與上海味丹）總生產營業額為36,284,000美元，較去年大幅成長約42.1%。營業額的可觀成長，主要來自越南味精、化工澱粉擴產和上海味丹企業收購完成。個別產品方面味精、谷氨酸、化工澱粉，分別成長19.4%、59.5%及55.9%。

然延續自2004年下半年開始，主要原料，如糖蜜、木薯、液氨價格高漲和賴氨酸價格依然低迷之影響，集團獲利大幅萎縮。賴氨酸因原料價格飛漲，售價低迷，集團在下半年開始策略性減產轉生產谷氨酸，故賴氨酸營收減少約37.5%。集團為因應原料價格高漲以及賴氨酸價格低迷所帶來獲利的衝擊，已於年度中逐步調整產品售價，更在第四季大幅提升售價，使部分成本反映在價格上，以減緩獲利衰退的幅度。值得注意的是集團在調高售價的情況下，並未影響營業額的成長。另外，鹽酸、蘇打因產能擴充，營收也有顯著成長，分別為40.1%及79.6%。

為貫徹本集團之企業發展策略，進行合適之併購和投資項目，以增長本集團業務和穩定具有競爭力之原料來源，並增加附加價值高之產品，本集團於2005年11月收購位於越南嘉萊省之味泰澱粉廠，12月和山東雪花生物化工股份有限公司設立聯營公司，生產谷氨酸和味精，使集團在中國的業務發展策略上，又邁進了一大步。風味調味料產品，九月份於越南順利上市並獲好評，同時，在年度內 γ -PGA建廠積極進行中，預期於2006年第二季完工，未來將為集團之營收及獲利有進一步之貢獻。



BUSINESS ANALYSIS

Sales Analysis by Market

Vietnam has been the Group's major market. It saw 10% growth last year, but the Group pushed on with its original plans to enhance production capacity to support expansion of overseas markets, the ASEAN market in particular where the Group has a favourable stand. With capacities expanded in Vietnam and newly set up Shanghai Vedan swung into operation, the Group saw the ASEAN market and the PRC market registered a notable 54.2% and 31.8% growth respectively. Relatively, the proportion of turnover contribution from the Vietnam market to the Group total dropped from 56.3% in 2004 to 53.8% in 2005. The Group is committed to achieving its set goal of consolidating the Vietnam market and strengthening the ASEAN and the PRC markets.

(1) Vietnam

During 2005, turnover from sales in this market amounted to US\$138,842,000, accounting for 53.8% share of the Group total, 9.6% higher than that in the last year. Except for the lysine business which turnover dropped, the sales of other products, in particular modified starch, caustic soda and hydrochloric acid, saw significant growth. The increase was driven mainly by the strong growth momentum of the market and the Group having secured new customers for its modified starch plant. In addition, of good and stable quality and priced reasonably, caustic soda maintained stable turnover growth. The major markets of hydrochloric acid were in Southern and Western Vietnam, which make up 80% of the entire market.

(2) The PRC

Total sales in this market for the year of 2005 amounted to US\$38,867,000, representing a 31.8% growth over last year. The encouraging performance was attributable to improvement in the supply chain and market share, as well as effective development of business in second tier cities. The Group's MSG business in the market grew 37.7% and beverage manufacturing business also increased by 115.4% in 2005.

經營分析

市場銷售分析

越南一直是集團最主要的營收市場，雖然去年亦有近10%之成長，但集團亦依原規劃擴充產能，積極拓展海外市場，特別是發揮東協市場之利基。而上海味丹也因購併效益之發酵，故，使得東協和中國市場分別顯著成長54.2%及31.8%。越南地區佔總營收比重已由2004年56.3%，下跌為53.8%。集團將以鞏固越南市場和致力提高東協及中國區市場之既定目標繼續努力。

(一) 越南市場

2005年越南市場銷售營業額為138,842,000美元，佔集團總營業額的53.8%，且較去年成長9.6%。除了賴氨酸營業額衰退之外，其餘各項產品營業額皆有成長，其中以化工澱粉、蘇打、鹽酸成長的幅度最大，主要是因為越南市場增長的動力與有效開發化工澱粉新客戶。另外，蘇打產品品質穩定，價格合理，因此業務持續穩定成長。鹽酸產品的主要市場集中在南部與西部，且在該地區市佔率高達80%。

(二) 中國市場

2005年中國市場銷售營業額為38,867,000美元(含越南味丹出口至中國市場之金額)，較去年成長31.8%。主要是因為供應鏈的改善、精耕市場的成效、以及二級城市業務的開發。中國區市場2005年味精業務成長37.7%，飲料代工業務也成長115.4%。

(3) Japan

Total turnover from sales in Japan for the year reached US\$52,778,000, representing a 7.1% growth as compared with that of last year, thanks to the expanding MSG and modified starch business in the market. Sales of modified starch grew mainly because of its high quality and new applications and also the Group having secured the largest modified starch customer yet in Japan, quickly making inroads in the country's food industry.

(4) ASEAN countries

The ASEAN market recorded a turnover from sales of US\$14,119,000, representing an increase of 54.2% as compared with that in 2004.

(5) European and other markets

Turnover from sales in the European market increased 39.5% to US\$7,438,000. Other markets also recorded growth of 15.4%.

Comparison of sales in major markets during the period as follows:

(三) 日本市場

2005年日本市場銷售營業額為52,778,000美元，與去年比較亦成長7.1%。主要在於味精以及化工澱粉業務的成長，化工澱粉的銷售成長，主要是因為優良品質與新應用功能品項開發，以及成功開發了日本最大化工澱粉使用量的客戶，快速投入食品業市場。

(四) 東協市場

2005年東協市場銷售營業額為14,119,000美元，較去年成長54.2%。

(五) 歐洲及其他市場

2005年歐洲市場銷售營業額為7,438,000美元，較去年成長39.5%。其他市場亦成長15.4%。

期內各主要市場銷售比較如下表：

TABLE 1: COMPARISON OF SALES IN VARIOUS REGIONS

表一：各地區銷售的比較

Unit: US\$'000 單位：千美元

		2004		2005		Change 增 / 減 %
Vietnam	越南	126,712	56.3%	138,842	53.8%	9.6%
The PRC	中國	29,490	13.1%	38,867	15.1%	31.8%
Japan	日本	49,288	21.9%	52,778	20.5%	7.1%
Taiwan	台灣	2,826	1.2%	3,353	1.3%	18.6%
ASEAN	東協	9,158	4.1%	14,119	5.5%	54.2%
Europe	歐洲	5,330	2.4%	7,438	2.8%	39.5%
Others	其他	2,172	1.0%	2,507	1.0%	15.4%
Total	總計	224,976	100.0%	257,904	100.0%	14.6%



Sales Analysis by Product

(1) MSG

The turnover of MSG grew by 19.4% to US\$186,611,000. However, the profits of MSG and GA were both squeezed by rising material costs in 2005. To minimize the impact of rising material costs, the Group implemented a series of measures including finding new sources of carbohydrates and adjusting the sales price of MSG. The price of MSG products sold domestically in Vietnam was adjusted mainly in the second half of the year.

(2) Lysine

The Group's turnover from lysine decreased 37.5% to US\$20,327,000, resulting from the continuous drop in the international price of lysine. The sales price of lysine dropped around 40% between the first half of 2004 and second half of 2005.

(3) Modified Starch Products

In 2005, starch business constituted mainly the extended modified starch business. Turnover of the starch business was US\$15,472,000 of which modified starch contributed approximately 99%, amounting to US\$15,327,000. The turnover of modified starch business was 55.9% higher than last year's.

(4) Specialty Chemicals

The Group expanded its caustic soda and hydrochloric acid businesses and enhanced their productivity. As a result, the turnover of specialty chemicals rose 69.3% to US\$11,578,000 in 2005.

(5) New Products

New products were launched by the Group in Vietnam and the PRC during the year. In September, the Group launched Vedan high value-added seasoning in Vietnam, attracting favourable market response. In July, The Group debuted the "Hoping" brand and the "Vedan" brand chicken essences in the PRC. The compound modified starch plant of Shanghai Vedan also commenced operation in the same month. Although, launched only in the second half of the year, the proportion of contribution of these new products in the Group's total turnover was low, the Group has high hope that they will grow and become new revenue streams in the future.

產品銷售分析

(一) 味精

味精營業額為186,611,000美元，較去年成長19.4%。但2005年受到原料價格上漲的影響，味精及谷氨酸毛利皆下滑，集團為因應成本高漲所帶來的影響，除了積極開發新的糖源，更積極調整味精的銷售價格。2005年越南內銷味精產品調價主要集中在下半年。

(二) 賴氨酸

本年度賴氨酸營業額為20,327,000美元，較去年衰退37.5%。主要仍受到國際賴氨酸價格持續低靡的影響，2005年下半年平均銷售價格與2004年上半年比較下跌約40%。

(三) 化工澱粉業務

2005年澱粉業務主要為化工澱粉的業務擴展，澱粉業務的營業額為15,472,000美元，其中化工澱粉佔15,327,000美元，約99%。與去年相比化工澱粉營業額成長55.9%。

(四) 特用化學品業務

2005年特用化學品營業額為11,578,000美元，較去年成長69.3%。主要在於蘇打與鹽酸產能增加以及業務拓展成功。

(五) 新產品的導入

集團今年在越南區和中國區皆有新產品的導入，越南區於九月份推出新產品風味調味料，市場反應良好。中國區亦於七月份推出皇品及味丹品牌的雞精，另外上海的化工澱粉也於七月份先以複配方式開始投產。由於新產品下半年才推出市場，因此營業額佔集團總營業額比例仍低，不過預期未來將成為集團增加獲利之來源。



TABLE 2: COMPARISON OF SALES OF VARIOUS PRODUCTS

表二：各項產品銷售額的比較

Unit: US\$'000 單位：千美元

2004				2005		Change 增 / 減 %	
MSG	味精	156,320	69.5%	186,611	72.4%	30,291	19.4%
GA	谷氨酸	9,471	4.2%	15,104	5.9%	5,633	59.5%
Lysine	賴氨酸	32,533	14.5%	20,327	7.9%	-12,206	-37.5%
Modified Starch	化工澱粉	9,830	4.4%	15,327	5.9%	5,497	55.9%
Specialty Chemicals	特用化學品	6,837	3.0%	11,578	4.5%	4,741	69.3%
Beverage	飲料	2,141	1.0%	4,613	1.8%	2,472	115.5%
Others	其他	7,844	3.4%	4,344	1.6%	-3,500	-44.6%
Total	總和	224,976	100.0%	257,904	100.0%	32,928	14.6%

Specialty chemicals include hydrochloric acid, hypochlorite and caustic soda

Others include native starch, fertilizers, feedstock additives and high value-added seasonings

特用化學品包括：鹽酸、次氯酸鹽、蘇打

其他包括：生澱粉、肥料、飼料添加物、風味調味料

OVERVIEW OF BUSINESS DEVELOPMENT IN THE PRC

Business operation of Shanghai Vedan and Xiamen Mao Tai

The Group completed the acquisition of Shanghai Vedan Foods at the end of July 2005 and changed its name to Shanghai Vedan Enterprise. The China operations (Xiamen Mao Tai and Shanghai Vedan) sales and gross profit margin increased by 42.1% and 5.8% respectively in 2005 as compared with 2004. The total MSG business grew 17%, with retail packs sold in Shanghai recorded the most significant jump of 51%. As for Xiamen Mao Tai, it saw a slight increase of 5% in its business benefiting from the sales growth of large packs to industrial clients. It was the Group's focused efforts to identify precise market segments that underscored its strong growth in the PRC market. The Group has changed its marketing emphasis – instead of selling primarily through the wholesaler market, it is actively seeking to penetrate the secondary wholesale market, and to sell through modern channels and the catering and industrial markets. A sound distribution network will serve the Group as the base for sustaining future growth.

中國區經營發展概況

上海味丹企業業務及廈門茂泰經營狀況

集團已於2005年7月底公告完成收購上海味丹食品，並改名為上海味丹企業。中國區（廈門茂泰與上海味丹）2005年銷售額較2004年成長42.1%，毛利率成長5.8%。在味精方面成長了17%，其中以上海小包裝成長51%最為亮眼。至於廈門茂泰方面則只小幅成長5%，主要來自於工業客戶大包裝的成長。中國區的增長，最重要在於市場的精耕，從過去以經銷商批發為主，進而發展為深入傳統二批、餐飲、現代通路及工業客戶，銷售網路的健全將是未來繼續成長的基礎。

In addition to promoting sales, the Group also focused on establishing a supply chain, lowering production cost and sales expenses. Furthermore, it has worked hard towards building strategic alliances with domestic GA and MSG suppliers in the past year.

In the second half of the year, the Group set up a starch business department and a compound modified starch unit in Shanghai to develop modified starch for food applications. Expanding this business segment will be the Group's development focus in 2006. Meanwhile, newly developed products such as chicken essence and high value-added seasonings were launched in the second half of 2005. They will also continue to be the Group's key development pursuits.

Establishment of the Joint Venture Company Shangdong Xue Hwa

Vedan International announced on 28 December 2005 that it had signed a joint venture agreement with Shandong Xue Hua Bio-chemical Co., Ltd. on 22 December 2005 to form the JV Company Shandong Vedan Snowflake Enterprise Co., Ltd.

The registered capital of the JV Company is US\$12,000,000 (approximately HK\$93,600,000), and the total investment cost will be US\$25,000,000 (approximately HK\$195,000,000). Vedan International holds 70% interest in the company, while Shandong Xue Hua holds the remaining 30%. The JV Company is expected to be able to produce up to 25,500 tonnes of GA and 30,000 tonnes of MSG annually at the initial stage.

Shandong Xue Hua is one of the largest GA producers in Shangdong province. Running its own corn processing plant and co-generation power plants, it boasts scale and cost advantages. As for Vedan, it is a leading producer of food additive products and cassava starch-based industrial products carrying established brand names and supported by an extensive distribution network and pioneering technological know-how. Working together, the two companies stand to reap significant synergies in production technologies and raw material sourcing, and for the Group, it is another step towards realizing its goal of localizing sourcing of raw materials.

中國區這一年來除了致力於銷售的擴張外，建立供應鏈、降低產品成本及銷售費用也是一大重點，一年來，我們已逐漸發展出與中國境內谷氨酸及味精供應商的策略聯盟關係。

另外，澱粉事業部也已於去年下半年成立，並在上海設立複配工廠，發展食品專用澱粉，此項業務的拓展，將是集團的重點工作之一。同時，新產品的開發，包括雞精、風味調味料等，也在2005年下半年推出市場，這也將是公司努力的發展重點。

成立山東雪花合資公司

2005年12月22日味丹國際與山東雪花生物化工股份有限公司，完成簽訂合作協議，成立合資企業『山東味丹雪花實業有限公司』。並於12月28日公告。

該合資企業的註冊資本額為12,000,000美元(約港幣93,600,000元)，總投資金額達25,000,000美元(約港幣195,000,000元)。股權分佈為味丹國際佔70%，山東雪花佔餘下之30%。合資企業初期預計生產谷氨酸年產量為25,500噸折成味精為30,000噸。

山東雪花生物化工為山東省境內規模最大的專業谷氨酸生產廠商之一，本身也擁有玉米加工廠和汽電共生發電廠，具有規模與成本的優勢，而味丹國際乃食物添加劑及澱粉工業產品的領先生產商，具有優良的品牌及廣泛的銷售網絡與先進的生產技術水平。兩者能在生產技術及原材料供應上互補優勢，產生綜效，同時也可貫徹集團落實於原料本地化的業務方針。



The JV Company is expected to commence operation in April 2006. It will become an integral part of Vedan International's supply chain. By guaranteeing the Group a stable source of raw materials at steady prices, it can facilitate the Group's business development in China.

MEASURES TO MITIGATE RISING RAW MATERIAL COSTS IN 2006

1. Molasses

Molasses is one of the major raw materials of the Group's core products, namely MSG, GA and lysine. In 2005, the price of molasses was about 77% higher than the price in 2004. Prompted by the persistently high oil price in 2005, many countries actively sought substitutes. This phenomenon pushed up the proportion of molasses used for making ethanol, and that in turn fueled the continuous rise in the international price of molasses. The marked surge in the price of these major raw materials compressed the gross profit margin of the Group's core products.

Reached high plateau in the fourth quarter of last year, the price of major raw materials are not expected to fluctuate too much in 2006. The Group plans to gradually increase the use of starch, depending on starch prices, to offset the impact of surge in molasses price. Our effort to develop sources of carbohydrate substitutes such as tropical sugar beet has achieved promising preliminary results. The Group will continue to expand the scale of the trial cultivation and actively evaluate other possible carbohydrate substitutes such as rice starch and corn starch.

合資企業預計於2006年4月正式營運，未來，將成為味丹國際供應鏈中的一個重要環詳，讓集團進一步穩定原材料供應量及價格，以配合中國的業務發展策略。

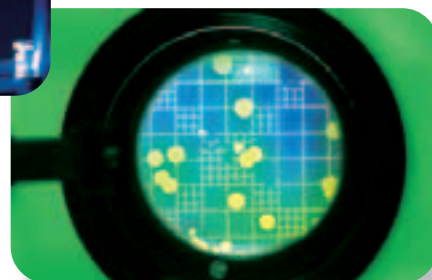
2006年主要原料價格上漲之因應措施

1. 糖蜜

糖蜜為集團主要產品，味精、谷氨酸和賴氨酸的主要原料，2005年糖蜜價格與2004年相比，增加了約77%。2005年伴隨著持續不降的高油價趨勢，許多國家都積極地尋找其他可替代的燃料，使得糖源轉作酒精的比例提高，這種情況連帶影響到國際糖價的持續上漲。這些主要原料價格的大幅上漲，也造成集團核心產品的毛利率衰退。

而這些主要原料的價格，自去年第四季以來，已維持於高價位之水準，預估2006年應不至於有太高之漲幅，且公司將視各類澱粉之價格，逐步增加使用澱粉之比率，以減少糖蜜價格飆漲之衝擊，同時積極開發替代糖源，例如，熱帶甜菜，目前已獲初步之成果，公司將持續擴大試種面積。其他例如米糖漿，玉米糖漿等方案，也正積極展開評估。





2. Cassava

The price of cassava during the 2005-2006 harvest season was more or less the same as last year, but the Group produced more cassava this year. The strong cassava harvest in Vietnam during the year and the synergy from the acquisition of Ve-Yu starch factory in Gia Lai province in Vietnam enabled the Group to increase production volume of cassava as compared with last year. The boosted production capacity will be beneficial to the development of the Group's modified starch business, and the increased starch output can be partly converted into sugar solution to serve as raw material for fermentation. In addition, the initial construction of the planned new starch factory in Ha Tinh province will be completed in late 2006 or early 2007. By then, the Group will be ensured of a stable supply of cassava to complement the future development of its starch business.

2. 木薯

在2005-2006木薯產季，價格約維持去年之水準。但數量有大幅增加，主要今年越南本地木薯產量增加，且併購嘉萊省味泰澱粉廠產生效益。不僅可供應集團化工澱粉業務之發展，且可將部份轉做糖化液，作為釀酵之原料。另外，新投資案河靜廠第一期工程預計2006年底或2007年初將可完成，並投入生產，有助於集團取得更穩定之木薯來源，因應未來澱粉事業之發展。

RESEARCH AND DEVELOPMENT

Research and development efforts are crucial to the Group's long term development. Since the Group established a technology research and development centre in 2004, it has been expanding related facilities and hiring R&D talents to support its R&D activities. After more than a year's development, the Group has started to see the fruits of its efforts.

研究與開發工作的推行

研發工作乃集團長期發展很重要的一環。自2004年，技術研發中心成立後，即逐漸擴充設備，延攬研發人才投入各項研發工作。一年多來，已略具成效，具體如下：

(1) Projects completed in 2005:

- Developed about 20 new modified starch products and put in production to increase the number of modified starch products from 60 to 80. This move resulted in significant modified starch business growth.
- Completed the development of three high value-added seasonings, moved into commercial production and product launch. Market response was quite favorable.
- Developed improved bacterial strains and processes to enhance the efficiency of acid production and sugar conversion rate.
- Developed food-graded lysine production processes.

(一) 2005年已完成

- 開發出化工澱粉新品項約20種，並移交生產，使集團的化工澱粉產品項由原來的60種左右增加到80種左右，有助化工澱粉事業的業績成長。
- 開發完成三種風味調味料，並輔導生產和業務導入市場。消費者反應良好。
- 開發出釀酵生產菌株與工藝，可提高產酸效率和糖源轉化效率。
- 食品級賴氨酸的開發工作，也有具體成果。



(2) Major research and development work in the pipeline

New initiatives including finding new sources of carbohydrates, such as trial cultivation of tropical sugar beet, and processing and production of rice starch and rice protein, have returned good preliminary results. Other projects included the development of industrial fibre, research and development of new fermented industrial products, improvement of old production processes and development of new production processes, etc. These and upcoming projects, if proven successful and when fully materialize into production, will contribute significantly to the reduction of the Group's overall production costs and turnover growth.

Looking ahead, the Group will step up efforts on research and development to realize long-term operational development and achieve better performance results.

(二) 目前尚在積極進行多項重要研發工作

包括新糖源的開發，具體的是熱帶甜菜試驗種植以及米澱粉和米蛋白的加工生產，這兩項也已有初步成果。其他包括工業纖維素的開發，新發酵工業產品的研發，舊製程的改善以及新製程的研發等。這些尚在進行中的研發工作以及未來更多的新計畫，如能逐次開發完全，導入量產，對集團的整體生產成本的降低以及營業額的成長都將發揮重要的貢獻。

未來，集團會繼續加重投資研發工作的力道，以期對集團的長期營運發展，展現更大的績效。

FINANCIAL REVIEW

(1) Cash flow and financial resources

As at 31 December 2005, the Group's cash and bank savings amounted to US\$27,987,000, decreased by US\$5,205,000 from that as at the end of 2004. Our bank loans increased by US\$12,778,000 to US\$79,653,000, mainly due to the capital expenditures for the Group's acquisition, strategic alliances and production capacity expansion. As a result, current ratio of the Group was maintained at 1.58, substantially lower than the 1.79 level last year. All of our bank loans were denominated in US dollar. The cost of total bank loans during the year was 4.9%, which was higher than the 3.2% in 2004. This was mainly attributable to the several rounds of interest rate increase announced by the Federal Reserve Bank of the U.S during the year. The ratio of medium-to long-term loans and short-term loans was 37% to 63%. The Group's gearing ratio was 33.7% and net gearing ratio was 21.8%.

(2) Capital Expenditure

In 2005, the Group spent about US\$16,700,000 in the purchase of new equipment and investment in engineering in Vietnam and about US\$3,330,000 in the acquisition of Ve-Thai Tapioca-Starch Co., Ltd. The Group also invested US\$8,400,000 in the establishment of Shandong Vedan Snowflake Enterprise Co., Ltd. in the PRC, which is expected to commence operation in April 2006.

財務回顧

(一) 流動資金及財政資源

截於2005年12月31日止，本集團現金和銀行存款為27,987,000美元，比2004年底減少5,205,000美元。銀行借款為79,653,000美元，比2004年底增加12,778,000美元，主要是配合公司策略完成併購、聯營及擴產等資本支出。使得集團之流動比率為1.58，大幅低於去年底1.79之水平。銀行借款全部均為美元，年度內總借款成本為4.9%，比2004年3.2%為高，主要為美國聯邦儲備銀行於年度內數度調升利率所致。中長期與短期借款比例為37%比63%。資本負債比33.7%，淨資本負債比則為21.8%。

(二) 資本支出

2005年集團投資於越南新建設備及工程投資金額約16,700,000美元，投資收購味泰澱粉廠金額約3,330,000美元。集團於中國區投資8,400,000美元成立山東味丹雪花實業有限公司，並預計2006年4月開始投入生產。



The Group has earmarked about US\$18,800,000 as capital expenditure for 2006, which will be spent mainly on addition of a new starch factory in Ha Tinh province in Vietnam, additional equipment for PGA plant, purchasing more equipment for the MSG plants, setting up the high value added seasonings factory in Shanghai, purchasing equipment for by-product processing plant and building staff dormitory, etc.

(3) Exchange Rate

The majority of the Group's transactions are conducted in US dollar, Vietnamese Dong and RMB. The exchange rate between the Vietnamese Dong and the US dollar remained stable in 2005; the depreciation rate of Dong for the year was about 0.85%. The Group watched closely the fluctuation of the Dong and was not affected significantly by it during the year. After the announcement of the new RMB exchange rate mechanism by the People's Bank of China in July 2005, the RMB appreciated 2% against the US dollar and was allowed to fluctuate within the range of 0.6%. Besides, instead of following the US dollar closely, the exchange rate of RMB will float within a limited range taking reference of various foreign currencies. As operation in the PRC is dominated by domestic sales and the Group will forge ahead with localization of material procurement in the future, appreciation of the RMB is not expected to pose major impact on the Group. However, the Group will continue to watch closely the development of the exchange rate between the US dollar and the RMB.

(4) Dividend

The basic earnings per share for the period were 0.52 US cents. The Board recommended the payment of a total dividend of 0.313 US cents per share for the year ended 31 December 2005. Accordingly, dividend ratio for 2005 was about 60%, same as in 2003 and 2004. An interim dividend of 0.201 US cents per share was distributed and the proposed final dividend was 0.112 US cents per share, totaling US\$4,768,000.

集團預計2006年動用約18,800,000美元作為資本支出，主要用於河靜澱粉廠及PGA廠的投資、味精廠設備、上海風味調味料廠之設置、副產加工廠設備以及員工宿舍的增設等用途。

(三) 匯率

集團主要交易貨幣為美元、越盾與人民幣。2005年越盾兌美元匯率保持穩定，全年貶值幅度約0.85%。然集團仍對越盾升貶值密切注意，年內集團並未因匯率波動而受到重大影響。人民幣兌美元匯率於2005年7月中國人民銀行公佈新的人民幣匯率機制後，人民幣即對美元升值百分之二，並允許在千分之六的範圍內浮動，同時，人民幣匯率不再緊盯美元，而將參考多種外幣幣值做有限度的浮動。由於中國區的经营以內銷為主，且未來將落實原料採購本地化的策略，因此預期受到人民幣升值的影響不大，不過集團仍會密切注意美元對人民幣匯率的走勢。

(四) 股息

年度內每股基本盈利為0.52美仙，董事會擬派付股息每股0.313美仙，派息率約為60%，與2003和2004年相同。2005年中期股利已派付0.201美仙，故擬派期末股息為每股0.112美仙，派發金額為4,768,000美元。



PROSPECTS

Our major production bases and markets – China and Vietnam – have consistently boasted the fastest economic growth among other countries in the world in the past few years. Their GDP growth in 2005 was 9.9% and 8.4% respectively. Despite that global economic growth in 2006 is expected to slow down slightly, China and Vietnam are still forecasted to grow both at a robust 8%. Against this favourable backdrop, the Group expects continuous high turnover growth. As for the price of molasses and lysine, the former has shown signs of stabilizing in 2006 though it is expected to stay high at a level similar to that in 2005, and the latter is not expected to rebound soon. Heeding all the different factors and circumstances, the Group has formulated comprehensive plans to increase profit and support long-term development.

Short-term plans:

1. Continue to increase the sales price of products to offset partially higher material costs. Increase sales of MSG retail packs which have higher margin. Adopt different pricing strategies for different regions and enlarge market share in second and third tier cities. As for its modified starch business, the Group will increase the production of product items which require higher technical input but have higher profit margins, especially modified starch for food applications.
2. Adopt flexible production strategies to convert part of the lysine production lines into producing MSG products, with the aim of improving the Group's overall profitability.

展望

中國和越南為集團主要的生產基地和市場，也是連續幾年來世界各國中經濟成長最快速的國家。在2005年GDP成長分別為9.9%和8.4%，2006年經濟成長率雖可能稍有減緩，但中國及越南預期仍將達8%以上的高成長。集團營業額將亦拜強勁之經濟成長率需求持續增加，營收應可有亮麗之表現。主要原料糖蜜價格於2006年度雖然已有穩定下來之跡象，但預期依然維持於2005年之高價位，賴氨酸售價亦無回升之跡象，故公司為提升獲利及發展已作了短、中長期規劃。

短期：

1. 加大提升產品售價，以吸收部份之原料成本，味精產品部份，增加利潤較高之小包裝品項，對不同地區採不同的售價策略，並擴大二、三級城市之市場佔有率。化工澱粉則加強技術性及毛利較高之品項，尤其是全力衝刺食品用化工澱粉。
2. 採彈性生產策略，將部分賴氨酸生產線，轉為生產味精產品，以提昇整體獲利。

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|--|--|
| 3. Continue to improve fermentation technology to enhance the efficiency of productivity, and lower production costs. | 3. 持續醱酵技術提升，提高產酸率與回收率，降低製造成本。 |
| 4. The establishment of Shandong Vedan Snowflake Enterprise Co., Ltd. will help secure stable supply of GA and MSG for the Group in the PRC, and in turn aid development and increase the profitability of Shanghai Vedan and Xiamen Mao Tai. | 4. 山東味丹雪花實業公司的成立，將有助於中國區取得穩定之谷氨酸與味精來源，提高上海味丹及廈門茂泰之業務成長和獲利。 |
| 5. Further promote the high value-added seasonings business. Expand the scale of production in Vietnam and add new facilities in Shanghai Vedan to improve the performance of the food seasonings business. | 5. 持續加大風味調味料的業務推動，將於越南擴大生產規模，並於上海味丹新設生產設備，以提升食品調味料的業績。 |
| 6. Implement strict control on administrative and management expenses and reduce other unnecessary expenses; enhance operational efficiency; reduce capital expenditure and financial costs. | 6. 管銷費用嚴加控管，減少不必要之開支，提高經營效率、減少資本支出、降低財務成本。 |
| 7. Continue to seek acquisition and strategic alliances opportunities. Look for highly complementary strategic alliances and acquisition opportunities in the Southeast Asia and the PRC to expand market distribution channels and enhance brand value. | 7. 繼續尋求策略聯盟機會，在東南亞與中國區將尋求互補性強的策盟或併購，以擴大市場通路與品牌價值。 |





Middle-to long-term plans:

1. Continue to search and develop new sources of carbohydrates such as rice starch, rice protein and tropical sugar beet. The last in particular has already been shown promising preliminary results. The Group will continue to expand the scale of cultivation of tropical sugar beet in the second half of 2006 to mirror the Group's efforts in the area.
2. Expand the source of cassava starch. The acquisition of Ve-Yu starch factory in Gia Lai province in Vietnam is completed and the first phase of the construction of the planned new starch factory in Ha Tinh province is scheduled to complete in later part of 2006 or early part of 2007. These developments plus the expanded purchase of cassava in neighboring Cambodia by the existing factories in Phuoc Long province will see the costs of cassava lower and assure its stable supply for the Group.
3. Develop starch related products as another core business. After the Group established a technical research centre in the second half of 2004, both the unit price and volume of the Group's starch products increased remarkably. The Group will continue to focus on the development of the PRC, Japan and Taiwan markets in the coming years to expand its business.
4. The construction of the γ -PGA plant is scheduled to complete in the second quarter of 2006. This new plant will mark the breakthrough and advancement of the Group's many years' efforts and achievement in amino acids fermentation technology and product development. It will also help to widen the Group's product mix and add value to the products.

中長期：

1. 繼續開發多元化糖源，如米澱粉／米蛋白、熱帶甜菜，後者已有初步之成果，並將於2006年下半年擴大種植面積，逐步實現公司規劃。
2. 擴大木薯澱粉之來源，除了已完成嘉萊省味友廠之併購，河靜第一期工程亦可於2006年底或2007年初完成，再加上現有福隆廠擴大當地與柬埔寨地區之收購，將有助於木薯澱粉成本之降低和穩定來源。
3. 建立澱粉相關產品成為另一核心事業。自2004年下半年成立技術中心後，集團澱粉產品單價及數量均有顯著提昇，未來將鎖定中國、日本、東南亞及台灣地區，拓展市場。
4. γ -PGA建廠將於2006年第二季完成，是將公司在累積數十年胺基酸發酵技術及產品的突破與提昇。且在未來逐步在集團產品多元化及提升附加價值上有所助益。



Overall, we are optimistic about the basic market environment and the continued strong demand for the Group's products. As long as we are able to remain competitive in our core business, fully taking advantage of the production capabilities of our core products, improving control on raw material supply, expanding new products business and consolidating our market channels in the PRC, we expect our operational performance will continue to improve steadily in 2006. Supported by our solid foundation and innovation, we are confident that we can triumph over uncertainties in the market and create new and more exciting prospects for our operations.

EMPLOYEE COMPENSATION AND TRAINING

As at 31 December 2005, the Group had a total of 3,079 employees (2004: 2,818 employees), of whom 2,429 were employed by Vietnam Vedan, 193 employed by Orsan Complex in Vietnam, and 23 employed by Ve-Yu Starch factory in Vietnam, 252 by Xiamen Mao Tai Company and 167 by Shanghai Vedan in China, and 15 by the Taiwan Branch.

The Group's employees are remunerated in accordance with prevailing industry practices, the financial performance of the Group and the work performance of employees. Other fringe benefits such as residential insurance, medical benefits and provident fund are provided to employees to ensure both their competitiveness and loyalty. To raise work quality and management abilities of its employees, and to accelerate localization and computerization of operation policies, the Group provides job rotation, in-house training and external training courses to employees.

總體而言，我們認為市場的基本面與需求仍相當樂觀，只要我們固守具競爭力的核心產業，預期在2006年，透過主力產品產能的發揮、原料的掌握，新產品業務的逐步成長，以及中國市場通路的整合，相信將使經營績效，逐漸攀升。縱使市場上仍存在些許變數，但我們相信，以味丹國際既有的穩固基礎及創新精神將會突破現有局勢，再創營利的高峰。

僱員薪酬及培訓資料

於2005年12月31日，本集團僱有員工3,079名（二零零四年：2,818名），包括受僱於味丹越南廠2,429名、越南歐桑廠193名、越南味友澱粉廠23名、中國廈門茂泰廠252名及上海味丹廠167名，以及台灣分公司15名。

本集團一般根據行業慣例、集團業績及個別員工表現釐定僱員薪酬。其他員工福利包括住宿、保險、醫療及退休金等，以確保競爭力及員工之忠誠度。為增進員工專業素質及管理能力和落實本地化政策及加快電子化營運，本集團亦為員工提供職務輪換，並積極規劃各類內部培訓、外部培訓課程及研討會。



... HIGH QUALITY HIGH-DEMAND PRODUCTS

高品質高需求產品

At the heart of Vedan International's business success is a group of core products with widespread applications and strong brand recognition, one of the Group's most important and well-guarded assets. Its renowned "Vedan" brand MSG, for example, is considered essential throughout the food processing industries across Asia for its role in enhancing the flavours of a range of foodstuffs, and enjoys a huge and constantly growing market throughout Vietnam, the PRC, ASEAN countries, Japan and the United States.

味丹國際的成功有賴於一組應用廣泛和品牌知名度高的產品，是集團高度重視的資產之一。例如馳名的「味丹」味精，能夠加強食物的鮮味，普遍地用於各類食品調味，更在亞洲各地，被食品加工業視為不可或缺的烹調材料，而在越南、中國、東盟各國、日本以及美國等市場亦錄得強勁的銷售增長。



PROFILE OF DIRECTORS

董事簡介

EXECUTIVE DIRECTORS

Mr. YANG, Tou-Hsiung, 63, our Chairman. Mr. YANG, Tou-Hsiung graduated from Taichung Min Der Commercial Vocational High School. Mr. YANG, Tou-Hsiung has approximately 43 years' working experience in the MSG industry and is one of the founders of the Taiwan Vedan Group. Mr. YANG, Tou-Hsiung is responsible for formulating our overall corporate strategy. Mr. YANG, Tou-Hsiung is also a director of Vietnam Vedan and a director of Taiwan Vedan.

Mr. YANG, Cheng, 51, an executive Director. Mr. YANG, Cheng had approximately 30 years' working experience in the MSG industry. Mr. YANG, Cheng is responsible for formulating our business development strategy. Mr. YANG, Cheng is also a director of Vietnam Vedan and Taiwan Vedan. Mr. YANG, Cheng is also a member of Taiwan MSG Manufacturing Association. Mr. Yang holds an EMBA Degree from Xiamen University in China in 2004.

Mr. YANG, Kun-Hsiang, 48, the Chief Executive Officer of the Company. Mr. YANG, Kun-Hsiang obtained a master degree in agricultural chemistry in 1986 from Meiji University, Japan. Mr. YANG, Kun-Hsiang has 18 years' working experience in the MSG industry and has been involved in the development of the business operations of Vietnam Vedan since 1991. During the last 12 years, Mr. YANG, Kun-Hsiang was involved in the development and management of Vietnam Vedan. Mr. YANG, Kun-Hsiang is responsible for overseeing Group's operations and strategic management.

Mr. YANG, Chen-Wen, 42, an executive Director and the director of Vietnam Vedan. Mr. YANG, Chen-Wen has approximately 10 years' working experience in the MSG industry. Mr. YANG, Chen-Wen is responsible for coordinating our purchase activities. Mr. YANG, Chen-Wen obtained a bachelor degree in mechanics in 1993 from Waseda University, Japan.

Mr. WANG, Joel J., 64, the Chief Operating Officer of the Company and the President of Vietnam Vedan. Mr. WANG obtained a master degree in food science and technology from Massachusetts Institute of Technology in 1968 and a master of science degree in chemical engineering from Columbia University in 1971. Mr. WANG is responsible for managing Group's business operations. Mr. WANG has approximately 35 years' working experience. Prior to joining us in 1991, Mr. WANG worked with Taiwan Vedan where he was responsible for strategic planning and foreign trade. Mr. WANG also has approximately 13 years' experience in product and process research, production and engineering in food and pharmaceutical industry in the U.S.

執行董事

楊頭雄先生，63歲，本集團主席。楊頭雄先生畢業於台中明德高職，彼在味精行業積累約四十三年工作經驗，是台灣味丹集團創辦人之一。楊頭雄先生負責制訂集團之整體企業策略。楊頭雄先生亦是越南味丹之董事及台灣味丹之董事。

楊正先生，51歲，執行董事。楊正先生在味精行業積累約三十年工作經驗。楊正先生負責制訂本集團之發展策略。楊正先生亦是越南味丹及台灣味丹之董事。此外，楊正先生是台灣味精製造業協會成員。楊先生於二零零四年取得中國廈門大學EMBA學位。

楊坤祥先生，48歲，本公司之行政總裁。楊坤祥先生於一九八六年在日本明治大學取得農業化學碩士學位。楊坤祥先生在味精行業積累約十八年工作經驗，並自一九九一年起參與越南味丹之業務發展。在過去十二年，楊坤祥先生參與越南味丹之發展及管理。楊坤祥先生負責監督本集團之業務運作及策略管理。

楊辰文先生，42歲，本公司執行董事及越南味丹董事。楊辰文先生在味精行業積累約十年工作經驗。楊辰文先生負責統籌本集團之採購活動。楊辰文先生於一九九三年在日本早稻田大學取得機械學士學位。

王肇樹先生，64歲，本公司營運總監兼越南味丹總裁。王先生於一九六八年在美國麻省理工學院取得食品科技碩士學位，後於一九七一年在美國哥倫比亞大學取得化學工程學碩士學位。王先生負責管理本集團之業務運作。王先生積累約三十五年之工作經驗。於一九九一年加盟本集團前，王先生曾效力台灣味丹，負責策劃及外貿方面之工作。王先生在美國從事產品及加工研究、生產以及食品及製藥工程亦積累約十三年經驗。

NON-EXECUTIVE DIRECTORS

Mr. HUANG, Ching-Jung, 52, a non-executive Director. Mr. HUANG is a director of Vietnam Vedan and a vice president of Taiwan Vedan. Mr. HUANG graduated from the department of accounting and statistics of the National Taichung Commercial College, Taiwan in 1974. Mr. HUANG has approximately 28 years' experience in administration and finance.

Mr. LAM, Tuan, 37, a non-executive Director and a member of the Audit Committee. Mr. LAM is the managing director and co-head of DBS Private Equity. Prior to joining DBS Bank, Mr. LAM worked in ICG Asia Limited for approximately one year and also worked in Goldman, Sachs & Co. for approximately seven years. Mr. LAM obtained a master degree in business administration from Harvard Business School in 1995 and bachelor degrees in industrial engineering and economics from Stanford University in 1991.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAO, Pei-Hong, 44, an independent non-executive Director and a member of the Audit Committee. Mr. CHAO obtained a bachelor degree in law in 1984 and a master degree in law from Soochow University, Taiwan in 1986 and a master degree in law from the University of Houston in 1992. Mr. CHAO is an executive partner of Jurist Law Offices, a law firm in Taiwan. Mr. CHAO has approximately 14 years' experience in his practice.

Ms. CHUANG, Shu-Fen, 55, an independent non-executive Director and a member of the Audit Committee. Ms. CHUANG graduated with a bachelor degree from the Department of History of Tung Hai University. Ms. CHUANG has been working in the advertising industry for approximately 16 years. Ms. CHUANG served as the director of China Airlines in Taiwan and the vice president of advertising for Cathay Advertising before moving to her current position as the Vice Chairman of Ogilvy & Mather China, and Chairman & CEO of Ogilvy & Mather Northern China.

Mr. KO, Jim-Chen, 45, is an Independent Non-executive Director and member of the Audit Committee of the Group. Mr. Ko has been the executive partner of Weyong International & Co., Certified Public Accountants in Taiwan since 2000. He graduated with a Bachelor of Business Degree from Feng Chia University, Taiwan, and subsequently obtained a Master of Science Degree in Accounting from the University of Delaware, USA.

非執行董事

黃景榮先生，52歲，非執行董事。黃先生亦是越南味丹之董事兼台灣味丹之副總裁。黃先生在一九七四年畢業於台灣國立台中商學院之會計及統計系。黃先生在行政及財務方面累積約二十八年經驗。

林俊先生，37歲，非執行董事兼審核委員會成員。林先生為DBS Private Equity之董事總經理及副總裁。於加盟DBS Bank之前，林先生曾於ICG Asia Limited任職約一年。彼亦曾在Goldman, Sachs & Co.工作約七年。林先生於一九九五年取得哈佛商學院之工商管理碩士學位及於一九九一年取得史丹福大學工業工程及經濟學士學位。

獨立非執行董事

趙培宏先生，44歲，獨立非執行董事兼審核委員會成員。趙先生分別於一九八四年及一九八六年獲台灣東吳大學頒授法律學士及法律碩士學位，及於一九九二年獲休斯頓大學頒授法律碩士學位。趙先生是台灣一家律師事務所法學律師事務所之執行合夥人。趙先生約有十四年執業經驗。

莊淑芬女士，55歲，獨立非執行董事兼審核委員會成員。莊女士畢業於東海大學歷史系，獲頒學士學位。莊女士在廣告行業累積約十六年經驗，現任奧美中國副董事長及北中國區董事長兼首席執行官，在此之前，莊女士曾擔任台灣中華航空董事及Cathay Advertising廣告部副總裁一職。

柯俊禎先生，45歲，獨立非執行董事兼審核委員會成員。柯先生自二零零零年起為台灣註冊會計師維揚聯合會計師事務所之執行合夥人。柯先生畢業於台灣逢甲大學獲頒授商業學士學位，並於美國德拉瓦大學獲授會計學理學碩士學位。

PROFILE OF SENIOR EXECUTIVES

高級管理層簡介

SENIOR EXECUTIVES

Mr. HSIEH, Jau-Hwang, 56, our Chief Financial Officer and vice president of Vietnam Vedan. Mr. HSIEH graduated from the National Cheng Kung University, major in accounting and finance. Mr. HSIEH is responsible for the finance functions of the Group. Mr. HSIEH has approximately 28 years of finance management and banking experience. Mr. HSIEH worked for several financial institutions in Taiwan and Vietnam including International Bank of Singapore and ABN AMRO Bank. Mr. HSIEH was also a general manager of ChinFon Bank, Ho Chi Minh City Branch. Prior to joining us, Mr. HSIEH worked as the President in Gia Hen International Co., Ltd.

Mr. LIN, Chien-Pan, 57, the Vice President of Vietnam Vedan. Mr. LIN is responsible for Sales and Marketing operations. Mr. LIN is also the Vice Chairman of Orsan and is responsible for the business operations of Orsan. Mr. LIN has 28 years' experience in the MSG industry. Mr. LIN joined us in April 1999. Prior to joining us, Mr. LIN had held various senior management positions with various companies in Taiwan. Mr. LIN served as the president at Summit Co., Ltd., a company engaged in packing materials business from 1996 to 1999 and as vice president of Signesia International Co., Ltd. from 1978 to 1988.

Mr. CHEN, Ping Huei, 52, the Vice President of Vietnam Vedan. Mr. CHEN graduated from Ming-Chi Institute of Technology in 1973. Mr. CHEN is in charge of the production operations. He is also in charge of engineering department of Vietnam Vedan. Mr. CHEN has 30 years' experience in the profession of mechanical engineering.

Dr. CHEN, Hsien-Che, 57, is Vice President of Research and Development at Vietnam Vedan. He obtained a PhD in Agricultural Chemistry from the National Taiwan University in 1981. With 30 years working experience in the food industry, specializing in grain processing and starch technology. He started serving the Group as Consultant of starch product development in 1991 and was appointed Vice President of R&D in 2004.

Mr. NI, Jui-Lin, 44, the President of Xiamen Mao Tai. Mr. NI graduated from Tamsui Technical College. Mr. NI is responsible for developing and implementing marketing strategy of Xiamen Mao Tai. Mr. NI has over 10 years' sales and marketing experience. Prior to joining us, Mr. NI worked as an officer in the Asian business division of Taiwan Video and Monitor Corporation.

高級管理層

謝朝煌先生，56歲，本集團之財務總監及越南味丹之副總裁。謝先生畢業於台灣國立成功大學，主修會計及財經。謝先生負責本集團之財務事宜。謝先生於財務管理及銀行方面積累約二十八年經驗。謝先生曾於台灣及越南多家財務機構任職，包括新加坡國際銀行及ABN AMRO Bank。謝先生亦曾任慶豐商業銀行胡志明市分行總經理。於加盟本集團之前，謝先生為Gia Hen International Co., Ltd. 之總經理。

林建邦先生，57歲，越南味丹副總裁。林先生負責業務管理部。林先生亦為Orsan副主席，彼負責Orsan之業務運作。林先生在味精行業積累二十八年經驗。林先生於一九九九年四月加盟本集團。於加盟本集團前，林先生曾於多家台灣公司擔任多個高級管理層職位。林先生由一九九六年至一九九九年間擔任Summit Co., Ltd. (一間從事包裝料業務之公司) 總經理，並由一九七八年至一九八八年間出任Signesia International Co., Ltd. 副總裁一職。

陳炳輝先生，52歲，越南味丹副總裁。陳先生在一九七三年畢業於明志工業專科學校。陳先生負責生產管理部，亦負責管理越南味丹之工程部門。陳先生於機械工程專科行業內積累三十年工作經驗。

陳賢哲博士，57歲，越南味丹副總裁，負責研究開發及技術中心。陳先生於一九八一年取得國立台灣大學農化博士學位。在食品業有三十年的工作經驗，專長於穀類食品加工和澱粉技術。於一九九一起即擔任公司澱粉發展顧問，二零零四年正式任職研究開發及技術中心副總裁。

倪瑞麟先生，44歲，廈門茂泰總裁。倪先生畢業於淡水工商管理學院。倪先生負責開發及實踐廈門茂泰之市場推廣策略。倪先生於銷售及市場推廣方面積累逾十年經驗。在加盟本集團前，倪先生曾於台灣錄霸股份有限公司亞洲業務部擔任高級行政人員。

Mr. LIAO, Ruei-Hsing, 46, is the General Manager in charge of the Group's China operations. Mr. Liao holds a Master Degree in Business Administration from Taiwan Cheng-Chi University. In the past 18 years, he had held different senior executive positions in sales and management in various multinational companies such as Coca-Cola, Pepsi-Cola, Sara Lee and Bestfoods in Taiwan, the PRC, and the Philippines.

Mr. TSAI, Kun Feng, 54, is Vice President of Shanghai Vedan Enterprise, responsible for project operations. Mr. Tsai graduated from Chingshui Senior High School and joined Taiwan Vedan in 1975. He had been a sales agent of Vedan products, and subsequently joined the Group and worked in the headquarters. He has over 30 years of experience in the food industry.

Mr. YANG, Tung, 35, Vice President of Shanghai Vedan Enterprise, is responsible for the company's financial and administrative work. Mr. Yang obtained a Master Degree in Business Administration from the University of Northwest in New York, USA. Mr. Yang joined Taiwan Vedan in 1995, and had held various positions in Purchasing, Logistics and administration.

Mr. LIN, Yu, 47, Vice President of Shanghai Vedan Enterprise, is responsible for sales and marketing planning. A graduate of Taipei Jianguo Senior High School, Mr. Lin joined Taiwan Vedan in 1989 first as a sales executive, and then was promoted to sales manager. He started with Shanghai Vedan Foods in 1994, and made it to the position of Vice President in Sales in June 2004. Mr. Lin has over 22 years of sales management experience in the food industry.

Mr. LO Chi Man, 44, the company secretary of the Company. Mr. LO is a certified public accountant (practicing) in Hong Kong, holds a degree of Bachelor of Laws in the Peking University, the PRC and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

廖瑞星先生，46歲，味丹國際中國（大陸）區總經理。廖先生畢業於台灣政治大學，獲得企業管理碩士學位。過去十八年，廖先生曾歷任台灣、中國大陸和菲律賓數家大型國際企業行銷與管理高階主管，如 Coca-Cola、Pepsi-Cola、Sara Lee及 Bestfoods。

蔡崑鋒先生，54歲，上海味丹企業副總裁，負責該公司專案運作。蔡先生畢業於清水高中，一九七五年加入台灣味丹，其間曾任味丹代理商，進而任職於總公司業務單位，在食品相關業務已有逾三十年之資歷。

楊統先生，35歲，上海味丹企業副總裁，負責該公司財務及行政管理工作。楊先生畢業於美國紐約西北大學，獲得工商管理碩士學位。楊先生於一九九五年加入台灣味丹，經歷採購專員、運務處經理、總務部經理等職位。

林昱先生，47歲，上海味丹企業副總裁，負責該公司行銷企劃、銷售工作。林先生畢業於台北市建國高級中學。林先生於一九八九年加入台灣味丹，從銷售主任升至銷售襄理。一九九四年加入上海味丹食品，直至二零零四年六月，期間逐步升至行銷協理。林先生在食品製造業從事行銷管理工作逾二十二年。

羅志文先生，44歲，本公司之公司秘書。羅先生為香港執業會計師。羅先生持有中國北京大學法學士學位，並為特許公認會計師公會及香港會計師公會資深會員。

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE PRACTICE

The Group commits to maintaining and ensuring a high level of corporate governance standards and continuously reviews and improves our corporate governance and internal controls practices. Set out below are the principles of corporate governance as adopted by the Company during the reporting year.

DISTINCTIVE ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER (“CEO”)

The Chairman of the Board is responsible for leading the Board of Directors in establishing and monitoring the implementation of strategies and plans to create values for shareholders.

The CEO is responsible for managing the operation of the Group's businesses, proposing strategies to the Board and the effective implementation of the strategies and policies adopted by the Board.

THE BOARD

As of 31 December 2005, there were ten members on the Board, which are the Chairman, the CEO, three other Executive Directors, two Non-Executive Directors (“NED”) and three Independent Non-Executive Directors (“INEDs”).

The INEDs are considered by the Board to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgments. The Board considered that each of the INEDs brings his /her own relevant expertise to the Board and its deliberations.

None of the INEDs has any business or financial interests with the Group nor has any relationship with other directors and confirmed their independences to the Group.

The Board met regularly during the year and on ad hoc basis as required by business needs. The Board's primary purpose is to set and review the overall strategic development of the Group and to oversee the achievement of the plans to enhance shareholders' value. Daily operational decisions are delegated to the Executive Directors. The Board met four times during the year and the Directors' attendance is shown in the table on page 37. The NED and INEDs may take independent professional advice at the Company's expense in carrying out their functions.

企業管治常規

本集團一直致力確保企業管治標準維持於高水平，並持續檢討及改善企業管治及內部監控常規。以下為本公司於報告年度內採納的企業管治原則。

主席及行政總裁的分工

董事會主席負責領導董事會制訂及監控業務策略與計劃的推行，務求為股東締造更高的企業價值。

行政總裁負責管理集團業務運作、向董事會提呈策略方針，以及落實推行獲董事會採納的策略及政策。

董事會

於二零零五年十二月三十一日，董事會由十位成員組成，分別為主席，行政總裁、其他三位執行董事、兩位非執行董事（「非執行董事」）及三位獨立非執行董事（「獨立非執行董事」）。

董事會認為，各獨立非執行董事均為與管理層並無關係的獨立人士，其獨立判斷不會受到影響。此外，董事會認為，各獨立非執行董事均為董事會事務及其決策貢獻本身的相關經驗。

獨立非執行董事並無涉及本集團的任何業務及財務利益，且與其他董事亦並無任何關係，並已向本集團確認彼等為獨立人士。

年內，本集團定期及按業務所需不時舉行會議。董事會的主要功能為制訂及檢討本集團的整體策略發展，以及監督業務計劃成效以提升股東價值。日常營運決策乃授予執行董事。年內，董事會舉行了四次會議，而董事的出席記錄見第37頁所載表內。非執行董事及獨立非執行董事在執行彼等的職務時，可諮詢獨立專業人士的意見，費用概由本公司承擔。

The Company appointed each of the Non-Executive directors during the Annual General Meeting or by the Board for new appointment during the year. The term of each of these appointments shall be expired up to the forthcoming Annual General Meeting and can offer for re-election in the Annual General Meeting.

AUDIT COMMITTEE

The Group has established an Audit Committee with written terms of reference as suggested under the Code of Best Practice set out in Appendix 14 of the Listing Rules and adopted with reference to “A Guide for Effective Audit Committees” published by the Hong Kong Institute of Certified Public Accountants. The Audit Committee comprises Mr LAM, Tuan, a non-executive director and Mr CHAO, Pei-Hong, Ms. CHUANG, Shu-Fen and Mr KO, Jim-Chen, all independent non-executive directors. The chairman of the Audit Committee is Mr Chao, Pei-Hong. Each member brings to the Committee his valuable experience in reviewing financial statements and evaluating significant control and financial issues of the Group who among themselves possess a wealth of management experience in the accounting profession, commercial and legal sectors. During the year, the Audit Committee met 2 times.

The main duties of the Audit Committee are as follows:—

- (i) to review the half-year and annual financial statements before they are submitted to the Board for approval;
- (ii) to make recommendations to the Board on, the appointment, reappointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of that auditors;
- (iii) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (iv) to review the Company's financial controls, internal controls and risk management systems;
- (v) to review the Group's financial and accounting policies and practice;
- (vi) to review and monitor the effectiveness of the internal audit function; and
- (vii) to review the terms and conditions of connected transactions of the Group.

The Audit Committee reviewed the financial statements of the Group for the year ended 31 December 2005 prior to recommending term to the Board for approval.

非執行董事乃由本公司於股東週年大會上委任，或經由董事會於年內另行委任。該等委任各自的任期於即將舉行的股東週年大會屆滿，並可於股東週年大會上膺選連任。

審核委員會

本公司已按照當時上市規則附錄14所載的最佳應用守則及香港會計師公會刊發的「審核委員會有效運作指引」成立審核委員會並以書面釐定其職權。審核委員會成員包括非執行董事林俊先生及獨立非執行董事趙培宏先生、莊淑芬女士及柯俊禎先生。審核委員會的主席為趙培宏先生。每位成員貢獻其寶貴的經驗，審核財務報表及評估本集團重大控制及財務事宜。彼等均於會計專業、商界和法律界擁有豐富的管理經驗。年內，審核委員會舉行兩次會議。

審核委員會的主要職責如下：

- (i) 在半年及年度財務報表提呈董事會批准前審閱有關報表；
- (ii) 就委任、重新委任及撤換核數師向董事會提出建議，批准核數師的酬金及委聘條款，以及處理任何有關該核數師辭任或解聘的問題；
- (iii) 按照適用準則，檢討及監察核數師的獨立及客觀性，以及核數程序的效用；
- (iv) 檢討本公司的財務監控、內部監控及風險控制系統；
- (v) 檢討本集團的財務及會計政策與慣例；
- (vi) 檢討及監察內部審核職能的效用；及
- (vii) 審閱本集團關連交易的條款及條件。

審核委員會在提交本集團截至二零零五年十二月三十一日止年度的財務報表予董事會批准前，已審閱有關報表。

REMUNERATION COMMITTEE

The Company established a remuneration committee, in January 2006. Its terms of reference are summarized as follows:

- i) To make recommendations with respect to the remuneration of the Executive Directors and the senior management of the Company for approval by the Board;
- ii) To review the remuneration package and recommend salaries, bonuses, including the incentive awards for Directors and the senior management; and
- iii) To administer and make determinations with regard to the Company's share option scheme.

The remuneration committee annually sets out its recommendation on the remuneration package of the Executive Directors. For the financial year ended 31 December 2005, the remuneration committee has reviewed and recommended to the Board the salaries and bonuses of the Executive Directors and the senior management.

In order to attract, retain, and motivate executives and key employees serving for the Group, the Company has adopted a share option scheme in 2003. Such incentive schemes enable the eligible persons to obtain an ownership interest in the Company and thus to rewards to the participants who contribute to the success of the Group's operations.

Details of the amount of Directors emoluments are set out in note 28 to the accounts and details of the 2003 Share Option Scheme are set out in the Report of Director and note 28 to the accounts.

NOMINATION OF DIRECTORS

The Board is responsible for considering the suitability of an individual to act as a Director, and approving and terminating the appointment of a Director. The Company has not established a Nomination Committee. The Company currently does not have any plans to set up a Nomination Committee considering the small size of the Board.

The Chairman is responsible for identifying suitable candidates for member of the Board when there is a vacancy or an additional director is considered necessary. The Chairman proposes the appointment of such candidates to each member of the Board for consideration. Each member of the Board will review the qualifications of the relevant candidates for determining the suitability to the Group on the basis of his or her qualifications, experiences and background.

薪酬委員會

本公司於二零零六年一月設立薪酬委員會，其職權範圍概述如下：

- i) 就本公司執行董事及高級管理人員之薪酬提供推薦意見，以尋求董事會批准；
- ii) 審議董事及高級管理人員之薪酬組合，並就薪資、花紅包括獎勵提出建議；及
- iii) 管理及釐定本公司之購股權計劃。

薪酬委員會每年提呈其對執行董事薪酬組合之建議。於截至二零零五年十二月三十一日止財政年度，薪酬委員會已審議執行董事及高級管理層之薪酬及花紅，並向董事會提出建議。

為招攬、挽留及激勵在本集團供職之行政人員及主要僱員，本公司於二零零三年採納購股權計劃。該等激勵計劃使合資格人員可獲得本公司之所有權權益，從而對為本集團業務成功作出貢獻之參與者提供獎勵。

董事酬金款額之詳情載於賬目附註28，而二零零三年購股權計劃之詳情載於董事會報告及賬目附註28。

董事提名

董事會負責考慮個別人士是否勝任董事一職，並負責批核及終止董事委任。本公司並無成立提名委員會。鑒於董事會成員人數不多，本公司目前並無計劃成立提名委員會。

董事會主席負責物色合適人選出任董事，以填補空缺或在有需要時新增董事名額。主席會向董事會各成員建議合資格人選作考慮。董事會各成員將根據候選人的資歷、經驗及背景評估有關人士是否切合本集團的要求。

LOOKING FORWARD

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take the necessary actions to ensure the compliance with the provisions of the Code on Corporate Governance Practices introduced by the Stock Exchange.

展望

本集團將繼續適時檢討其企業管治水平，而董事會將竭力採取所需措施，以確保遵守聯交所頒佈的企業管治常規守則條文。

MEETINGS ATTENDANCE

		Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會
Number of Meetings	會議次數	(4)	(2)	(1)
Executive directors				
Yang, Tou-Hsiung (Chairman)	楊頭雄 (主席)	4	N/A	1
Yang, Cheng	楊正	3	N/A	N/A
Yang, Kun-Hsiang (CEO)	楊坤祥 (行政總裁)	4	N/A	N/A
Yang, Chen-Wen	楊辰文	4	N/A	N/A
Wang, Joel J.	王肇樹	4	N/A	N/A
Non-executive director				
Huang, Ching-Jung	黃景榮	4	N/A	N/A
Lam, Tuan	林俊	4	2	N/A
Independent non-executive directors				
Chao, Pei-Hong	趙培宏	4	2	1
Chuang, Shu-Fen	莊淑芬	4	1	1
Ko, Jim-Chen	柯俊禎	4	2	1

會議出席記錄

INDEPENDENCE INFORMATION

The Company has received, from each of the independent non-executive directors, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

獨立確認

根據上市規則第3.13條，本公司獲得各獨立非執行董事確認其獨立性。本公司認為所有獨立非執行董事均是獨立的。

COMPLIANCE WITH THE CODE OF BEST PRACTICE AND THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

In the opinion of the Directors, the Company has complied with the Code of Best Practice, as set out in the then Appendix 14 of the Listing Rules, throughout the accounting period covered by the annual report. The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices ("Corporate Governance Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the year 2005. To ensure stricter compliance with the Corporate Governance Code, relevant amendments to the Company's Bye-law, such as the provision for rotation of directors, will be proposed and approved by shareholders at the annual general meeting to be held on 9 May 2006.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company had adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 of the Listing Rules as the code for dealing in securities of the Company by the directors (the "Code"). Having made specific enquiry, the Company confirmed that all directors have complied with the required standard as set out in the Code.

AUDITORS' REMUNERATION

The Audit Committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, the Group is required to pay an aggregate of approximately US\$210,000 to the external auditors for their services including audit and non-audit services.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR ACCOUNTS

The Directors' responsibilities for the accounts and the responsibilities of the external auditors to the shareholders are set out on pages 55 and 56.

遵守上市規則的最佳應用守則及企業管治常規守則

董事認為，本公司在本年報所涉及會計期間一直遵守當時上市規則附錄14所載的最佳應用守則。本公司於二零零五年一直遵守聯交所證券上市規則（「上市規則」）附錄14所載企業管治常規守則（「企業管治守則」）所有守則條文。為確保嚴格遵守企業管治守則，本公司將於二零零六年五月九日舉行之股東週年大會建議對本公司之公司細則（例如董事輪值退任規定）作出相關修訂，並已獲股東批准。

上市發行人董事進行證券交易的標準守則

本公司已採納上市規則附錄10所載的「上市發行人董事進行證券交易的標準守則」作為董事進行本公司證券交易的標準守則（「標準守則」）。經作出特定查詢後，本公司確認所有董事已遵守標準守則所載的規定準則。

核數師薪酬

本公司審核委員會負責考慮聘請核數師及審核核數師所進行之任何非核數之職能，包括該非核數職能會否對公司帶來潛在重大不利影響。於回顧年度內，本集團需支付約共210,000美元予核數師之服務，包括核數及非核數之服務。

董事及核數師對賬目之責任

董事對賬目之責任及核數師對股東之責任載於第55及56頁。

REPORT OF THE DIRECTORS

董事會報告

The directors of the Company ("Directors") present their report and the audited accounts for the year ended 31 December, 2005.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the production of fermentation-based amino acids, food additive products and cassava starch based industrial products. Details of the principal activities of its subsidiaries are set out in Note 8 to the accounts.

There have been no significant changes in the nature of these activities during the year under review.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December, 2005 are set out in the consolidated profit and loss account on page 60.

An interim dividend of 0.201 US cents (1.567 HK cents) per share was declared and paid to the shareholders during the year under review. The directors recommend the declaration and payment of a final dividend of 0.112 US cents (0.874 HK cents) per share for the year ended 31 December, 2005. Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the final dividend will be paid in cash on or about 1 June 2006 to the shareholders whose names appear on the register of members of the Company on 16 May 2006.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in Note 14 to the accounts.

本公司董事(「董事」)謹此呈報截至二零零五年十二月三十一日止年度的董事會報告及經審核賬目。

主要業務

本公司為投資控股公司，其附屬公司主要從事以發酵技術生產氨基酸產品、食品添加劑及木薯澱粉工業產品。其附屬公司主要業務的詳情載列於賬目附註8。

該等業務於回顧年度並無重大轉變。

業績及分派

本集團截至二零零五年十二月三十一日止年度的業績載於第60頁的綜合損益賬。

於回顧年度已宣派中期股息每股0.201美仙(1.567港仙)。董事建議宣派發截至二零零五年十二月三十一日止年度末期股息每股0.112美仙(0.874港仙)。倘若在本公司應屆股東週年大會獲得股東批准，則末期股息將約於二零零六年六月一日以現金派發予二零零六年五月十六日名列本公司股東名冊之股東。

股本

本公司股本變動的詳情載於賬目附註14。

DISTRIBUTABLE RESERVES

As at 31 December, 2005, the Company's share premium reserve of approximately US\$194,098,000 (subject to the Cayman Companies Law and the article of association of the Company) and retained earnings of approximately US\$2,945,000 were available for distribution to the Company's shareholders.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December, 2005, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in Note 15 to the accounts.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the year are set out in Note 6 to the accounts.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for approximately 39% of the Group's consolidated turnover. In addition, the five largest suppliers of the Group accounted for approximately 69% of the Group's consolidated purchases for the year. Sales to the Group's largest customer and purchases from the Group's largest supplier accounted for less than 16% and 22% of the Group's consolidated sales and consolidated purchases respectively.

可供分派儲備

本公司於二零零五年十二月三十一日有股份溢價賬約194,098,000美元(須符合開曼群島公司法及本公司組織章程細則的規定)及保留盈利約2,945,000美元可供分派予本公司股東。

購買、出售或贖回證券

本公司及其附屬公司於截至二零零五年十二月三十一日止年度內概無購買、出售或贖回本公司任何股份。

儲備

本集團及本公司於本年度的儲備變動載於賬目附註15。

物業、廠房及設備

本集團物業、廠房及設備於本年度變動的詳情載於賬目附註6。

主要客戶及供應商

於本年度，本集團五大客戶佔本集團綜合營業額約39%。此外，本年度本集團五大供應商佔本集團綜合採購額約69%。本集團來自最大客戶的銷售及最大供應商的採購分別佔本集團綜合銷售及綜合採購的16%及22%以下。

DIRECTORS

The Directors during the year under review and up to the date of this report are:

Executive Directors

Yang, Tou-Hsiung
Yang, Cheng
Yang, Kun-Hsiang
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

According to Article 87(1) of the Company's articles of association, Mr Lam, Tuan, Mr Chao, Pei-Hong and Ms Chuang, Shu-Fen retire by rotation and being eligible, offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the directors and senior managements are set out on pages 30 to 33.

董事

於回顧年度及截至本報告日期在任的董事如下：

執行董事

楊頭雄
楊正
楊坤祥
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

根據本公司之組織章程細則第87(1)條，林俊先生、趙培宏先生及莊淑芬女士輪席退任，惟彼等符合資格及願意重選連任。

董事及高級管理層履歷

董事及高級管理層的簡歷詳載於第30至33頁。

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December, 2005, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

董事於股份、相關股份及債券之權益及淡倉

於二零零五年十二月三十一日，根據證券及期貨條例（「證券及期貨條例」）第352條規定所設立登記冊的記錄，董事及本公司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、相關股份及債券中擁有的權益及淡倉，或根據上市公司董事進行證券交易的標準守則須知會本公司及聯交所的權益及淡倉如下：

Name 姓名	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)	Interests in shares 於股份中之權益		Total number of shares 股份總數	Percentage of issued shares 佔已發行股份 百分比
		Number of shares in which interested under physically settled equity derivatives 透過實物結算股本 衍生工具擁有 權益之股份數目			
Mr. YANG, Tou-Hsiung 楊頭雄先生	424,325,488 (Note 1) (附註1)	4,500,000 (Note 2) (附註2)		428,825,488	28.16%
Mr. YANG, Chen-Wen 楊辰文先生	—	4,500,000 (Note 2) (附註2)		4,500,000 (Note 2) (附註2)	0.30%
Mr. YANG, Cheng 楊正先生	—	4,500,000 (Note 2) (附註2)		4,500,000	0.30%
Mr. YANG, Kun-Hsiang 楊坤祥先生	—	4,500,000 (Note 2) (附註2)		4,500,000	0.30%

Name 姓名	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)	Interests in shares 於股份中之權益		Total number of shares 股份總數	Percentage of issued shares 佔已發行股份 百分比
		Number of shares in which interested under physically settled equity derivatives 透過實物結算股本 衍生工具擁有 權益之股份數目			
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 2) (附註2)		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 工具持有之股份數目 ****
Beneficial owner 實益擁有人		—	4,500,000 ***
Interest of company controlled by him 公司中擁有權益	於楊頭雄先生控制之	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 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」) 超過三分之一的投票權，而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 超過三分之一的投票權，而King International 為持有 Royal Trust 全部已發行單位共40% 的持有人，楊頭雄先生則被視為擁有 Royal Trust 透過其受託人 DBS Trustees Limited 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 Holdings Ltd. (「Concord Worldwide」) 及 High Capital Investments Limited (「High Capital」) 各自根據證券及期貨條例317條持有之62,172,933 股股份及DBS Trustee Limited 作為Royal Trust 受託人持有的217,082,376 股股份。

*** 楊頭雄先生根據首次公開售股前購股權計劃於二零零三年六月十三日獲授的購股權擁有4,500,000 股股份的權益。該等購股權的行使價為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. Various interests of the Directors and chief executive of the 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.

Save as disclosed above, as at 31 December, 2005, none of the Directors and chief executive of the Company nor their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

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 may, at their discretion, offer any employee (including any executive director) of the Group, 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 the Directors and employees of the Group 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.

2. 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。

除上文所披露者外，於二零零五年十二月三十一日，本公司董事及最高行政人員及彼等各自的聯繫人概無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）的股份、相關股份及債券的權益或淡倉。

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，董事可酌情向本集團的任何僱員（包括任何執行董事）授出購股權，根據該兩項購股權計劃的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董事及本集團僱員授出可認購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，再不可亦再無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 31 December, 2005 which have been granted to the Directors of the Group under the Pre-IPO Share Option Scheme are as follows:

以下是根據首次公開售股前購股權計劃向董事授出，而於二零零五年十二月三十一日尚未行使之購股權詳情：

Directors/ Employees 董事／僱員	Number of options 購股權數目			Held as at 31 December, 2005 於二零零五年 十二月 三十一日持有	Exercise price 行使價	Date of grant 授出日期	Exercise period 行使期
	Held as at 1 January, 2005 於二零零五年 一月一日持有	Granted during the period 期內授出	Exercised during the period 期內行使				
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 2 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

DIRECTORS' SERVICE CONTRACTS

The Company entered into separate service agreements ("Service Agreements") with each of the directors of the Company for an initial period of one to three year. Such Service Agreements may continue thereafter unless terminated by not less than three months' notice in writing served by either party following the expiration of the end of the initial term or at any time thereafter.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Except for the service contracts detailed above, no director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

董事服務合約

本公司與本公司各董事已分別訂立服務協議(「服務協議」)，初步為期一至三年。該等服務協議屆滿後繼續有效，直至任何一方在初步有效期屆滿後或其後隨時發出不少於三個月通知而終止。

除上述者外，在應屆股東週年大會上擬重選之董事並無與本公司訂立本公司在一年內不作賠償(法定賠償除外)則不可撤銷之服務協議。

董事所擁有之合約權益

除上文所詳述之合約外，並無董事在年內本公司或其任何附屬公司參與訂立而對本集團業務有重大影響之合約中擁有重大權益。

CONNECTED TRANSACTIONS

For the year ended 31 December, 2005, the Company and its subsidiaries entered into the following transactions with Taiwan Vedan Enterprise Corporation ("Taiwan Vedan"), its subsidiaries and its related companies, which constituted connected transactions as defined in the Listing Rules and related party transactions under the Hong Kong Statement of Standard Accounting Practice No. 20 "Related Party Disclosures":

		Note 附註	US\$'000 千美元
Sale of goods to	向下列公司銷售貨品		
– Taiwan Vedan Enterprise Corporation ("Taiwan Vedan")	– 台灣味丹企業股份有限公司（「台灣味丹」）	(i)	9,801
Trademark license fee paid to Tung Hai Fermentation Industrial Co. Ltd. ("Tung Hai")	向東海醱酵工業股份有限公司（「東海」）支付商標許可費	(ii)	289
Technological support fee paid to Tung Hai and Taiwan Vedan	向東海及台灣味丹支付技術支援費	(ii)	2,604
Technological support fee received from Taiwan Vedan	收取台灣味丹技術支援費用	(ii)	80
Commission income received from Taiwan Vedan in connection with the Agency Agreement	就代理協議收取台灣味丹的佣金收入	(ii)	104
Acquisition of land use rights and properties from Shanghai Vedan Foods	向上海味丹食品收購土地使用權及物業	(iii)	5,377
Assignment of trademarks from Tung Hai and Taiwan Vedan	向東海及台灣味丹轉讓商標	(iv)	12,089

Notes:

- (i) In the opinion of the directors of the Company, sales to related parties were conducted in the normal course of business at prices and terms no less favourable than those charged to and contracted with other third party customers of the Group.

關連交易

截至二零零五年十二月三十一日止年度，本公司及其附屬公司與台灣味丹企業股份有限公司（「台灣味丹」）、其附屬公司及其關連公司進行下列交易，而該等交易屬於上市規則所界定之關連交易，亦屬於香港會計實務準則第20號「有關連人士披露」所界定之有關連人士交易：

註：

- (i) 本公司董事認為向有關連人士銷售乃在日常業務中進行，且價格及條款不遜於本集團與其他第三者客戶交易所支付及訂立的價格及條款。

(ii) In the opinion of the directors of the Company, the transactions were carried out in the ordinary course of business and the fees are charged in accordance with the terms of underlying agreements.

(iii) On 6 May 2004, the Group entered into two agreements, namely the Business Acquisition Agreement and the Immovable Assets Acquisition Agreement, with Shanghai Vedan Foods in connection with the acquisition of the existing MSG business and land use rights and buildings and ancillary facilities of Shanghai Vedan Foods.

The Business Acquisition Agreement and the acquisition of ancillary facilities under the Immovable Assets Acquisition Agreement were completed during the year 31 December 2004 and the acquisition of land use rights and buildings under the Immovable Assets Acquisition Agreement was completed during the year ended 31 December 2005.

(iv) 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.

The Company has been granted conditional waivers by The Stock Exchange of Hong Kong Limited from strict compliance with the Listing Rules in respect of the connected transactions above mentioned.

(ii) 本公司董事認為該等交易乃在日常業務中進行，並且根據相關協議的條款收費。

(iii) 於二零零四年五月六日，本集團就收購上海味丹食品的現有味精業務、若干土地及樓宇及配套設施訂立兩項協議，分別為業務收購協議及不動產收購協議。

於截至二零零四年十二月三十一日止年度內，業務收購協議及不動產收購協議項下的配套設施收購已完成，而不動產收購協議項下的土地及樓宇收購則於截至二零零五年十二月三十一日止年度內完成。

(iv) 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項商標轉讓協議（「商標轉讓協議」）。據此，台灣味丹及東海已各自同意向本公司轉讓彼等各自於以台灣味丹及東海名義於越南、中國及若干東盟國家註冊之商標中之全部權利、所有權及權益。

本公司已獲香港聯合交易所有限公司授出有條件豁免，豁免就上述關連交易嚴格遵守上市規則之規定。

The directors, including the independent non-executive directors, of the Company have reviewed the above mentioned connected transactions and confirmed that:

- (a) the connected transaction were:
 - (i) entered into in the ordinary and usual course of business;
 - (ii) conducted on normal commercial terms; which were no less favourable than those available to or from independent third parties; and
 - (iii) fair and reasonable so far as the shareholders are connected;
- (b) the aggregate amount of sales to Taiwan Vedan did not exceed the cap amount of US\$12 million for the financial year ended 31 December, 2005.
- (c) the aggregate amount for each type of the above mentioned transactions (except for sales to Taiwan Vedan) has not exceeded the higher of HK\$10,000,000 or 3% of the net tangible asset value of the Group as at 31 December, 2003.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

本公司董事(包括獨立非執行董事)已審閱上述關連交易，並確認：

- (a) 該關連交易：
 - (i) 於一般日常業務中進行；
 - (ii) 按不遜於與獨立第三者交易之一般商業條款進行；及
 - (iii) 就股東而言屬公平合理。
- (b) 銷售予台灣味丹之總額並無超過截至二零零五年十二月三十一日止財政年度上限12,000,000美元。
- (c) 上述各類關連交易之總值(台灣味丹之銷售除外)並無超過10,000,000港元或本集團於二零零三年十二月三十一日之有形資產淨值3%兩者之較高者。

優先購買權

本公司組織章程細則或開曼群島法例並無優先購買權規定，要求本公司按比例向現有股東發售新股份。

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSABLE UNDER THE SFO

So far as is known to any Directors or chief executive of the Company, as at 31 December, 2005, other than the interests and short positions of the Directors or chief executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

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 佔已發行股份 百分比
Billion Power Limited	460,237,609 (Note 1) (附註1)	30.22%
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	424,325,488 (Note 3) (附註3)	27.86%

股東根據證券及期貨條例須予披露之權益及淡倉

據本公司董事及最高行政人員所知，於二零零五年十二月三十一日，除上文所披露本公司董事或最高行政人員的權益及淡倉外，以下人士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的權益及淡倉，或列入本公司根據證券及期貨條例第336條所存置登記冊的權益或淡倉：

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 佔已發行股份 百分比
Concord Worldwide	424,325,488 (Note 4) (附註4)	27.86%
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%
Nordea 1 Sicor FE Value Fund	80,836,000 (Note 7) (附註7)	5.31%

Notes:

附註：

1. 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.
 2. 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.
 3. King International directly holds 82,897,246 Shares and is the holder of 40 percent. 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.
1. 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。
 2. 該424,325,488股股份其中217,082,376股由DBS Trustee Limited 以Royal Trust 受託人之身份持有，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。
 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%之持有人。因此，King International 被視為擁有DBS Trustee Limited 作為Royal Trust 受託人所持有該341,428,242股股份之權益。該341,428,242股股份包括Concord Worldwide 及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 percent. 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 percent. 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.

Save as disclosed above, so far as is known to the Directors or chief executives of the Company, no other person (not being a Director or chief executive of the Company) who had any interests or short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange, under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

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%之持有人。因此，Concord Worldwide 亦被視為擁有DBS Trustee Limited作為Royal Trust 受託人所持有該362,152,555股股份之權益。該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 全部已發行單位30%之持有人。因此，High Capital 亦被視為擁有DBS Trustee Limited 作為Royal Trust 受託人所持有該362,152,555股股份之權益。該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。

除上文所披露者外，據本公司董事或最高行政人員所知，概無任何人士（並非本公司董事或最高行政人員）於本公司之股份或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及聯交所披露之權益或淡倉，或直接或間接擁有附有權利於任何情況下在本集團任何其他成員公司之股東大會上投票之任何類別股本面值5%或以上權益或持有該等股本之購股權。

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Four Directors of the Company, namely, Messrs. Yang, Tou-Hsiung, Yang, Cheng, Yang, Kun-Hsiang and Yang, Chen-Wen, were also directors of the Group's controlling shareholder, Taiwan Vedan. In addition, Messrs. Yang, Tou-Hsiung, Yang, Cheng, Yang, Kun-Hsiang and Yang, Chen-Wen indirectly held approximately 19.77 percent., 9.89 percent., 6.18 percent., and 8.24 percent. interest in Taiwan Vedan, respectively and they were therefore considered as having an interest in Taiwan Vedan under Rule 8.10 of the Listing Rules.

The Taiwan Vedan Group is principally engaged in, inter alia, the production of food additive products, including MSG products, and beverages in Taiwan, which may compete with the Group's business operations in respect of the Product Portfolio.

Since Messrs. Yang, Tou-Hsiung and Yang, Cheng are both responsible only for the overall strategic planning and the business development of the Taiwan Vedan Group and the Group and the daily operations of the Group are managed by Messrs. Yang, Kun-Hsiang, Yang, Chen-Wan and Wang, Joel J. with an independent management team, the Directors are of the view that the management and the operational functions of the Group are independent of and separate from those of other members of the Taiwan Vedan Group.

For safeguarding the interests of the Group, the independent non-executive Directors and the Audit Committee of the Company would on a regular basis review the business and operational results of the Group to ensure, inter alia, that the Group's business operations in respect of the Product Portfolio is and continues to be run on the basis that it is independent of, and at arm's length from, that of Taiwan Vedan.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

Yang, Kun-Hsiang

Director and Chief Executive Officer

22 March 2006

董事於競爭業務之權益

本公司董事楊頭雄先生、楊正先生、楊坤祥先生及楊辰文先生亦為本集團控股股東台灣味丹之董事。此外，楊頭雄先生、楊正先生、楊坤祥先生、楊辰文先生分別間接持有台灣味丹約19.77%、9.89%、6.18%及8.24%權益，因此，根據上市規則第8.10條，視為擁有台灣味丹之權益。

台灣味丹集團主要在台灣從事(其中包括)食品添加劑產品(包括味精產品)及飲料生產業務，可能對本集團之產品系列業務構成競爭。

由於楊頭雄先生及楊正先生均僅負責台灣味丹集團及本集團之整體策略規劃及業務發展，而本集團日常業務則由楊坤祥先生、楊辰文先生及王肇樹先生以及一個獨立管理團隊管理，董事認為，本集團之管理及營運功能乃獨立於台灣味丹集團之其他成員公司。

為保障本集團利益，本公司獨立非執行董事及審核委員會定期檢討本集團之業務及經營業績，以確保(其中包括)本集團之產品系列業務乃及繼續獨立於台灣味丹而營運及與其並無關聯。

核數師

本賬目已經由羅兵咸永道會計師事務所審核，該核數師任滿告退，惟表示願意應聘連任。

承董事會命

楊坤祥

董事兼行政總裁

二零零六年三月二十二日

REPORT OF THE AUDITORS

核數師報告



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

AUDITORS' REPORT TO THE SHAREHOLDERS OF VEDAN INTERNATIONAL (HOLDINGS) LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the accounts on pages 57 to 120 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

核數師報告

致味丹國際(控股)有限公司

(於開曼群島註冊成立的有限公司)

全體股東

本核數師已完成審核第57至120頁的賬目，該等賬目乃按照香港普遍採納的會計原則編製。

董事及核數師各自的責任

貴公司董事須負責編製真實兼公平的賬目。在編製該等真實兼公平的賬目時，董事必須採用適當的會計政策，並且貫徹應用該等會計政策。

本核數師的責任是根據審核的結果，對該等賬目出具獨立意見，並僅向全體股東報告，除此之外本報告別無其他目的。本核數師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。

意見的基礎

本核數師已按照香港會計師公會所頒佈的香港審計準則進行審核工作。審核範圍包括以抽查方式查核與賬目所載數額及披露事項有關的憑證，亦包括評審董事於編製賬目時所作的重大估計和判斷，所採用的會計政策是否適合貴公司與貴集團的具體情況，及有否貫徹應用並足夠披露該等會計政策。

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2005 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 22 March 2006

本核數師在策劃和進行審核工作時，均以取得所有本核數師認為必需的資料及解釋為目標，以便獲得充分憑證，就該等賬目是否存有重大錯誤陳述，作出合理的確定。在作出意見時，本核數師亦已評估該等賬目所載的資料在整體上是否足夠。本核數師相信我們的審核工作已為下列意見提供合理基礎。

意見

本核數師認為，上述賬目足以真實兼公平地顯示 貴公司與 貴集團於二零零五年十二月三十一日結算時的財務狀況，及 貴集團截至該日止年度的盈利及現金流量，並按照香港《公司條例》的披露要求妥為編製。

羅兵咸永道會計師事務所

執業會計師

香港，二零零六年三月二十二日

CONSOLIDATED BALANCE SHEET

綜合資產負債表

As at 31 December, 2005 二零零五年十二月三十一日

		Note 附註	2005 US\$'000 千美元	Restated 經重列 2004 US\$'000 千美元
ASSETS	資產			
Non-current assets	非流動資產			
Land use rights	土地使用權	5	5,583	225
Property, plant and equipment	物業、廠房及設備	6	216,187	213,849
Intangible assets	無形資產	7	19,241	6,859
Held-to-maturity investments	持有至到期之投資	10	3,361	—
			244,372	220,933
Current assets	流動資產			
Trade receivables	應收貿易賬款	11	35,829	31,104
Inventories	存貨	12	51,993	45,248
Prepayments and other receivables	預付款項及其他應收款項		6,287	6,792
Tax recoverable	可收回稅項		1,272	—
Bank balances and cash	銀行結餘及現金	13	27,987	33,192
Due from a minority shareholder	應收一位少數股東款項		3,600	—
			126,968	116,336
Total assets	資產總值		371,340	337,269
EQUITY	權益			
Capital and reserves attributable to the Company's equity holders	本公司股權持有人應佔資本及儲備			
Share capital	股本	14	15,228	15,228
Reserves	儲備			
— Proposed final dividend	— 建議末期股息	15, 24	1,708	6,895
— Others	— 其他	15	216,119	212,398
			233,055	234,521
Minority interest	少數股東權益		3,600	—
Total equity	權益總額		236,655	234,521

Consolidated Balance Sheet (continued)

綜合資產負債表 (續)

As at 31 December, 2005 二零零五年十二月三十一日

		Note 附註	2005 US\$'000 千美元	Restated 經重列 2004 US\$'000 千美元
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Long-term bank borrowings	長期銀行貸款	17	29,706	25,743
Deferred taxation	遞延稅項	18	12,026	12,059
Long-term payable to a related party	應付有關連人士之 長期款項	33(c)	12,560	—
			54,292	37,802
Current liabilities	流動負債			
Trade payables	應付貿易賬款	16	18,520	10,251
Accruals and other payables	應計費用及其他應付款項		11,578	12,978
Due to related parties	應付有關連人士款項	33(c)	274	193
Short-term bank borrowings	短期銀行貸款			
– Secured	—有抵押	17	500	9,374
– Unsecured	—無抵押	17	41,101	23,523
Current portion of long-term bank borrowings	長期銀行借款的即期 部份	17	8,346	8,235
Taxation payable	應付稅項		74	392
			80,393	64,946
Total liabilities	負債總額		134,685	102,748
Total equity and liabilities	權益及負債總額		371,340	337,269
Net current assets	流動資產淨值		46,575	51,390
Total assets less current liabilities	總資產減流動負債		290,947	272,323

YANG, Kun-Hsiang

楊坤祥

Director & Chief Executive Officer

董事兼行政總裁

WANG, Joel J

王肇樹

Director

董事

BALANCE SHEET

資產負債表

As at 31 December, 2005 二零零五年十二月三十一日

		Note 附註	2005 US\$'000 千美元	2004 US\$'000 千美元
ASSETS	資產			
Non-current assets	非流動資產			
Investment in subsidiaries, at cost	對附屬公司投資(按成本)	8	170,390	170,390
Long-term loan to a subsidiary	給予一間附屬公司之長期貸款	8	12,000	7,000
Intangible assets	無形資產	7	11,082	–
			193,472	177,390
Current assets	流動資產			
Due from subsidiaries	應收附屬公司款項	9	43,755	44,139
Prepayments and other receivables	預付款項及其他應收款項		268	318
Bank balances and cash	銀行結餘及現金		2,653	3,955
			46,676	48,412
Total assets	資產總值		240,148	225,802
Capital and reserves attributable to the Company's equity holders	本公司股權持有人應佔資本及儲備			
Share capital	股本	14	15,228	15,228
Reserves	儲備			
– Proposed final dividend	– 建議末期股息	15, 24	1,708	6,895
– Others	– 其他	15	195,327	200,078
Total equity	權益總額		212,263	222,201
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Long-term payable to a related party	應付有關連人士之長期款項	33(c)	12,560	–
Current liabilities	流動負債			
Accruals and other payables	應計費用及其他應付款項		1,925	3,601
Short-term bank borrowings-unsecured	短期銀行借款－無抵押	17	13,400	–
			15,325	3,601
Total liabilities	負債總額		27,885	3,601
Total equity and liabilities	權益及負債總額		240,148	225,802
Net current assets	流動資產淨值		31,351	44,811
Total assets less current liabilities	總資產減流動負債		224,823	222,201

YANG, Kun-Hsiang

楊坤祥

Director & Chief Executive Officer

董事兼行政總裁

WANG, Joel J

王肇樹

Director

董事

CONSOLIDATED PROFIT AND LOSS ACCOUNT

綜合損益表

For the year ended 31 December, 2005 截至二零零五年十二月三十一日止年度

		Note 附註	2005 US\$'000 千美元	2004 US\$'000 千美元
Turnover	營業額	19	257,904	224,976
Cost of sales	銷售成本	20	(213,460)	(160,204)
Gross profit	毛利		44,444	64,772
Other gains-net	其他收益淨額	19	3,212	825
Selling and distribution expenses	銷售及分銷開支	20	(15,555)	(16,575)
Administrative expenses	行政開支	20	(17,584)	(17,223)
Operating profit	經營盈利		14,517	31,799
Finance costs	融資成本	21	(4,277)	(1,912)
Profit before taxation	除稅前盈利		10,240	29,887
Taxation	稅項	22	(2,293)	(5,553)
Profit for the year and attributable to equity holders of the Company	本年度盈利及本公司股權持有人應佔盈利		7,947	24,334
Dividends	股息	24	4,768	14,600
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in US cents per share)	於年內本公司股權持有人應佔盈利的每股盈利(以每股美仙計)			
Basic earnings per share	每股基本盈利	25	0.52	1.61
Diluted earnings per share	每股攤薄盈利	25	0.52	1.58

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December, 2005 截至二零零五年十二月三十一日止年度

		Attributable to equity holders of the Company 本公司股權持有人應佔					Minority Interest 少數股東 權益	Total 總計
		Share capital 股本 US\$'000 千美元	Share premium 股份溢價 US\$'000 千美元	Exchange reserve 匯兌儲備 US\$'000 千美元	Merger reserve 合併儲備 US\$'000 千美元	Retained earnings 保留盈利 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 year	本年度盈利	–	–	–	–	24,334	–	24,334
Dividends paid	已付股息	–	–	–	–	(16,100)	–	(16,100)
Issue of ordinary shares (note 14)	發行普通股 (附註14)	113	1,044	–	–	–	–	1,157
Exchange translation differences	匯兌差額	–	–	7	–	–	–	7
At 31 December 2004 and at 1 January 2005	二零零四年 十二月三十一日及 於二零零五年一月一日	15,228	47,358	3,628	79,994	88,313	–	234,521
Profit for the year	本年度盈利	–	–	–	–	7,947	–	7,947
Dividends paid	已付股息	–	–	–	–	(9,955)	–	(9,955)
Contribution from a minority shareholder	少數股東出資	–	–	–	–	–	3,600	3,600
Exchange translation differences	匯兌差額	–	–	542	–	–	–	542
At 31 December 2005	二零零五年 十二月三十一日	15,228	47,358	4,170	79,994	86,305	3,600	236,655

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31 December, 2005 截至二零零五年十二月三十一日止年度

		Note 附註	2005 US\$'000 千美元	2004 US\$'000 千美元
Cash flows from operating activities	經營業務現金流量			
Cash generated from operations	業務產生的現金	29(a)	30,302	50,849
Interest paid	已付利息		(3,806)	(1,912)
Income taxes paid	已付所得稅		(3,917)	(6,724)
Net cash generated from operating activities	經營業務產生的現金流入淨額		22,579	42,213
Cash flows from investing activities	投資活動產生的現金			
Purchase of property, plant and equipment	收購物業、廠房及設備		(20,978)	(34,723)
Acquisition of Monosodium Glutamate ("MSG") business from Shanghai Vedan Foods Company Limited ("Shanghai Vedan Foods")	收購上海味丹食品有限公司 (「上海味丹食品」) 的味精業務	33(a)(iii)	-	(6,259)
Acquisition of land use rights from Shanghai Vedan Foods	收購上海味丹食品的土地使用權	33(a)(iii)	(5,377)	-
Purchase of held-to-maturity investments	購入持有至到期之投資		(3,170)	-
Acquisition of a subsidiary	收購一間附屬公司	32	(1,412)	-
Interest received	已收利息		303	359
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		21	-
Net cash used in investing activities	投資活動所用現金淨額		(30,613)	(40,623)
Cash flows from financing activities	融資活動產生的現金流量	29(b)		
Issue of ordinary shares	發行普通股		-	1,157
Dividends paid	已付股息		(9,955)	(16,100)
Increase in short-term bank borrowings, net of repayments	已扣除還款的短期銀行借款增加		8,705	18,259
New long-term bank loans raised	新增長期銀行貸款		12,308	5,000
Repayment of long-term bank borrowings	償還長期銀行借款		(8,235)	(12,168)
Net cash generated from/(used in) financing activities	融資活動所得／(所用)現金淨額		2,823	(3,852)
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額		(5,211)	(2,262)
Effect of foreign exchange rate changes	匯率變動的影響		6	7
Cash and cash equivalents at 1 January	一月一日的現金及現金等價物		33,192	35,447
Cash and cash equivalents at 31 December	十二月三十一日的現金及現金等價物		27,987	33,192
Analysis of balance 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		27,987	33,192

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

As at 31 December, 2005 二零零五年十二月三十一日

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of Vedan International (Holdings) Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

In 2005, the Group adopted the new/revised standards of HKFRS below, which are relevant to its operations. The comparatives have been amended as required, in accordance with the relevant requirements.

The adoption of new/revised HKFRS

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statement
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements

1. 主要會計政策

編製此等綜合財務報表採用之主要會計政策載列如下。除另有列明外，此等政策已貫徹應用於所有呈報年度。

(a) 編製基準

味丹國際(控股)有限公司的綜合財務報表乃根據香港財務報告準則而編製。綜合財務報表乃根據歷史成本慣例而編製。

編製符合香港財務報告準則的財務報表需要運用若干重要的會計估計，亦同時需要管理層在採用本公司的會計政策過程中作出判斷。在綜合財務報表中涉及高度判斷或複雜程度的範疇，或有重要假設及估計的範疇於附註3披露。

於二零零五年，本集團已採納下列與其經營有關之新訂／經修訂香港財務報告準則。比較數字已根據相關規定予以修訂。

採納新訂／經修訂香港財務報告準則

香港會計準則第1號	財務報表之呈列
香港會計準則第2號	存貨
香港會計準則第7號	現金流量表
香港會計準則第8號	會計政策、會計估計之變動及錯誤
香港會計準則第10號	結算日後事項
香港會計準則第16號	物業、廠房及設備
香港會計準則第17號	租賃
香港會計準則第21號	外幣匯率變動之影響
香港會計準則第23號	貸款成本
香港會計準則第24號	關聯方披露
香港會計準則第27號	綜合及獨立財務報表

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)**

HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payments
HKFRS 3	Business combinations

The adoption of new/revised HKFRSs 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:

- HKAS 1 has affected the presentation of the consolidated financial statements.
- HKASs 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 leasehold land from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land are expensed in the income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the income statement. In prior years, the leasehold land was accounted for at cost less accumulated depreciation and accumulated impairment.

1. 主要會計政策（續）**(a) 編製基準（續）**

香港會計準則第32號	金融工具：披露及呈列
香港會計準則第33號	每股盈利
香港會計準則第36號	資產減值
香港會計準則第38號	無形資產
香港會計準則第39號	金融工具：確認及計量
香港財務報告準則第2號	以股份支付之支出
香港財務報告準則第3號	業務合併

採納新訂／經修訂香港財務報告準則第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號影響綜合財務報表之呈列。
- 香港會計準則第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評估。
- 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。

採納經修訂香港會計準則第17號導致來自物業、廠房及設備之租賃土地需重新分類為經營租賃之會計政策改變。租賃土地之首次預付款在損益表中於租賃期內按直線法列為開支，或於出現減值時，該減值於損益表中列為開支。於過去年度，租賃土地乃按成本減累積折舊及累積減值列賬。

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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 less provision for doubtful debts. 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.
- 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 vested before 1 January 2005 was not expensed retrospectively in the income statement of the respective periods.

1. 主要會計政策（續）

(a) 編製基準（續）

採納香港會計準則第32及39號導致如下變動：

- 貿易及其他應收賬項最初按公平值確認，隨後則使用實際利息法按攤銷成本計算並扣除減值撥備。於過去年度，該等賬項乃按成本減呆賬撥備列賬。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值撥備。撥備額為資產賬面值與估計未來現金流現值之差異，按實際利率折現後之金額。撥備額於損益表中確認。
- 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、發行或出售金融資產或金融負債有關之遞增成本，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，所得款項（經扣除交易成本）與贖回值之間的任何差異，使用實際利息法於借貸期內在損益表中確認。於過去年度，借貸乃按成本列賬。

採納香港財務報告準則第2號導致有關以股份支付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，向僱員提供購股權並不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前歸屬之購股權之成本，不會於有關期間在損益表中追溯列為開支項目。

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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.

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 ended 31 December 2005 and onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

The Group has reassessed the useful lives of its intangible assets in accordance with the provisions of HKAS 38. No adjustment has resulted from this reassessment.

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.

1. 主要會計政策（續）

(a) 編製基準（續）

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值出現之可能性。

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。

本集團已根據香港會計準則第38號條文對其無形資產之可用年期進行重新評估。該項重新評估並無導致任何調整。

會計政策之所有改變，已根據相關準則適用之過渡性條文作出。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權工具；以及
- 香港財務報告準則第3號—於採納日期後適用。

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)**

The adoption of revised HKAS 17 resulted in:

	As at 31 December 2005 於2005年 12月31日 US\$'000 千美元	As at 1 January 2004 於2004年 1月1日 US\$'000 千美元
Decrease in property, plant and equipment 物業、廠房及設備之減少	(5,583)	(225)
Increase in land use rights 土地使用權之增加	5,583	225

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

	As at 31 December 2005 於2005年 12月31日 US\$'000 千美元
Increase in intangible assets 無形資產之增加	430
Increase in retained earnings 保留盈利之增加	430
	For the year ended 31 December 2005 截至2005年 12月31日止年度 US\$'000 千美元
Decrease in administrative expenses 行政開支之減少	(430)
Increase in earnings per share (US cents) 每股盈利(美仙)之增加	0.03
Increase in diluted earnings per share (US cents) 每股攤薄盈利(美仙)之增加	0.03

1. 主要會計政策（續）**(a) 編製基準（續）**

採納經修訂會計準則第17號之結果載列如下：

	As at 31 December 2005 於2005年 12月31日 US\$'000 千美元	As at 1 January 2004 於2004年 1月1日 US\$'000 千美元
Decrease in property, plant and equipment 物業、廠房及設備之減少	(5,583)	(225)
Increase in land use rights 土地使用權之增加	5,583	225

採納經修訂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 31 December 2005 於2005年 12月31日 US\$'000 千美元
Increase in intangible assets 無形資產之增加	430
Increase in retained earnings 保留盈利之增加	430
	For the year ended 31 December 2005 截至2005年 12月31日止年度 US\$'000 千美元
Decrease in administrative expenses 行政開支之減少	(430)
Increase in earnings per share (US cents) 每股盈利(美仙)之增加	0.03
Increase in diluted earnings per share (US cents) 每股攤薄盈利(美仙)之增加	0.03

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)**

No early adoption of the following new Standards or Interpretations that have been issued but are not yet effective. The adoption of such Standards or Interpretations will not result in substantial changes to the Group's accounting policies.

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS-Int 3	Emission Rights
HKFRS-Int 4	Determining whether an Arrangement contains A Lease
HKFRS-Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

1. 主要會計政策（續）**(a) 編製基準（續）**

下列已頒布但未生效的新準則或詮釋並無提早採納。採納該等準則或詮釋不會導致本集團的會計政策出現重大改變。

香港會計準則第19號(修訂)	精算損益、集團計劃及披露
香港財務報告準則第6號	礦產資源的勘察及評估
國際財務報告準則詮釋第3號	排放權利
香港財務報告準則詮釋第4號	釐定一項安排是否包括租賃
香港財務報告準則詮釋第5號	解除、恢復及環境修復基金所產生權益的權利

(b) 綜合

綜合財務報表包括本公司及其附屬公司截至十二月三十一日止的財務報表。

附屬公司指本集團有權監管其財務及經營政策之一切實體，通常擁有其過半數投票權。於評估本集團是否控制另一實體時，會考慮現時可行使或轉換之投票權之存在及影響。

附屬公司自其控制權轉移予本集團當日起綜合入賬，並於控制權終止當日停止綜合入賬。

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

1. 主要會計政策（續）

(b) 綜合（續）

本集團採用收購會計法為本集團所收購之附屬公司列賬。收購成本為於交易當日所獲資產之公平值、所發行之股權工具及所產生或承擔之負債，加上直接歸屬予收購事項之成本。在商業合併過程中所收購之可辨別資產，所承擔之負債及或然負債，均於收購當日按其公平值作出初步計量，而毋須計及任何少數股東權益。收購成本超出本集團應佔所收購之可辨別淨資產之差額乃列作商譽。倘收購成本低於所收購附屬公司淨資產之公平值，則有關差額將直接在損益表內確認。

集團內公司間交易、結餘及未變現收益予以抵銷。未變現虧損亦予以抵銷，除非交易有證據顯示所轉讓資產出現減值。本公司對附屬公司之會計政策在必要情況下已予修訂，以確保符合本集團所採納之政策。

於本公司之資產負債表內，於附屬公司之投資乃按成本值扣除減值虧損列賬。附屬公司之業績乃由本公司按已收及應收股息列賬。

(c) 分部報告

業務分部指一組提供產品或服務的資產及業務，並承擔著不同於其他業務分部所承擔的風險和回報。地區分部指在一個特定的經濟環境內提供產品或服務的組成部分，並承擔著不同於在其他經濟環境中經營的組成部分所承擔的風險和回報。

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currencies translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in US dollars, which is the Group's presentation currency. All entities within the Group adopt US dollars as the functional currency except for the entities in the People's Republic of China (the "PRC") which adopt Renminbi as the functional currency since it is the currency of the primary economic environment in which the PRC entities operate.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

1. 主要會計政策（續）

(d) 外幣換算

(i) 功能及呈報貨幣

本集團各實體之財務報表所包括之項目，乃按該實體經營所在之主要經濟環境之貨幣（「功能貨幣」）計量。

綜合財務報表乃以美元（本集團之呈報貨幣）呈報。本集團內所有實體採納美元作為功能貨幣，惟於中華人民共和國（「中國」）之實體則因為人民幣為中國實體業務所在主要經濟環境之貨幣，故採納人民幣為功能貨幣。

(ii) 交易及結餘

外幣交易均按交易當日之現行匯率換算為功能貨幣。因上述交易結算及按年終匯率兌換以外幣計值之貨幣資產及負債而產生之匯兌損益，均於損益表內確認。

(iii) 集團公司

本集團所有實體如持有與呈報貨幣不一致之功能貨幣（其中並無任何公司持有通脹嚴重之經濟體系之貨幣），其業績和財務狀況均按以下方法兌換為呈報貨幣：

- 每項資產負債表之資產及負債均按照該資產負債表結算日之匯率折算為呈報貨幣；
- 每項損益表之收入及支出均按照平均匯率折算為呈報貨幣，但若此平均匯率未能合理地反映各交易日之匯率所帶來之累積影響，則按照交易日之匯率折算此等收入和支出；及

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currencies translation (continued)

(iii) Group companies (continued)

- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Intangible assets

(i) Goodwill on acquisition

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary or business at the date of acquisition. Goodwill on acquisition is included in intangible assets. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which it operates.

1. 主要會計政策（續）

(d) 外幣換算（續）

(iii) 集團公司（續）

- 所有匯兌差異均確認為權益之一個分項。

在編製綜合賬目時，折算海外業務投資淨額和折算被指定為此等投資之對沖工具之借貸及其他貨幣工具而產生之匯兌差異，均列入股東權益賬內。當出售海外業務時，此等匯兌差異將於損益表內確認為出售收益或虧損之一部分。

因收購海外公司而產生之商譽及公平價值調整，均視作為該海外公司之資產及負債處理，並以結算日之匯率折算。

(e) 無形資產

(i) 收購商譽

商譽乃指收購之成本較本集團應佔被收購附屬公司或業務於收購當日之資產淨值之公平價值多出之數額。收購商譽包括於無形資產內。分開確認之商譽乃每年進行減值測試，並按成本減累計減值虧損而列賬。商譽之減值虧損均不會撥回。出售實體之盈虧包括與已出售實體相關之商譽之面額。

為進行減值測試，商譽乃分配至賺取現金單位。有關商譽乃分配至預期會因產生商譽之業務合併而受惠之賺取現金單位或賺取現金單位組別中。本集團將商譽分配至其業務所在國家之各個業務分類中。

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets (continued)

(ii) Trademarks

Trademarks are shown at historical cost. Trademarks have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 10 years.

(iii) Research and development costs

Research costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as an intangible asset where the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the asset that will generate probable future economic benefits. Such development costs are recognised as an asset and amortised on a straight-line basis over a period of not more than five years to reflect the pattern in which the related economic benefits are recognised. Development costs that do not meet the above criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(f) Property, plant and equipment

Property, plant and equipment, except for construction-in-progress, are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

1. 主要會計政策（續）

(e) 無形資產（續）

(ii) 商標

商標乃按歷史成本呈列。商標具有有限可使用年期，並按成本減累計攤銷入賬。攤銷乃利用直線法計算，以將商標成本分配於彼等之十年估計可使用年期。

(iii) 研究及開發成本

研究成本在發生時作為費用支銷。當能夠證明開發中產品技術的可行性及有意完成該產品，而亦有資源協助、成本可予識別，及有能力出售或使用該資產而能賺取盈利，則將新產品或改良產品之設計及測試之開發所涉及之成本確認為無形資產，並以直線法按不超過5年的期間攤銷，以反映將相關經濟效益確認的模式。不符合上述條件的開發成本在發生時作為費用支銷。已入賬為支出的開發成本不會在往後期間確認為資產。

(f) 物業、廠房及設備

物業、廠房及設備（在建工程除外）均按成本減累計折舊及累計減值虧損列賬。歷史成本包括直接用於收購項目的開支。

當與項目有關之未來經濟利益可能會流入本集團，且能可靠地計量項目之成本時，方會將其後之成本包括入資產之賬面值或確認為一項獨立資產（如適用）。所有其他維修及保養費用，均於產生之財政期間內，於損益表內支銷。

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to write off the cost less accumulated impairment loss of each asset over its estimated useful life, as follows:

Properties	2%-5%
Plant and machinery	5%-10%
Leasehold improvements, office equipment, furniture and fixtures	12.5%-20%
Motor vehicles	12.5%-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the consolidated income statement.

1. 主要會計政策（續）

(f) 物業、廠房及設備（續）

物業、廠房及設備的折舊乃利用直線法計算，撇銷成本減每組資產可使用年期的累計減值虧損如下：

物業	2%-5%
廠房及機器	5%-10%
租賃物業裝修、 辦公室設備、 傢俬及裝置	12.5%-20%
汽車	12.5%-20%

資產之餘值及可使用年期均於各結算日予以審閱及調整（如適用）。

倘資產賬面值較估計的可收回款額為大，則資產的賬面值將立刻被撇減至其可收回款額。

出售之盈虧均透過將所得款項與賬面值作比較而釐定，並列入綜合損益表內。

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(g) Construction-in-progress

Construction-in-progress, comprising capital expenditure on buildings and plant where the construction work has not been completed, is carried at cost less accumulated impairment losses. No depreciation is provided for construction-in-progress until they are completed and ready for their intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in note 1(f) above.

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

1. 主要會計政策（續）

(g) 在建工程

在建工程包括未完成樓宇及機器的資本開支，以成本減累計減值虧損入賬。在建工程直至完成可供擬定用途前不作折舊。當有關資產作使用時，成本將轉為物業、廠房及設備，並將根據上述附註1(f)所述政策折舊。

(h) 非金融資產減值

並無固定可使用年期之資產毋須攤銷，但至少須在遇上有事件顯示或情況有變而顯示其賬面值或許不能收回時，每年測試及審核有否減值。須攤銷之資產須在遇上有事件顯示或情況有變而顯示其賬面值或許不能收回時，測試有否減值。減值虧損乃按資產賬面值超出其可收回款額之金額確認。可收回款額指資產之公平值減出售費用或使用價值（以較高者為準）。就評估有否減值而言，資產將會按有獨立可識別現金流量（賺取現金單位）之最低水平分類。出現減值之非金融資產（不包括商譽），於各呈報日期均就可能撥回減值而予以審核。

(i) 金融資產

本集團將其金融資產分為以下類別：貸款及應收款項，以及持有至到期之投資。分類視乎購入有關投資之目的而定。管理層按初步確認決定其投資之類別，並於每個申報日重新評估是項指定。

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (continued)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held to maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the balance sheet date, which are classified as current assets.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

1. 主要會計政策（續）

(i) 金融資產（續）

(i) 貸款及應收款項

貸款及應收款項為附帶固定或可釐定付款，在活躍市場並無報價之非衍生性質金融資產。彼等均列入流動資產，惟到期日超過由結算日後起計十二個月者除外。彼等均歸類為非流動資產。貸款及應收款項以貿易應收賬款及其他應收款項於資產負債表中列賬。

(ii) 持有至到期之投資

持有至到期之投資為附帶固定或可釐定付款及固定到期日，而本集團有明確意圖及能力持有至到期之非衍生性質金融資產。倘若本集團出售任何有關投資（不包括持有至到期之金融資產之非重大款額），則整個類別會被破壞，並重新歸類為可供出售。持有至到期之金融資產均列入非流動資產內，惟到期日超過由結算日後起計十二個月者則除外，彼等均歸類為流動資產。

貸款及應收款項及持有至到期之投資，均利用實際利息法按已攤薄成本列賬。本集團於各結算日評估是否有客觀證據顯示金融資產或一組金融資產已被減值。

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Spare parts and consumables are included within inventories and stated at cost, using the weighted average method. Provision is made for obsolescence where appropriate.

(k) Trade and other receivable

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. 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. 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.

(l) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1. 主要會計政策（續）

(j) 存貨

存貨以成本或可變現淨值兩者的較低者入賬。成本按加權平均法計算。產成品和在產品成本包括原材料，直接人工，其他直接成本和製造費用（以正常產能下計算），但不包括借款費用。可變現淨值按估計的正常銷售價格減適用的非固定銷售費用計算。

零件及消耗品計入存貨中，並按加權平均法計算以原值列賬。陳舊存貨於適當時須作出撥備。

(k) 貿易及其他應收款項

貿易及其他應收款項初期按公平價值確認，其後以實際利息法按攤銷成本扣除減值撥備計算。貿易及其他應收款項之減值撥備於出現客觀證據表明本集團無法按應收款之原有條款收回所有金額時確定。債務人出現嚴重財政困難、債務人可能會破產或進行財務重組，以及拖欠或未能償還借款，均被視為貿易應收款項被減值之跡象。撥備之金額為資產賬面值與估計未來現金流量之現值（按實際利率折現計算）間之差額。撥備金額於損益表內確認。

(l) 現金及現金等價物

現金及現金等價物包括現金、銀行之通知存款、原到期日為三個月內的其他短期高度流動投資及銀行透支。

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(m) Borrowings

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 are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(n) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

1. 主要會計政策（續）

(m) 借款

借款初期以公平價值扣除交易成本後確認。交易成本為收購、發行或出售金融資產或金融負債時直接產生的成本，包括向代理商、顧問、經紀及交易商支付的費用及佣金、監管機構及證券交易所徵收的款項及過戶登記稅項及稅款。借款其後按攤銷成本列賬；所得款項（扣除交易成本）與贖回價值間之任何差額則於借款期內使用實際利息法於損益表內確認。

除非本集團有無條件權利於結算日後將負債之結算遞延至少十二個月，否則借款被分類為流動負債。

(n) 遞延所得稅

遞延所得稅負債採用負債法就資產負債之稅基與其在綜合財務報表之賬面值兩者之暫時差異作全數撥備。然而，倘遞延所得稅乃源自進行交易時不影響會計或應課稅盈利或虧損之資產或負債之初始確認（為業務合併以外之交易），則不會計入遞延所得稅。遞延所得稅以於結算日前實施或大體上已實施之稅率（及稅法）釐定，並預期於相關遞延所得稅資產變現或遞延所得稅負債清償時應用。

遞延所得稅資產乃就有可能將未來應課稅盈利與可動用之暫時差異抵銷而確認。

遞延所得稅乃就附屬公司投資產生之暫時差異而撥備，惟倘本集團可以控制暫時差異之撥回時間，並有可能在可預見未來不會撥回則除外。

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

(p) Revenue recognition

Revenue comprises the fair value for the sale of goods, net of value-added tax, returns and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Sale of goods

Sale of goods is recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(ii) Sale of electricity

Sale of electricity is recognised based on units of electricity sold as recorded by meters during the year.

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrants.

1. 主要會計政策（續）

(o) 或然負債

或然負債指因已發生的事件而可能引起的責任，此等責任需就某一宗或多宗不確定未來事件會否發生才能確認，而本集團並不能完全控制這些未來事件會否實現。或然負債亦可能是因已發生的事件引致的現有責任，但由於可能不需要消耗經濟資源，或責任金額未能可靠地衡量而未有確認入賬。

或然負債不會被確認，但會在綜合財務報表附註中披露。假若資源流出的可能性改變導致可能出現資源流出，此等負債將被確認為撥備。

(p) 收益確認

收益包括銷售貨物、扣除增值稅、回扣及折扣及減去本集團內部之銷售的公平值。收益的確認如下：

(i) 銷售貨物

產品銷售收入於本集團實體已付運產品予客戶，客戶已接受產品及合理確保有關應收款項可收回時確認。

(ii) 售電

售電所得收益按照年內儀錶記錄的售電單位確認入賬。

(iii) 利息收入

利息收入採用實際利息法按時間比例基準進行確認。倘應收款出現減值，本集團會將賬面值減至其按有關金融工具原有實際利率之估計折現現金流量而設定之可收回款額，並繼續解除折現作為利息收入。減值貸款之利息收入乃於收取現金或收回成本基準情況可行時確認。

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(p) Revenue recognition (continued)

(iv) Rental income

Operating lease rental income is recognised on a straight-line basis.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(q) Operating leases (as the lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the year in which the dividends are approved by the Company's shareholders. Dividend proposed or declared after the balance sheet date are disclosed as a post balance sheet event and are not recognised as a liability at the balance sheet date.

2. FINANCIAL RISK MANAGEMENT

2.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and cash flow interest-rate risk.

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Vietnam Dong against US dollars and Renminbi against US dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group has not hedged its foreign exchange rate risk.

1. 主要會計政策（續）

(p) 收益確認（續）

(iv) 租金收入

經營租約租金收入乃以直線法予以確認。

(v) 股息收入

在確立收取股息款項時，股息收入將予以確認。

(q) 經營租約（作為承租人）

凡擁有權之絕大部分風險及回報由出租人保留之租約，均分類為經營租約。經營租約之付款（扣減出租人給予之任何優惠後）乃於有關租約期內以直線法在損益表內列作開支。

(r) 分派股息

分派股息予本公司股東於本集團本年度財務報表乃確認為負債（股息由本公司股東批准）。在結算日後提議或宣派的股息將作為結算日後事項，而不會於結算日確認為負債。

2. 財務風險管理

2.1 財務風險因素

本集團之業務承受各種財務風險：外匯風險、信貸風險、流動資金風險及現金流量利率風險。

(a) 外匯風險

本集團於全球經營業務，因此承受因使用不同貨幣而產生之外匯風險，主要為越南盾對美元及人民幣對美元之風險。外匯風險來自境外業務之未來商業交易、已確認資產及負債和投資淨額。本集團並未為其外幣匯率風險進行對沖。

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

2.1 Financial risk factors (continued)

(b) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sale of goods are made to customers with an appropriate credit history. The carrying amount of the trade receivables included in the consolidated balance sheets represents the Group's maximum exposure to credit risk in relation to its financial assets.

(c) Liquidity risk

The Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

(d) Cash flow interest-rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. The Group has not hedged its cash flow interest-rate risk.

2.2 Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

2. 財務風險管理（續）

2.1 財務風險因素（續）

(b) 信貸風險

本集團未有任何重大集中信貸風險。其已設立政策以確保貨品向擁有適當信用歷史之客戶銷售。載入綜合資產負債表之應收貿易賬款之賬面值指本集團於金融資產方面所承受之最高信貸風險。

(c) 流動資金風險

本集團確保其維持充足現金及信貸額以應付流動資金之需要。

(d) 現金流量利率風險

由於本集團並無巨額之計息資產，故本集團之收入及經營現金流量大致上不受市場利率變動所影響。

本集團之利率風險來自長期借款。以不同利率發出的貸款令本集團承受現金流量利率風險。本集團並未為其現金流量利率風險進行對沖。

2.2 公平值估計

本集團假定應收貿易賬款及應付貿易賬款之面值減其估計信用調整後接近其公平值。供披露金融負債之公平值，乃按本集團同類金融工具現時的市場利率折現未來合約現金流量而估計。

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities are discussed below.

(a) *Estimated impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1(h). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 7).

(b) *Estimated impairment of property, plant and equipment, land use rights and intangible assets*

Property, plant and equipment, leasehold land and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of property plant and equipment and leasehold land have been determined based on value-in-use calculations. These calculations and valuations require the use of judgement and estimates.

(c) *Useful lives of property, plant and equipment and intangible assets*

The useful lives of property, plant and equipment and intangible assets are assessed by management annually. The assessment requires the use of judgement and estimates.

3. 重要會計估計及判斷

估計及判斷會不斷按照歷史經驗及其他因素進行評估，包括在各情況下相信是合理之未來事件預測。

3.1 重要會計估計及假設

本集團會就未來作出估計及假設。根據其定義，由此得出之會計估計將甚少與相關實際業績等同。下文討論對資產及負債之賬面值造成重大調整之高風險估計及假設。

(a) *商譽減值的估計*

本集團每年均按照附註1(h)所述的會計政策的規定，為商譽進行減值評估。而賺取現金單位的可收回金額，則按照使用價值計算。計算過程中須採用對未來營運狀況作出估算(附註7)。

(b) *物業、廠房及設備、土地使用權和無形資產的估計減值*

每當有跡象顯示現存的金額可能不能收回時，本公司將會對物業、廠房及設備、租賃土地和無形資產作出減值評估。物業、廠房及設備、租賃土地及投資物業之可收回金額乃根據使用價值計算方法釐定。該等計算及估值需要作出判斷及估計。

(c) *物業、廠房及設備和無形資產的使用年限*

管理層每年評估物業、廠房及設備和無形資產的使用年限。該等評估需要作出判斷及估計。

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.1 Critical accounting estimates and assumptions (continued)

(d) *Current income taxes and deferred income tax*

The Group is subject to income taxes in the PRC, Vietnam and Taiwan. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred taxation assets and taxation in the periods in which such estimate is changed.

4. SEGMENTAL 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, seasonings and beverages.

3. 重要會計估計及判斷（續）

3.1 重要會計估計及假設（續）

(d) *當期所得稅及遞延所得稅*

本集團須繳納中國、越南及台灣的所得稅。對於確定稅項撥備的金額及繳納有關稅項的時間，本集團須作出重大判斷。在正常業務過程中，交易及計算均難以明確作出最終的稅務釐定。倘該等事宜之最終稅務結果與起初入賬之金額不同，該等差額將影響稅務釐定期內之所得稅及遞延稅項撥備。

倘管理層認為未來應課稅盈利可用作對銷暫時性差異或稅項虧損可予動用時，則會確認與若干暫時性差異有關之遞延稅項資產及稅項虧損。倘預期結果與原先之估計不同，有關差異會對有關估計出現變動之期間內遞延稅項資產及稅項之確認構成影響。

4. 分部分析

分部資料以本集團的業務及地區分類而呈報。業務分部資料為主要呈報形式，原因在於業務分類與本集團經營及財務決策的相關性較大。

(a) 業務分部

本集團經營單一業務，即製造及銷售發酵食品添加劑、生化產品及木薯澱粉產品，包括化工澱粉、葡萄糖漿、味精、梳打、酸、調味料及飲料。

4. SEGMENTAL ANALYSIS (CONTINUED)**(b) Geographical segment**

In presenting information on the basis of geographical segments, segment revenue is based on the geographical presence of customers. Segment assets and capital expenditures are based on the geographical location of the assets.

(i) Segment revenue

		2005	2004
		US\$'000	US\$'000
		千美元	千美元
Vietnam	越南	138,842	126,712
The PRC	中國	38,867	29,490
Japan	日本	52,778	49,288
Taiwan	台灣	3,353	2,826
ASEAN countries (other than Vietnam)	東盟國家(越南除外)	14,119	9,158
Other regions	其他地區	9,945	7,502
		257,904	224,976

(ii) Capital expenditures

		2005	2004
		US\$'000	US\$'000
		千美元	千美元
Vietnam	越南	29,951	33,367
The PRC	中國	10,269	7,615
		40,220	40,982

Capital expenditures are allocated based on where the assets are located.

Capital expenditures comprise additions to leasehold land and land use rights, property, plant and equipment and intangible assets, including additions resulting from acquisitions through business combinations.

4. 分部分析（續）**(b) 地區分部**

以地區分部呈報資料時，分部收益以客戶所在地區劃分，分部資產及資本開支則以資產所在地劃分。

(i) 分部收益

		2005	2004
		US\$'000	US\$'000
		千美元	千美元
Vietnam	越南	138,842	126,712
The PRC	中國	38,867	29,490
Japan	日本	52,778	49,288
Taiwan	台灣	3,353	2,826
ASEAN countries (other than Vietnam)	東盟國家(越南除外)	14,119	9,158
Other regions	其他地區	9,945	7,502
		257,904	224,976

(ii) 資本開支

		2005	2004
		US\$'000	US\$'000
		千美元	千美元
Vietnam	越南	29,951	33,367
The PRC	中國	10,269	7,615
		40,220	40,982

資本開支乃根據資產所在地而分配。

資本開支包括租賃土地及土地使用權的添置、物業、廠房及設備及無形資產，包括通過業務合併的收購的添置。

4. SEGMENTAL ANALYSIS (CONTINUED)

(b) Geographical segment (continued)

(iii) Total assets

		2005 US\$'000 千美元	2004 US\$'000 千美元
Vietnam	越南	298,818	293,430
Hong Kong	香港	12,461	2,926
Taiwan	台灣	1,571	1,390
The PRC	中國	58,425	38,805
Singapore	新加坡	65	718
		371,340	337,269

Total assets are allocated based on where the assets are located.

資產總值乃根據資產所在地而分配。

5. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

		2005 US\$'000 千美元	Restated 經重列 2004 US\$'000 千美元
Held outside Hong Kong	在香港以外持有		
Leases of between 10 and 50 years	租約由十年至五十年	5,583	225

In respect of the Group's land use rights, Mao Tai Foods (Xiamen) Co. Ltd and Shanghai Vedan Enterprise Co. Ltd, the two subsidiaries operating in the PRC, have been granted the right to use the land by the relevant authority for 50 years, which expires in 2042 and 2055, respectively.

4. 分部分析（續）

(b) 地區分部（續）

(iii) 資產總值

5. 土地使用權

本集團於土地使用權的權益指營業租約的預繳費用，其賬面淨值分析如下：

就本集團的土地使用權而言，兩間於中國經營的附屬公司茂泰食品（廈門）有限公司及上海味丹企業有限公司，已獲有關當局授予為期五十年的土地使用權，分別於二零四二年及二零五五年屆滿。

As at 31 December, 2005 二零零五年十二月三十一日

6. PROPERTY, PLANT AND EQUIPMENT

6. 物業、廠房及設備

		Construction in progress 在建工程 US\$'000 千美元	Properties 物業 US\$'000 千美元	Plant and machinery 廠房 US\$'000 千美元	Office equipment and other fixed assets 辦公室 設備及其他 固定資產 US\$'000 千美元	Motor vehicles 汽車 US\$'000 千美元	Total 合計 US\$'000 千美元
At 1 January 2004	二零零四年一月一日						
Cost	成本	688	62,965	286,363	27,790	7,057	384,863
Accumulated depreciation	累積折舊	–	(22,049)	(129,523)	(25,069)	(5,222)	(181,863)
Net book amount – restated	賬面淨額－經重列	688	40,916	156,840	2,721	1,835	203,000
Year ended 31 December 2004	截至二零零四年十二月三十一日 止年度						
Opening net book value	期初賬面淨額	688	40,916	156,840	2,721	1,835	203,000
Additions	添置	5,402	5,105	22,710	533	973	34,723
Disposals	出售	–	(33)	(225)	(177)	(23)	(458)
Depreciation charge	折舊支出	–	(3,048)	(18,800)	(971)	(597)	(23,416)
Closing net book value – restated	期末賬面淨額－經重列	6,090	42,940	160,525	2,106	2,188	213,849
At 31 December 2004	二零零四年十二月三十一日						
Costs	成本	6,090	68,033	307,861	27,851	7,778	417,613
Accumulated depreciation	累積折舊	–	(25,093)	(147,336)	(25,745)	(5,590)	(203,764)
Net book amount – restated	賬面淨額－經重列	6,090	42,940	160,525	2,106	2,188	213,849
Year ended 31 December 2005	截至二零零五年十二月三十一日 止年度						
Opening net book value	期初賬面淨額	6,090	42,940	160,525	2,106	2,188	213,849
Exchange differences	匯兌差異	–	101	254	10	9	374
Acquisition of a subsidiary (Note 32)	收購一間附屬公司(附註32)	–	288	330	15	1	634
Additions	添置	15,355	4,792	162	573	96	20,978
Transfer	轉讓	(15,719)	2,935	11,089	1,657	38	–
Reclassification from inventories	存貨再分類	6,004	–	31	–	–	6,035
Disposals	出售	(101)	–	(302)	(3)	(10)	(416)
Depreciation charge	折舊支出	–	(3,385)	(20,484)	(836)	(562)	(25,267)
Closing net book value	期末賬面淨額	11,629	47,671	151,605	3,522	1,760	216,187
At 31 December 2005	二零零五年十二月三十一日						
Cost	成本	11,629	76,174	318,783	30,054	7,778	444,418
Accumulated depreciation	累積折舊	–	(28,503)	(167,178)	(26,532)	(6,018)	(228,231)
Net book amount	賬面淨額	11,629	47,671	151,605	3,522	1,760	216,187

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Certain property, plant and equipment of the Group are pledged as security for the Group's short-term and long-term bank loans as follows:

		2005 US\$'000 千美元	2004 US\$'000 千美元
Net book value of pledged property, plant and equipment (note 34)	已抵押物業、廠房及設備賬面淨值 (附註34)	50,341	112,418

7. INTANGIBLE ASSETS**7. 無形資產**

		Group 本集團		Company 本公司	
		Goodwill 商譽	Trademark 商標	Total 合計	Trademark 商標
		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	838	–	838	–
Additions	添置	6,259	–	6,259	–
Amortisation for the year	年內攤銷	(238)	–	(238)	–
At 31 December 2004	二零零四年十二月三十一日	6,859	–	6,859	–
At 1 January 2005	二零零五年一月一日	6,859	–	6,859	–
Additions	添置	1,142	12,089	13,231	12,089
Exchange difference	匯兌差異	158	–	158	–
Amortisation for the year	年內攤銷	–	(1,007)	(1,007)	(1,007)
At 31 December 2005	二零零五年十二月三十一日	8,159	11,082	19,241	11,082

7. INTANGIBLE ASSETS (CONTINUED)**Impairment tests for goodwill**

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to country of operation and business segment.

A segment-level summary of the goodwill allocation is presented below:

		The PRC 中國	Vietnam 越南		合計 US\$'000 千美元
		MSG and seasonings packing 味精及調味料包裝 US\$'000 千美元	Starch production 澱粉製造 US\$'000 千美元	MSG packing 味精包裝 US\$'000 千美元	
At 31 December 2005	二零零五年十二月三十一日	6,287	1,142	730	8,159
At 31 December 2004	二零零四年十二月三十一日	6,129	—	730	6,859

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

Key assumptions used for value-in-use calculations

Gross margin	14%-30%
Growth rate	3%
Discount rate	10.4%

These assumptions have been used for the analysis of each CGU within the business segment.

Management determined budgeted gross margin based on past performance and its expectations for the market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

7. 無形資產（續）**商譽減值測試**

本集團因應經營所在國家及業務類別，按所識別之賺取現金單位分配商譽。

按業務類別分配的商譽摘要如下：

賺取現金單位之可收回金額乃按使用價值計算。該等計算基於管理層批准之五年期財政預算使用現金流量進行預測。超出五年期之現金流量使用下列估計增長率推算。

用以計算使用價值之主要假設：

毛利	14%-30%
增長率	3%
折現率	10.4%

該等假設用於分析業務分部內各賺取現金單位。

管理層乃根據過往業績及其對市場發展之預期而釐定預算毛利率。所用折現率乃稅前計算，並反映相關分部之特定風險。

7. INTANGIBLE ASSETS (CONTINUED)**Impairment tests for goodwill (continued)**

Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts of goodwill is based would not cause the carrying amounts to exceed its recoverable amounts.

8. INVESTMENTS IN SUBSIDIARIES

		2005 US\$'000 千美元	2004 US\$'000 千美元
Unlisted shares, at cost	非上市股份(按成本)	170,390	170,390
Long-term loan granted to a subsidiary	授予一間附屬公司長期貸款	12,000	7,000
		182,390	177,390

The loan granted to a subsidiary is unsecured and is repayable within 2 years. The loan is interest-free for the period from 1 August 2004 to 31 December 2006 and interest will be charged at Singapore Interbank Offer Rate ("SIBOR") for the period from 1 January 2007 to 31 July 2007.

7. 無形資產（續）**商譽減值測試（續）**

管理層相信，可收回金額所根據的主要假設的任何合理可能變動不會導致賬面值超過其可收回金額。

8. 對附屬公司投資

授予一間附屬公司的長期貸款為無抵押，還款期為兩年。於二零零四年八月一日至二零零六年十二月三十一日為免息貸款，而於二零零七年一月一日至二零零七年七月三十一日利息將按新加坡銀行同業拆息計算。

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following is a list of the subsidiaries at 31 December 2005:

8. 對附屬公司投資（續）

下列為於二零零五年十二月三十一日的附屬公司：

Name 名稱	Place/country of Incorporation/ establishment 註冊／成立 地點／國家	Principal activities and place of operation 主要業務及 營運地點	Particulars of issued share capital 已發行 股本詳情	Interest held 持有權益
<i>Directly held:</i> 直接持有：				
Winball Investment Limited	British Virgin Islands ("BVI") 英屬處女群島	Investment holding in Hong Kong 在香港投資控股	US\$100 Ordinary shares 100美元普通股	100%
Talent Top Investment Ltd.	BVI 英屬處女群島	Investment holding in Hong Kong 在香港投資控股	US\$100 Ordinary shares 100美元普通股	100%
<i>Indirectly held:</i> 間接持有：				
Burghley Enterprise Pte., Ltd.	Singapore 新加坡	Investment holding in Singapore 在新加坡投資控股	S\$106,067,921 Ordinary shares 106,067,921新加坡元 普通股	100%
Mao Tai Foods (Xiamen) Co., Ltd. 茂泰食品(廈門)有限公司	PRC 中國	Manufacture and sale of MSG, seasonings and beverages in the PRC 在中國製造及銷售味精、調味料及飲料	US\$20,270,000 Registered capital 20,270,000美元 註冊資本	100%
Ordino Investments Pte., Ltd.	Singapore 新加坡	Investment holding in Singapore 在新加坡投資控股	S\$34,944,929 Ordinary shares 34,944,929新加坡元 普通股	100%
Orsan Vietnam Co., Ltd.	Vietnam 越南	Packaging and sale of MSG in Vietnam 在越南包裝及銷售味精	US\$1,838,282 Legal capital 1,838,282美元 法定股本	100%

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

8. 對附屬公司投資（續）

Name 名稱	Place/country of Incorporation/ establishment 註冊／成立 地點／國家	Principal activities and place of operation 主要業務及 營運地點	Particulars of issued share capital 已發行 股本詳情	Interest held 持有權益
Shandong Vedan Snowflake Enterprise Co., Ltd. ("Shangdong Snowflake") ⁽ⁱ⁾ 山東雪花實業有限公司 （「山東雪花」） ⁽ⁱ⁾	PRC 中國	Manufacture and sale of glutamic acid ("GA") and MSG in the PRC 在中國生產及銷售穀氨酸及味精	US\$12,000,000 Registered capital 12,000,000美元 註冊資本	70%
Shanghai Vedan Enterprise Co. Ltd. ⁽ⁱ⁾ 上海味丹企業有限公司 ⁽ⁱ⁾	PRC 中國	Packaging and sale of MSG and seasonings in the PRC 在中國包裝及銷售味精及調味料	US\$9,800,000 Registered capital 9,800,000美元 註冊資本	100%
Vedan (Vietnam) Enterprise Corporation Limited 味丹(越南)股份有限公司	Vietnam 越南	Manufacture and sale of fermentation-based food additives and biochemical products and cassava starch- based industrial products including MSG, GA, modified starch, glucose syrup, soda and acid in Vietnam and for export 在越南製造及銷售發酵食品添加劑、生化產品及 木薯澱粉工業產品，包括味精、穀氨酸、 化工澱粉，葡萄糖漿、梳打及酸並銷售出口	US\$114,700,000 Legal capital 114,700,000美元 法定股本	100%
Veyu Enterprises Co., Ltd.	Vietnam 越南	Manufacture and sale of cassava starch-based industrial products in Vietnam and for export 在越南製造及銷售木薯澱粉工業產品並銷售出口	US\$2,300,000 Legal capital 2,300,000美元 法定股本	100%
Xiamen Darong Import & Export Trade Co., Ltd. ⁽ⁱ⁾ 廈門大容進出口貿易有限公司 ⁽ⁱ⁾	PRC 中國	Trading of cassava starch-based industrial products in the PRC 在中國買賣木薯澱粉工業產品	US\$254,000 Registered capital 254,000美元 註冊資本	100%

Note:

(i) These are Sino-foreign equity or wholly foreign owned joint ventures registered under the laws of the PRC.

附註：

(i) 此等為根據中國法律註冊的中外合資或全外資合資企業。

9. DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment except for the loan granted to a subsidiary as at 31 December 2005 of US\$3,770,000 (2004: US\$3,770,000) which bear interest at 0.5% above SIBOR per annum and are repayable within one year.

10. HELD-TO-MATURITY INVESTMENTS

Included in held-to-maturity investments is a 5-year construction bond issued by Dong Nai Province People's Committee of Vietnam on 30 March 2005. The bond earns annual interest of 8% and is redeemable at the end of the 5-year term.

11. TRADE RECEIVABLES

The credit terms of trade receivables range from cash on delivery to 120 days and the ageing analysis of the trade receivables is as follows:

		2005 US\$'000 千美元	2004 US\$'000 千美元
Current	即期	23,063	16,451
30 – 90 days	30至90天	11,760	10,935
91 – 180 days	91至180天	305	1,447
181 – 365 days	181至365天	60	2,271
Over 365 days	365天以上	641	–
		35,829	31,104

9. 應收附屬公司款項

應收附屬公司款項為無抵押及免息，且無固定還款期，惟二零零五年十二月三十一日應收附屬公司款項3,770,000美元（二零零四年：3,770,000美元）按新加坡銀行同業拆息年利率加0.5厘的利率計息，於提供當日起一年內償還。

10. 持有至到期之投資

持有至到期之投資包括由Dong Nai Province People's Committee of Vietnam於二零零五年三月三十日發出的五年建築債券。債券每年賺取利息8厘，並可於五年期滿時贖回。

11. 應收貿易賬款

應收貿易賬款的信貸期由貨到付現至120天，而應收貿易賬款的賬齡分析如下：

	2005 US\$'000 千美元	2004 US\$'000 千美元
Current	23,063	16,451
30 – 90 days	11,760	10,935
91 – 180 days	305	1,447
181 – 365 days	60	2,271
Over 365 days	641	–
	35,829	31,104

11. TRADE RECEIVABLES (CONTINUED)

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed. Management believes that no additional credit risk beyond the amounts provided for collection losses that are inherent in the Group's trade receivables.

The Group has recognised a gain of US\$87,000 for the reversal of the impairment of its trade receivables during the year ended 31 December 2005 (2004: a loss of US\$75,000 for the impairment of its trade receivables). The amount has been included in administrative expenses in the income statement.

12. INVENTORIES

Raw materials	原料
Work-in-progress	在製品
Finished products	製成品
Spare parts and consumables	零件及消耗品

11. 應收貿易賬款（續）

本集團的大量客戶分散世界各地，因此其應收貿易賬款的信貸並不集中。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。

本集團於截至二零零五年十二月三十一日止年度就撥回應收貿易賬款減值確認87,000美元收益（二零零四年：應收貿易賬款減值虧損75,000美元）。該款項已包括入損益表的行政開支內。

12. 存貨

	2005 US\$'000 千美元	2004 US\$'000 千美元
Raw materials	31,104	22,244
Work-in-progress	4,004	2,222
Finished products	13,657	13,078
Spare parts and consumables	3,228	7,704
	51,993	45,248

13. CASH AND CASH EQUIVALENTS

Bank balances totaling US\$25,314,000 as at 31 December 2005 (2004: US\$28,563,000) were placed with banks in the PRC and Vietnam. The remittance of these funds out of the PRC and Vietnam is subject to the exchange restrictions imposed by the PRC and Vietnamese governments.

13. 現金及現金等價物

於二零零五年十二月三十一日，銀行結餘合共25,314,000美元（二零零四年：28,563,000美元）已存入中國及越南的銀行。該等資金匯出中國及越南須遵守中國及越南政府的外匯管制措施。

14 SHARE CAPITAL

14. 股本

		Authorised Ordinary shares		
		Par value	Number of	
		面值	shares	
		US\$	法定普通股	US\$'000
		美元	股份數目	千美元
At 31 December 2004 and at 31 December 2005	二零零四年十二月三十一日及 二零零五年十二月三十一日	0.01	10,000,000,000	100,000
		Issued and fully paid Ordinary shares		
		Par value	Number of	
		面值	shares	
		US\$	已發行及繳足	US\$'000
		美元	普通股數目	千美元
At 1 January 2004	二零零四年一月一日	0.01	1,511,472,000	15,115
Exercise of share options in 2004	於二零零四年行使購股權 (b)	0.01	11,270,000	113
At 31 December 2004 and at 31 December 2005	二零零四年十二月三十一日 及二零零五年十二月三十一日		1,522,742,000	15,228

On 13th June 2003, a share option scheme and a pre-IPO share option plan are approved pursuant to a written resolution of the Company.

於二零零三年六月十三日，本公司已根據書面決議案批准購股權計劃及首次公開售股前購股權計劃。

14 SHARE CAPITAL (CONTINUED)

- (a) 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 exceeding 10% of the shares in issue from time to time. These options have 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 current and previous years.
- (b) Under the pre-IPO share option plan ("Pre-IPO Share Option Scheme"), the board of directors may at its discretion offer options to any directors or employees of the Group and its subsidiaries which entitle them to subscribe for shares of the Company. On 13th June 2003, 24,500,000 options and 5,270,000 options were granted to directors of the Company and employees of the Group, respectively, under the Pre-IPO Share Option Scheme. These options are exercisable in accordance with the terms of the Pre-IPO Share Option Scheme commencing on 13th June 2004 and up to 12th June 2008.

On 15 September 2004, 11,270,000 share options were exercised at HK\$0.801 each, yielding a proceeds of approximately US\$1,157,000. The related share price at the time of exercise was HK\$1.63. During the current year, no share options were exercised. Pre-IPO share options outstanding as at 31 December 2005 have the following terms:

		Exercise Price 行使價	Number of options 購股權數目
Directors	董事	HK\$0.801港元	18,500,000

No share options were cancelled during the year (2004: nil).

14. 股本（續）

- (a) 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。本公司在本年及過往並無根據購股權計劃授出任何購股權。
- (b) 根據首次公開售股前購股權計劃（「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。二零零三年六月十三日，董事會根據首次公開售股前購股權計劃分別向本公司董事及本集團僱員授出24,500,000份及5,270,000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。

於二零零四年九月十五日，11,270,000份購股權以每股0.801港元行使，由此而來的所得款項約1,157,000美元。於行使時的相關股價為1.63港元。於本年度，並無購股權行使。截至二零零五年十二月三十一日，尚未行使的首次公開售股前購股權的條款如下：

年內概無註銷購股權（二零零四年：無）。

15. RESERVES

(a) Group

15. 儲備

(a) 本集團

		Share premium US\$'000 千美元	Exchange reserve US\$'000 千美元	(Note) (註) Merger reserve US\$'000 千美元	Retained earnings US\$'000 千美元	Total 合計 US\$'000 千美元
At 1 January 2004	二零零四年一月一日	46,314	3,621	79,994	80,079	210,008
Profit for the year	本年度盈利	—	—	—	24,334	24,334
Dividends paid	已付股息	—	—	—	(16,100)	(16,100)
Premium on issue of ordinary shares (note 14 (b))	發行普通股的溢價 (附註14(b))	1,044	—	—	—	1,044
Exchange translation differences	匯兌差額	—	7	—	—	7
At 31 December 2004	二零零四年十二月三十一日	47,358	3,628	79,994	88,313	219,293
Representing:	即：					
2004 Final dividend proposed	建議派付的二零零四年 末期股息				6,895	
Others	其他				81,418	
Retained earnings as at 31 December 2004	二零零四年十二月三十一日 的保留盈利				88,313	
At 1 January 2005	二零零五年一月一日	47,358	3,628	79,994	88,313	219,293
Profit for the year	本年度盈利	—	—	—	7,947	7,947
Dividends paid	已付股息	—	—	—	(9,955)	(9,955)
Exchange translation differences	匯兌差額	—	542	—	—	542
At 31 December 2005	二零零五年十二月三十一日	47,358	4,170	79,994	86,305	217,827
Representing:	即：					
2005 Final dividend proposed	建議派付的二零零五年 末期股息				1,708	
Others	其他				84,597	
Retained earnings as at 31 December 2005	二零零五年十二月三十一日 的保留盈利				86,305	

Note:

The merger reserve of the Group represents the difference between the nominal value of the share capital and share premium of the subsidiaries acquired pursuant to the group reorganisation completed on 26th December 2002 and the nominal value of the share capital of the Company issued in exchange there of.

註：

本集團的合併儲備即本集團於二零零二年十二月二十六日完成重組時所收購附屬公司的股本面值及股份溢價與本公司因交換而發行股本面值的差額。

15. RESERVES (CONTINUED)

(b) Company

		Exchange reserve 匯兌儲備 US\$'000 千美元	Share premium 股份溢價 US\$'000 千美元	Retained earnings 保留盈利 US\$'000 千美元	Total 合計 US\$'000 千美元
At 1 January 2004	二零零四年一月一日	–	193,054	14,915	207,969
Profit for the year	本年度盈利	–	–	14,050	14,050
Premium on issue of ordinary shares (note 14(b))	發行普通股的溢價 (附註14(b))	–	1,044	–	1,044
Dividends paid	已付股息	–	–	(16,100)	(16,100)
Exchange translation differences	匯兌差額	10	–	–	10
At 31 December 2004	二零零四年十二月三十一日	10	194,098	12,865	206,973
Representing:	即：				
2004 Final dividend proposed	建議派付的二零零四年 末期股息			6,895	
Others	其他			5,970	
Retained earnings as at 31 December 2004	二零零四年十二月三十一日 的保留盈利			12,865	
At 1 January 2005	二零零五年一月一日	10	194,098	12,865	206,973
Profit for the year	本年度盈利	–	–	35	35
Dividends paid	已付股息	–	–	(9,955)	(9,955)
Exchange translation differences	匯兌差額	(18)	–	–	(18)
At 31 December 2005	二零零五年十二月三十一日	(8)	194,098	2,945	197,035
Representing:	即：				
2005 Final dividend proposed	建議派付的二零零五年 末期股息			1,708	
Others	其他			1,237	
Retained earnings as at 31 December 2005	二零零五年十二月三十一日 的保留盈利			2,945	

Pursuant to Section 34 of the Cayman Islands Companies Law (2003 Revision) and the Articles of Association of the Company, share premium of the Company is available for distribution to shareholders subject to a solvency test on the Company and the provision of the Articles of Association of the Company.

根據開曼群島公司法（二零零三年修訂版）第34條及本公司組織章程細則，本公司的股份溢價可分派予股東，惟本公司須具備償債能力且符合本公司組織章程細則的規定。

16. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

		2005 US\$'000 千美元	2004 US\$'000 千美元
Current	即期	18,161	7,979
30-90 days	30至90天	359	2,238
91-180 days	91至180天	–	–
181-365 days	181至365天	–	34
		18,520	10,251

16. 應付貿易賬款

應付貿易賬款的賬齡分析如下：

17. BANK BORROWINGS**17. 銀行貸款**

		Group 本集團		Company 本公司	
		2005 US\$'000 千美元	2004 US\$'000 千美元	2005 US\$'000 千美元	2004 US\$'000 千美元
Long-term bank borrowings	長期銀行貸款				
– secured (note 34)	– 有抵押(附註34)	38,052	33,978	–	–
Current portion of long-term bank borrowings	長期銀行貸款之即期部份	(8,346)	(8,235)	–	–
		29,706	25,743	–	–
Short-term bank borrowings	短期銀行貸款				
– secured	– 有抵押	500	9,374	–	–
– unsecured	– 無抵押	41,101	23,523	13,400	–
		41,601	32,897	13,400	–

17. BANK BORROWINGS (CONTINUED)

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

		2005 US\$'000 千美元	2004 US\$'000 千美元
Within 1 year	一年	8,346	8,235
Between 1 and 2 years	一至二年	10,465	8,971
Between 2 and 5 years	二至五年	19,241	16,772
		38,052	33,978

The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates is as follows:

		Within 1 month 一個月內 US\$'000 千美元	1-3 months 一至三個月 US\$'000 千美元	3-6 months 三至六個月 US\$'000 千美元	6-12 months 六至十二個月 US\$'000 千美元	Total 合計 US\$'000 千美元
At 31 December 2004	二零零四年十二月三十一日					
Total borrowings	貸款總額	31,770	17,656	15,818	1,631	66,875
At 31 December 2005	二零零五年十二月三十一日					
Total borrowings	貸款總額	30,785	27,825	21,043	-	79,653

The exposure of the Company's borrowings to interest-rate changes and the contractual repricing dates is as follows:

		Within 1 month 一個月內 US\$'000 千美元	1-3 months 一至三個月 US\$'000 千美元	3-6 months 三至六個月 US\$'000 千美元	6-12 months 六至十二個月 US\$'000 千美元	Total 合計 US\$'000 千美元
At 31 December 2004	二零零四年十二月三十一日					
Total borrowings	貸款總額	-	-	-	-	-
At 31 December 2005	二零零五年十二月三十一日					
Total borrowings	貸款總額	-	13,400	-	-	13,400

17. 銀行貸款（續）

本集團的長期銀行貸款須於以下期間償還：

	2005 US\$'000 千美元	2004 US\$'000 千美元
Within 1 year	8,346	8,235
Between 1 and 2 years	10,465	8,971
Between 2 and 5 years	19,241	16,772
	38,052	33,978

受利率變化影響的本集團貸款及約定重新訂價日期如下：

	Within 1 month 一個月內 US\$'000 千美元	1-3 months 一至三個月 US\$'000 千美元	3-6 months 三至六個月 US\$'000 千美元	6-12 months 六至十二個月 US\$'000 千美元	Total 合計 US\$'000 千美元
At 31 December 2004					
Total borrowings	31,770	17,656	15,818	1,631	66,875
At 31 December 2005					
Total borrowings	30,785	27,825	21,043	-	79,653

受利率變化影響的本公司貸款及約定重新訂價日期如下：

	Within 1 month 一個月內 US\$'000 千美元	1-3 months 一至三個月 US\$'000 千美元	3-6 months 三至六個月 US\$'000 千美元	6-12 months 六至十二個月 US\$'000 千美元	Total 合計 US\$'000 千美元
At 31 December 2004					
Total borrowings	-	-	-	-	-
At 31 December 2005					
Total borrowings	-	13,400	-	-	13,400

17. BANK BORROWINGS (CONTINUED)

The effective interest rates per annum at the balance sheet date were as follows:

		2005		2004	
		US\$	Renminbi	US\$	Renminbi
		美元	人民幣	美元	人民幣
Bank borrowings	銀行貸款	4.9%	6.4%	3.2%	5.3%

The carrying amounts of bank borrowings approximate their fair value.

銀行貸款的賬面金額約為其公平價值。

The carrying amounts of the bank borrowings are denominated in the following currencies:

銀行貸款的賬面金額按以下貨幣計值：

		Group		Company	
		本集團		本公司	
		2005	2004	2005	2004
		US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元
US dollars	美元	79,653	65,244	13,400	—
Renminbi	人民幣	—	1,631	—	—
		79,653	66,875	13,400	—

18. DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using the principal taxation rates prevailing in the countries in which the Group operates.

The movement on the deferred income tax liabilities account is as follows:

		2005 US\$'000 千美元	2004 US\$'000 千美元
At 1 January	一月一日	12,059	11,580
Charged to income statement (note 22)	在損益表扣除 (附註22)	(33)	479
At 31 December	十二月三十一日	12,026	12,059

Provided for in respect of:

		2005 US\$'000 千美元	2004 US\$'000 千美元
Accelerated tax depreciation	加速稅項折舊	12,700	12,831
Other temporary differences	其他暫時差額	(674)	(772)
		12,026	12,059

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred income tax liabilities

		2005 US\$'000 千美元	2004 US\$'000 千美元
At 1 January	一月一日	12,831	12,098
(Credited)/charged to income statement	在損益表(計入)/扣除	(131)	733
At 31 December	十二月三十一日	12,700	12,831

18. 遞延稅項

遞延稅項乃根據負債法以本集團營運所在國家當時的主要稅率就所有暫時差額計算。

遞延所得稅負債變動如下：

		2005 US\$'000 千美元	2004 US\$'000 千美元
At 1 January	一月一日	12,059	11,580
Charged to income statement (note 22)	在損益表扣除 (附註22)	(33)	479
At 31 December	十二月三十一日	12,026	12,059

撥備有關於：

		2005 US\$'000 千美元	2004 US\$'000 千美元
Accelerated tax depreciation	加速稅項折舊	12,700	12,831
Other temporary differences	其他暫時差額	(674)	(772)
		12,026	12,059

本年度遞延所得稅資產及負債(未抵銷相同徵稅司法權區的結餘前)的變動如下：

遞延所得稅負債

		2005 US\$'000 千美元	2004 US\$'000 千美元
At 1 January	一月一日	12,831	12,098
(Credited)/charged to income statement	在損益表(計入)/扣除	(131)	733
At 31 December	十二月三十一日	12,700	12,831

18. DEFERRED TAXATION (CONTINUED)

Deferred income tax assets

		Other temporary differences 其他暫時差額	
		2005 US\$'000 千美元	2004 US\$'000 千美元
At 1 January	一月一日	(772)	(518)
Charged/(credited) to income statement	扣除／（計入）損益表	98	(254)
At 31 December	十二月三十一日	(674)	(772)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The above deferred income tax assets and liabilities have been offset and are shown in the consolidated balance sheet under deferred income tax liabilities.

19. TURNOVER AND OTHER GAINS-NET

(a) Turnover

The Group is principally engaged in the manufacture and sale of fermentation-based food additives and biochemical products and cassava starch-based industrial products including MSG, modified starch, glucose syrup, soda, acid, seasonings and beverages. Turnover recognised for the years ended 31 December 2005 and 2004 is US\$257,904,000 and US\$224,976,000 respectively.

18. 遞延稅項（續）

遞延所得稅資產

		Other temporary differences 其他暫時差額	
		2005 US\$'000 千美元	2004 US\$'000 千美元
At 1 January	一月一日	(772)	(518)
Charged/(credited) to income statement	扣除／（計入）損益表	98	(254)
At 31 December	十二月三十一日	(674)	(772)

倘若有法定可行使權利將現有稅項資產與現有稅項負債抵銷，且遞延所得稅涉及相同的金融機構，則將遞延所得稅資產與負債抵銷。上述遞延所得稅資產與負債已作抵銷，見於綜合資產負債表遞延所得稅負債項下。

19. 營業額及其他收益淨值

(a) 營業額

本集團主要從事發酵食品添加劑、生化產品及木薯澱粉產品，包括味精、化工澱粉、葡萄糖漿、梳打、酸、調味料及飲料的製造及銷售。截至二零零五年及二零零四年十二月三十一日止年度的經確認營業額分別為257,904,000美元及224,976,000美元。

19. TURNOVER AND OTHER GAINS-NET (CONTINUED)**(b) Other gains-net**

		2005 US\$'000 千美元	2004 US\$'000 千美元
Net exchange gains/(loss)	外匯收益／(虧損)淨值	73	(329)
Net loss from sale of electricity	出售電力淨虧損	(175)	(247)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	(395)	(458)
Sale of scrap materials	廢料銷售	406	282
Interest income	利息收入	494	359
Operating lease rental income	經營租約租金收入	264	—
Gain on waiver of amounts due to related parties	豁免應付有關連人士款項的收益	—	291
Tax refund on reinvestment	再投資的退回稅項	1,231	—
Others	其他	1,314	927
		3,212	825

19. 營業額及其他收益淨值（續）**(b) 其他收益淨值****20. EXPENSES BY NATURE**

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

20. 按性質分類的開支

開支包括銷售成本、售賣及分銷開支及行政開支，分析如下：

		2005 US\$'000 千美元	2004 US\$'000 千美元
Cost of inventories	存貨成本	213,460	160,204
Amortisation of goodwill	商譽攤銷	—	238
Amortisation of trademark	商標攤銷	1,007	—
Amortisation of land use rights	土地使用權攤銷	24	8
Auditors' remuneration	核數師酬金	208	188
Depreciation on property, plant and equipment	物業、廠房及設備折舊	25,267	23,416
Operating leases expense in respect of land	有關土地經營租約的開支	119	113
Staff costs (including directors' remuneration) (note 26)	僱員成本（包括董事酬金）（附註26）	11,765	12,292

21. FINANCE COSTS

		2005 US\$'000 千美元	2004 US\$'000 千美元
Interest on bank borrowings	銀行貸款利息	3,806	1,912
Amortised cost on long-term payable to a related party	長期應付有關連人士的攤銷成本	471	—
		4,277	1,912

21. 融資成本**22. TAXATION**

The amount of taxation charged to the consolidated income statement represents:

		2005 US\$'000 千美元	2004 US\$'000 千美元
Enterprise income tax ("EIT")	企業所得稅（「企業所得稅」）	2,326	5,074
Deferred income tax (note 18)	遞延所得稅（附註18）	(33)	479
		2,293	5,553

22. 稅項

於綜合損益表內扣除的稅項包括：

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the applicable taxation rate for Vedan (Vietnam) Enterprise Corporation Limited ("Vietnam Vedan"), which is a major subsidiary of the Group, as follows:

本集團除稅前盈利的稅項與倘若採用本集團主要附屬公司—味丹（越南）股份有限公司（「越南味丹」）的適用稅率而計算的理論稅款的差額如下：

		2005 US\$'000 千美元	2004 US\$'000 千美元
Profit before taxation	除稅前盈利	10,240	29,887
Calculated at taxation rate of 15% (2004: 15%)	以稅率15%計算 （二零零四年：15%）	1,536	4,483
Expenses not deductible for tax purposes	不可扣減的評稅開支	1,102	795
Impact of deferred tax assets not recognised	未確認遞延稅項資產的影響	—	275
Utilisation of previously unrecognised tax losses	使用以前未確認的稅損	(345)	—
Taxation charge	稅項支出	2,293	5,553

22. TAXATION (CONTINUED)

Deferred income tax assets are recognised in respect of tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of US\$2,150,000(2004:US\$4,197,000) to carry forward against future taxable profits. These tax losses will expire from one to four years.

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 10% 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 range from 18% 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 and Hong Kong during the year.

(iv) Taiwan

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 Taiwan is 25%.

22. 稅項（續）

遞延所得稅資產乃因應相關稅務利益可透過未來應課稅溢利變現而就所結轉的稅損作確認。本集團有未確認稅損2,150,000美元（二零零四年：4,197,000美元）可結轉以抵銷未來應課稅盈利。該等稅損將於一年至四年間中止。

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10%至20%，按附屬公司各自的投資許可證所規定。

(ii) 中華人民共和國（「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18%至27%。

(iii) 新加坡／香港

由於本集團於本年度並無在新加坡／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。

(iv) 台灣

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。本集團在台灣業務相關企業所得稅率為25%。

23. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the consolidated financial statements of the Company to the extent of US\$35,000 (2004: US\$14,050,000).

24. DIVIDENDS

		2005 US\$'000 千美元	2004 US\$'000 千美元
2005 Interim dividend of 0.201 US cents (2004: 0.506 US cents) per ordinary share, paid	已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
2005 Final dividend of 0.112 US cents (2004: 0.453 US cents) per ordinary share, proposed	建議派發二零零五年末期股息 每股普通股0.112美仙 (二零零四年：0.453美仙)	1,708	6,895
		4,768	14,600

25. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of US\$7,947,000 (2004: US\$24,334,000) by 1,522,742,000 (2004: 1,514,746,356) ordinary shares in issue during the year (note 14).

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.

23. 股東應佔盈利

計入本公司綜合財務報表的股東應佔盈利為35,000美元（二零零四年：14,050,000美元）。

24. 股息**25. 每股盈利**

每股基本盈利按本公司股權持有人應佔盈利7,947,000美元（二零零四年：24,334,000美元）除以年內已發行普通股1,522,742,000股（二零零四年：1,514,746,356股）計算（附註14）。

每股攤薄盈利乃按假設行使所有尚未行使購股權而發行之普通股數目予以調整而計算。股份數目之計算為根據尚未行使購股權附有之認購權之貨幣價值，按公平值（以本公司股份之平均年度市場價格釐訂）購入之股份數目。根據上述計算得出之股份數目與假設行使首次公開售股前購股權而應已發行之股份數目比較。

25. EARNINGS PER SHARE (CONTINUED)

25. 每股盈利（續）

		2005 US\$'000 千美元	2004 US\$'000 千美元
Profit attributable to equity holders of the Company	本公司股權持有人應佔盈利	7,947	24,334
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數（以千計）	1,522,742	1,514,746
Adjustments for outstanding share options (thousands)	尚未行使購股權調整（以千計）	5,701	26,496
Weighted average number of ordinary shares for diluted earnings per share (thousands)	每股攤薄盈利之已發行普通股加權平均數（以千計）	1,528,443	1,541,242
Diluted earnings per share (US cent per share)	每股攤薄盈利（每股美仙）	0.52	1.58

26. STAFF COSTS (INCLUDING DIRECTORS' REMUNERATION)

26. 僱員成本（包括董事薪酬）

		2005 US\$'000 千美元	2004 US\$'000 千美元
Wages, basic salaries and allowances	工資、底薪及津貼	9,927	8,955
Bonuses	花紅	557	2,241
Pension costs-defined contribution plans	退休金成本一定額供款計劃	558	391
Other employee benefits	其他僱員福利	723	705
		11,765	12,292

27. EMPLOYEE RETIREMENT BENEFITS

As stipulated by rules and regulations in the PRC, the Group contributes to state-sponsored defined contribution retirement plans for its employees in Xiamen and Shanghai, the PRC. The Group contributes to the plans at rates ranging from 8% to 22% of the basic salaries predetermined by local governments. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees. For the year ended 31 December 2005, the Group has contributed approximately US\$115,000 (2004: US\$66,000) to the aforesaid state-sponsored retirement plans.

As stipulated by rules and regulation in Vietnam, the Group contributes to stated-sponsored employees' social insurance scheme for its employees in Vietnam. The Group contributes to the scheme at a rate of 15% of the employee's salary. The state-sponsored social insurance scheme is responsible for the entire obligations payable to retired employees. For the year ended 31st December 2005, the Group has contributed approximately US\$415,000 (2004: US\$325,000) to the aforesaid state-sponsored social insurance scheme.

28. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS

- (a) The aggregate amounts of emoluments paid and payable to the directors of the Company by the Group during the year are as follows:

		2005 US\$'000 千美元	2004 US\$'000 千美元
Fees	袍金	—	—
Salaries and other benefits	薪金及其他福利	1,418	2,007
Discretionary bonuses	酌情發放的花紅	523	2,200
		1,941	4,207

27. 僱員退休福利

根據中國的規則及法例，本集團為中國廈門及上海僱員向國家營辦的定額供款退休計劃作出供款。本集團對該計劃的供款率為當地政府指定底薪8%至22%。國家營辦的退休計劃負責向退休僱員支付所有退休福利。截至二零零五年十二月三十一日止年度，本集團向上述國家營辦的退休計劃供款約115,000美元（二零零四年：66,000美元）。

根據越南的規則及法例，本集團為越南僱員向國家營辦的僱員社會保險計劃作出供款。本集團按僱員薪金的15%向計劃作出供款。國家營辦的社會保險計劃負責為退休僱員提供所有保障。截至二零零五年十二月三十一日止年度，本集團向上述國家營辦的社會保險計劃供款約415,000美元（二零零四年：325,000美元）。

28. 董事及最高薪人員的薪酬

- (a) 本年度本集團向本公司董事已付及應付的薪酬總額如下：

28. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (CONTINUED)

The emoluments of the directors of the Company fell within the following band:

		Number of directors 董事數目	
		2005	2004
Nil to HK\$1,000,000 (approximately US\$128,000)	零至1,000,000港元 (約128,000美元)	5	5
HK\$1,500,001 to HK\$2,000,000 (approximately US\$192,001 to US\$256,000)	1,500,001港元至2,000,000港元 (約192,001美元至256,000美元)	2	—
HK\$2,000,001 to HK\$2,500,000 (approximately US\$256,001 to US\$320,000)	2,000,001港元至2,500,000港元 (約256,001美元至320,000美元)	—	1
HK\$3,000,001 to HK\$3,500,000 (approximately US\$385,001 to US\$448,000)	3,000,001港元至3,500,000港元 (約385,001美元至448,000美元)	2	1
HK\$5,000,001 to HK\$5,500,000 (approximately US\$641,001 to US\$705,000)	5,000,001港元至5,500,000港元 (約641,001美元至705,000美元)	1	—
HK\$5,500,001 to HK\$6,000,000 (approximately US\$705,001 to US\$769,000)	5,500,001港元至6,000,000港元 (約\$705,001美元至769,000美元)	—	1
HK\$6,500,001 to HK\$7,000,000 (approximately US\$833,001 to US\$897,000)	6,500,001港元至7,000,000港元 (約833,001美元至897,000美元)	—	1
HK\$13,000,001 to HK\$13,500,000 (approximately US\$1,666,001 to US\$1,730,000)	13,000,001港元至13,500,000港元 (約1,666,001美元至1,730,000美元)	—	1
		10	10

None of the directors of the Company waived any emoluments during the year (2004: Nil).

28. 董事及最高薪人員的薪酬（續）

本公司董事的薪酬介乎以下範圍：

		Number of directors 董事數目	
		2005	2004
Nil to HK\$1,000,000 (approximately US\$128,000)	零至1,000,000港元 (約128,000美元)	5	5
HK\$1,500,001 to HK\$2,000,000 (approximately US\$192,001 to US\$256,000)	1,500,001港元至2,000,000港元 (約192,001美元至256,000美元)	2	—
HK\$2,000,001 to HK\$2,500,000 (approximately US\$256,001 to US\$320,000)	2,000,001港元至2,500,000港元 (約256,001美元至320,000美元)	—	1
HK\$3,000,001 to HK\$3,500,000 (approximately US\$385,001 to US\$448,000)	3,000,001港元至3,500,000港元 (約385,001美元至448,000美元)	2	1
HK\$5,000,001 to HK\$5,500,000 (approximately US\$641,001 to US\$705,000)	5,000,001港元至5,500,000港元 (約641,001美元至705,000美元)	1	—
HK\$5,500,001 to HK\$6,000,000 (approximately US\$705,001 to US\$769,000)	5,500,001港元至6,000,000港元 (約\$705,001美元至769,000美元)	—	1
HK\$6,500,001 to HK\$7,000,000 (approximately US\$833,001 to US\$897,000)	6,500,001港元至7,000,000港元 (約833,001美元至897,000美元)	—	1
HK\$13,000,001 to HK\$13,500,000 (approximately US\$1,666,001 to US\$1,730,000)	13,000,001港元至13,500,000港元 (約1,666,001美元至1,730,000美元)	—	1
		10	10

本年度本公司董事並無放棄任何薪酬（二零零四年：無）。

28. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (CONTINUED)

The remuneration of the directors of the company for the year ended 31 December 2005 is set out below:

28. 董事及最高薪人員的薪酬（續）

截至二零零五年十二月三十一日止年度本公司董事的薪酬載列如下：

		Fees	Salary	Discretionary bonuses	Other benefits(i)	Total
		袍金	薪金	酌情發放花紅	其他福利(i)	合計
		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
Executive Directors:	執行董事：					
Mr. Yang Tou-Hsiung	楊頭雄先生	–	363	314	13	690
Mr. Yang Cheng	楊正先生	–	200	157	13	370
Mr. Yang, Kun-Hsiang	楊坤祥先生	–	312	24	13	349
Mr. Yang Chen-Wen	楊辰文先生	–	200	14	13	227
Mr. Wang, Joel J.	王肇樹先生	–	217	14	13	244
Non-executive directors:	非執行董事：					
Mr. Huang, Ching-Jung	黃景榮先生	–	–	–	13	13
Mr. Lam, Tuan	林俊先生	–	–	–	12	12
Independent non-executive directors:	獨立非執行董事：					
Mr. Chao, Pei-Hong	趙培宏先生	–	–	–	12	12
Ms. Chuang, Shu-Fen	莊淑芬女士	–	–	–	12	12
Mr. Ko, Jim-Chen	柯俊禎先生	–	–	–	12	12
Total	合計	–	1,292	523	126	1,941

28. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (CONTINUED)

The remuneration of the directors of the company for the year ended 31 December 2004 is set out below:

		Fees	Salary	Discretionary bonuses	Other benefits(i)	Total
		袍金	薪金	酌情發放花紅	其他福利(i)	合計
		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
Executive Directors: 執行董事：						
Mr. Yang Tou-Hsiung	楊頭雄先生	—	352	1,320	13	1,685
Mr. Yang Cheng	楊正先生	—	200	660	13	873
Mr. Yang, Kun-Hsiang	楊坤祥先生	—	305	100	13	418
Mr. Yang Chen-Wen	楊辰文先生	—	187	60	13	260
Mr. Wang, Joel J.	王肇樹先生	—	208	60	493	761
Non-executive directors: 非執行董事：						
Mr. Huang, Ching-Jung	黃景榮先生	—	—	—	65	65
Mr. Lam, Tuan	林俊先生	—	—	—	12	12
Independent non-executive directors: 獨立非執行董事：						
Mr. Chao, Pei-Hong	趙培宏先生	—	—	—	65	65
Ms. Chuang, Shu-Fen	莊淑芬女士	—	—	—	65	65
Mr. Ko, Jim-Chen (note (ii))	柯俊禎先生	—	—	—	3	3
Total	合計	—	1,252	2,200	755	4,207

Notes:

- Other benefits include traveling allowance and the premium of market price over the exercise price of share options on the day of exercise.
- Mr. Ko Jim-Chen was appointed as independent non-executive directors of the company on 27 September 2004.
- The five individuals whose emoluments were the highest in the Group for both years were also directors and their emoluments are reflected in the analysis presented above.
- During the year, no emoluments have been paid to the directors of the Company or the five highest paid individuals of the Group as an inducement to join or as compensation for loss of office.

截至二零零四年十二月三十一日止年度本公司董事的薪酬載列如下：

		Fees	Salary	Discretionary bonuses	Other benefits(i)	Total
		袍金	薪金	酌情發放花紅	其他福利(i)	合計
		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
Executive Directors: 執行董事：						
Mr. Yang Tou-Hsiung	楊頭雄先生	—	352	1,320	13	1,685
Mr. Yang Cheng	楊正先生	—	200	660	13	873
Mr. Yang, Kun-Hsiang	楊坤祥先生	—	305	100	13	418
Mr. Yang Chen-Wen	楊辰文先生	—	187	60	13	260
Mr. Wang, Joel J.	王肇樹先生	—	208	60	493	761
Non-executive directors: 非執行董事：						
Mr. Huang, Ching-Jung	黃景榮先生	—	—	—	65	65
Mr. Lam, Tuan	林俊先生	—	—	—	12	12
Independent non-executive directors: 獨立非執行董事：						
Mr. Chao, Pei-Hong	趙培宏先生	—	—	—	65	65
Ms. Chuang, Shu-Fen	莊淑芬女士	—	—	—	65	65
Mr. Ko, Jim-Chen (note (ii))	柯俊禎先生	—	—	—	3	3
Total	合計	—	1,252	2,200	755	4,207

附註：

- 其他福利包括車資津貼及購股權於行使日之市價超過行使價之溢價。
- 柯俊禎先生於二零零四年九月二十七日獲委任為獨立非執行董事。
- 本集團兩個年度內最高薪酬的五位人士均為董事，彼等的酬金已載於上文分析內。
- 本年度並無向本公司董事或本集團五位最高薪酬人士支付酬金，作為招攬加入本集團的獎勵或離職補償。

28. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (CONTINUED)

Details of the share options outstanding as at 31 December 2005 which have been granted to the Directors of the Group under the Pre-IPO Share Option Scheme are as follows:

Directors/ employees 董事／僱員	Number of options 購股權數目			Held as at 31 December 2005 於二零零五年 十二月 三十一日持有	Exercise price 行使價	Date of grant 授出日期	Exercise period 行使期間
	Granted during the period 期間授出	Exercised during the period 期間行使					
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

28. 董事及最高薪人員的薪酬（續）

於二零零五年十二月三十一日根據首次公開售股前購股權計劃授予董事而尚未行使的購股權詳情如下：

29. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

- (a) Reconciliation of profit before taxation to net cash inflow from operating activities:

29. 綜合現金流量報表附註

- (a) 除稅前盈利與經營業務所得現金流入淨額的對賬：

		2005 US\$'000 千美元	2004 US\$'000 千美元
Profit before taxation	除稅前盈利	10,240	29,887
Interest income	利息收入	(494)	(359)
Interest expenses	利息開支	3,806	1,912
Amortised cost on long-term payable to a related party	長期應付有關連人士的攤銷成本	471	—
Depreciation of property, plant and equipment	物業、廠房及設備折舊	25,267	23,416
Amortisation of trademark	商標攤銷	1,007	—
Amortisation of land use right	土地使用權攤銷	24	8
Amortisation of goodwill	商譽攤銷	—	238
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	395	458
Gain on waiver of amounts due to related parties	豁免應付有關連人士款項的收益	—	(291)
Operating profit before working capital changes	未計營運資金變動前的經營盈利	40,716	55,269
Increase in inventories	存貨增加	(12,715)	(6,909)
Increase in trade receivables, prepayments and other receivables	應收貿易賬款、預付款項及其他應收款項增加	(3,680)	(2,720)
Increase in trade payables, accruals and other payables	應付貿易賬款、應計費用及其他應付款項增加	5,900	6,563
Increase/(decrease) in amounts due to related parties	應付有關連人士款項增加／(減少)	81	(1,354)
Net cash inflow from operating activities	經營業務所得現金流入淨額	30,302	50,849

29. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Analysis of changes in financing during the year

		Share capital including share premium 包括股份 溢價的股本 US\$'000 千美元	Bank loans 銀行貸款 US\$'000 千美元
At 31 December 2003	於二零零三年十二月三十一日		
and at 1 January 2004	及二零零四年一月一日	61,429	55,784
Cash inflow from financing	融資現金流入	1,157	11,091
At 31 December 2004 and at 1 January 2005	於二零零四年十二月三十一日 及二零零五年一月一日	62,586	66,875
Cash inflow from financing	融資現金流入	–	12,778
At 31 December 2005	於二零零五年十二月三十一日	62,586	79,653

(c) Major non-cash transactions

The principal non-cash transaction was the consideration payable to Tung Hai and Taiwan Vedan for the assignment of trademarks. Details of which are set out in Note 33 (a)(iv) and note 33 (c)(ii).

29. 綜合現金流量報表附註（續）

(b) 本年度融資變化分析

		Share capital including share premium 包括股份 溢價的股本 US\$'000 千美元	Bank loans 銀行貸款 US\$'000 千美元
At 31 December 2003	於二零零三年十二月三十一日		
and at 1 January 2004	及二零零四年一月一日	61,429	55,784
Cash inflow from financing	融資現金流入	1,157	11,091
At 31 December 2004 and at 1 January 2005	於二零零四年十二月三十一日 及二零零五年一月一日	62,586	66,875
Cash inflow from financing	融資現金流入	–	12,778
At 31 December 2005	於二零零五年十二月三十一日	62,586	79,653

(c) 主要非現金交易

主要非現金交易為就轉讓商標應付予東海及台灣味丹的代價。詳情載於附註33 (a)(iv) 及附註33 (c)(ii)。

30. COMMITMENTS**(a) Capital commitments***(i) Capital commitments for property, plant and equipment*

	2005 US\$'000 千美元	2004 US\$'000 千美元
Contracted but not provided for 已訂約但未撥備		
– Acquisition of land and buildings from Shanghai Vedan Foods (note 33(a)(iii)) 一收購上海味丹食品土地及樓宇(附註33(a)(iii))	–	10,149
– Factory buildings and equipment of Shangdong Snowflake (note) 一山東雪花工廠大廈及設備(附註)	11,955	–
– Other property, plant and equipment 一其他物業、廠房及設備	881	2,706
Authorised but not contracted for 已批准但未訂約	34,751	35,130

Note:

On 28 December 2005, the Group entered into Assets Transfer Agreement with Shandong Xue Hua Bio-chemical Co., Ltd. ("Xue Hua"), the minority shareholder of Shangdong Snowflake.

Pursuant to the Assets Transfer Agreement, Shangdong Snowflake will purchase from Xue Hua certain factory buildings and equipment, for the production of GA and MSG in the PRC at an aggregate consideration of RMB96,480,000 (equivalent to approximately US\$11,955,000).

(ii) Capital commitments for trademarks

	2005 US\$'000 千美元	2004 US\$'000 千美元
Contracted but not provided for (note 33(a)(iv)) 已訂約但未撥備(附註33(a)(iv))	–	15,303

30. 承擔**(a) 資本承擔***(i) 物業、廠房及設備的資本承擔*

	2005 US\$'000 千美元	2004 US\$'000 千美元
Contracted but not provided for 已訂約但未撥備		
– Acquisition of land and buildings from Shanghai Vedan Foods (note 33(a)(iii)) 一收購上海味丹食品土地及樓宇(附註33(a)(iii))	–	10,149
– Factory buildings and equipment of Shangdong Snowflake (note) 一山東雪花工廠大廈及設備(附註)	11,955	–
– Other property, plant and equipment 一其他物業、廠房及設備	881	2,706
Authorised but not contracted for 已批准但未訂約	34,751	35,130

附註：

於二零零五年十二月二十八日，本集團與山東雪花的少數股東山東雪花生物化工股份有限公司（「雪花」）訂立資產轉讓協議。

根據資產轉讓協議，山東雪花以總代價人民幣96,480,000元（相當於約11,955,000美元）將自雪花購入工廠大廈及設備，以於中國生產穀氨酸及味精。

(ii) 商標的資本承擔

	2005 US\$'000 千美元	2004 US\$'000 千美元
Contracted but not provided for (note 33(a)(iv)) 已訂約但未撥備(附註33(a)(iv))	–	15,303

30. COMMITMENTS (CONTINUED)

(b) Lease commitments

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

		2005 US\$'000 千美元	2004 US\$'000 千美元
Not later than one year	第一年內	109	101
Later than one year and not later than five years	第二至第五年內	436	404
Later than five years	第五年後	3,107	2,961
		3,652	3,466

31. CONTINGENT LIABILITIES

As at 31 December 2005, the Company has given corporate guarantees for bank loans of subsidiaries amounting to US\$93,000,000 (2004: US\$61,745,000) of which US\$13,347,000 has not been utilised.

32. ACQUISITION OF A SUBSIDIARY

The Group acquired 100% of the legal capital of Veyu Enterprise Co., Ltd ("Veyu") from an independent third party (the "Vendor") on 31 October 2005. The operating results of this newly controlled entity have been included in the consolidated income statement since the date of acquisition. The fair value of the net assets approximate to the book value of the net assets acquired, and no plant closure provisions or other restructuring provisions were established. The total purchase consideration is US\$3,330,000 comprising US\$2,793,000 to be paid in cash and US\$537,000 payable to Veyu by the Vendor to be waived. As at 31 December 2005, the amount paid is US\$2,460,000.

The operating results of this newly controlled entity have been included in the consolidated income statement since the date of acquisition. The newly controlled entity has contributed revenues of US\$417,000 and net profit of US\$26,000 to the Group for the period from 1 November 2005 to 31 December 2005. If the acquisition had occurred on 1 January 2005, the Group revenue would have been increased by US\$301,000 and net profit would have been decreased by US\$182,000. These amounts have been calculated using the Group's accounting policies.

30. 承擔（續）

(b) 租約承擔

本集團根據土地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：

31. 或然負債

於二零零五年十二月三十一日，本公司為附屬公司提供銀行貸款之公司擔保達93,000,000美元（二零零四年：61,745,000美元），其中13,347,000美元尚未動用。

32. 收購一間附屬公司

本集團於二零零五年十月三十一日向獨立第三方（「賣方」）收購Veyu Enterprise Co., Ltd（「Veyu」）之100%註冊股本。這家新受控制實體之經營業績自收購日期以來，已納入綜合損益表內。資產淨值之公平值與被收購資產淨值之賬面值相若，且並無提撥有關廠房暫停運作或其他重整準備。購買總代價為3,330,000美元，其中2,793,000美元將以現金支付，並免除賣方應付Veyu之537,000美元。於二零零五年十二月三十一日，已付款項為2,460,000美元。

這家新受控制實體之經營業績自收購日期以來，已納入綜合損益表內。由二零零五年十一月一日至二零零五年十二月三十一日止期間，新受控制實體已向本集團貢獻收益417,000美元，以及純利26,000美元。倘若於二零零五年一月一日進行收購，則本集團之收益會增加301,000美元，而純利則會減少182,000美元。該等款項已採用本集團之會計政策計算。

32. ACQUISITION OF A SUBSIDIARY (CONTINUED)

At the date of approval of the accounts, management has not completed the process of valuation of the trademark acquired, the recognition of which arises from the acquisition of Veyu. The provisional accounting for the acquisition has not included the recognition of this intangible asset. When the provisional accounting is completed in the year 2006, the goodwill arising on acquisition will be reduced by the fair value assigned to other intangible asset.

The fair value of identifiable assets and liabilities arising from the acquisition are as follows:

32. 收購一間附屬公司（續）

於批准賬目之日，管理層尚未完成所收購商標之估值程序，商標之確認乃因收購Veyu而產生。收購之臨時會計處理，並未包括確認這無形資產。當臨時會計處理於二零零六年完成，則因收購而產生之商譽將減去轉撥至其他無形資產之公平值。

因收購而產生之可識別資產及負債之公平值載述如下：

		US\$'000 千美元
Cash	現金	1,048
Property, plant and equipment	物業、廠房及設備	634
Inventories	存貨	65
Other assets (including receivable from the Vendor)	其他資產(包括應收賣方款項)	540
Trade creditors and other payables	應付貿易賬款及其他應付款項	(99)
Receivable from the Vendor waived	豁免應收賣方款項	(537)
Net assets acquired	所收購資產淨值	1,651
Goodwill	商譽	1,142
Total consideration payable by cash	以現金支付的總代價	2,793
Cash paid for the acquisition in the year	年內收購所付現金	(2,460)
Cash and cash equivalents in subsidiary acquired	收購附屬公司之現金及現金等價物	1,048
Cash outflow on acquisition	收購的現金流出	(1,412)

33. RELATED PARTY TRANSACTIONS

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

33. 有關連人士交易

- (a) 在本集團日常業務中與有關連人士進行的重大交易如下：

		Note 附註	2005 US\$'000 千美元	2004 US\$'000 千美元
Sale of goods to	向下列公司銷售貨品	(i)		
– Taiwan Vedan	– 台灣味丹		9,801	7,548
– Shanghai Vedan Foods	– 上海味丹食品		–	3,028
Trademark license fee paid to Tung Hai Fermentation Industrial Co. Ltd. ("Tung Hai")	向東海醱酵工業股份有限公司（「東海」）支付商標許可費	(ii)	289	1,840
Technological support fee paid to Tung Hai and Taiwan Vedan	向東海及台灣味丹支付技術支援費	(ii)	2,604	1,832
Technological support fee received from Taiwan Vedan	從台灣味丹收取技術支援費	(ii)	80	–
Commission income from Taiwan Vedan in connection with Agency Agreement	就代理協議收取台灣味丹的佣金收入	(ii)	104	167
Acquisition of land use rights and properties from Shanghai Vedan Foods	向上海味丹食品購入土地使用權及物業	(iii)	5,377	–
Acquisition of MSG business from Shanghai Vedan Foods	購入上海味丹食品的味精業務	(iii)	–	6,259
Acquisition of ancillary facilities from Shanghai Vedan Foods	購入上海味丹食品的附屬設施	(iii)	–	1,036
Assignment of trademarks from Tung Hai and Taiwan Vedan	從東海及台灣味丹轉讓商標	(iv)	12,089	–

Notes:

- (i) In the opinion of the directors of the Company, sales to related parties were conducted in the normal course of business at prices and terms no less favourable 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 ordinary course of business and the fees are charged in accordance with the terms of underlying agreements.

附註：

- (i) 本公司董事認為向有關連人士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者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。

33. RELATED PARTY TRANSACTIONS (CONTINUED)

Notes: (continued)

- (iii) On 6 May 2004, the Group entered into two agreements, namely the Business Acquisition Agreement and the Immovable Assets Acquisition Agreement, with Shanghai Vedan Foods in connection with the acquisition of the existing MSG business and land use rights and buildings and ancillary facilities of Shanghai Vedan Foods.

The Business Acquisition Agreement and the acquisition of ancillary facilities under the Immovable Assets Acquisition Agreement were completed during the year 31 December 2004 and the acquisition of land use rights and buildings under the Immovable Assets Acquisition Agreement was completed during the year ended 31 December 2005.

- (iv) 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 year, the transfer of the titles and registrations of these trademarks had substantially been completed and accordingly, these trademarks were recognised as intangible assets.

(b) Key management compensation

		2005 US\$'000 千美元	2004 US\$'000 千美元
Salaries and other short-term employee benefits	薪金及其他短期 員工福利	1,880	3,997

33. 有關連人士交易（續）

附註：（續）

- (iii) 於二零零四年五月六日，本集團就收購上海味丹食品的現有味精業務、若干土地及樓宇及配套設施訂立兩項協議，分別為業務收購協議及不動產收購協議。

業務收購協議及根據不動產收購協議下收購配套設施已於截至二零零四年十二月三十一日止年度完成。根據不動產收購協議下收購土地使用權及樓宇於截至二零零五年十二月三十一日止年度內完成。

- (iv) 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項商標轉讓協議（「商標轉讓協議」）。據此，台灣味丹及東海已各自同意向本公司轉讓彼等各自於以台灣味丹及東海名義於越南、中國及若干東盟國家註冊之商標中之全部權利、所有權及權益。

年內，大致上已完成該等商標之所有權轉讓及註冊事宜，故該等商標乃被確認為無形資產。

(b) 主要管理人員酬金

		2005 US\$'000 千美元	2004 US\$'000 千美元
Salaries and other short-term employee benefits	薪金及其他短期 員工福利	1,880	3,997

33. RELATED PARTY TRANSACTIONS (CONTINUED)**(c) Balances with related parties**

As at 31 December 2005, the Group had the following significant balances with related parties:

	Note 附註	2005 US\$'000 千美元	2004 US\$'000 千美元
Current:			
Trade receivable from related parties (note 11)			
– Shanghai Vedan Foods	(i)	633	2,171
– Taiwan Vedan		1,654	2,371
		2,287	4,542
Due to related parties	(i)		
– Taiwan Vedan		274	29
– Tung Hai		-	164
		274	193

Group and Company**本集團及本公司**

Non-current:			
Due to Taiwan Vedan and Tung Hai in connection with assignment of trademarks	(ii)	12,560	-

Note:

- (i) All these balances with related parties are unsecured, interest-free and have no fixed terms of repayment.
- (ii) The amount represents the fair value of payable to Taiwan Vedan and Tung Hai for assignment of certain trademarks under the Trademark Assignment Agreement (note 33(a)(iv)). It is payable by seven equal annual instalment commencing on 1 January 2007. The face amount is US\$15,014,000 and is discounted to fair value using a rate based on the borrowings rate of 4.7% at the date of assignment of the trademarks.

附註：

- (i) 有關連人士的所有結餘均無抵押、免息及無固定還款期。
- (ii) 根據商標轉讓協議（附註33(a)(iv)），該款項相當於就轉讓若干商標而應付台灣味丹及東海之公平值。其須由二零零七年一月一日起，分七期每年支付相同款額。面值為15,014,000美元，並按根據轉讓商標當日之借貸利率4.7厘計算之利率折現至公平值。

34. BANKING FACILITIES

The Group's bank borrowings of US\$79,653,000 as at 31 December 2005 were secured by:

- (i) legal charges over certain of the Group's property, plant and equipments and land use rights with the net book value of approximately US\$50,341,000; and
- (ii) corporate guarantees provided by the Company.

35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on 22 March 2006.

34. 銀行信貸

本集團於二零零五年十二月三十一日的銀行借貸79,653,000美元以下列各項作為抵押：

- (i) 本集團賬面淨值約50,341,000美元的若干物業、廠房及設備和土地使用權的法定抵押；及
- (ii) 本公司提供的公司擔保。

35. 批准綜合財務報表

綜合財務報表已於二零零六年三月二十二日獲董事會批准。

FIVE YEAR FINANCIAL SUMMARY

五年財務概要

CONSOLIDATED RESULTS FOR THE YEARS ENDED 31 DECEMBER

截至十二月三十一日止年度綜合業績

		2005 US\$'000 千美元	2004 US\$'000 千美元	2003 US\$'000 千美元	2002 US\$'000 千美元	2001 US\$'000 千美元
Consolidated Result Turnover	綜合業績營業額	257,904	224,976	203,797	182,790	163,741
Profit before taxation	除稅前盈利	10,240	29,887	26,194	19,469	9,203
Taxation	稅項	(2,293)	(5,553)	(4,115)	(3,060)	(1,550)
Profit for the year and attributable to equity holders of the Company	本年度盈利及本公司股權持有人應佔盈利	7,947	24,334	22,079	16,409	7,653

CONSOLIDATED ASSETS AND LIABILITIES AS AT 31 DECEMBER

於十二月三十一日綜合資產及負債

		2005 US\$'000 千美元	Restated 經重列 2004 US\$'000 千美元	2003 US\$'000 千美元	2002 US\$'000 千美元	2001 US\$'000 千美元
Assets and liabilities	資產及負債					
Total assets	資產總額	371,340	337,269	313,033	318,739	348,366
Total liabilities	負債總額	(134,685)	(102,748)	(87,910)	(148,349)	(215,105)
Total equity	權益總額	236,655	234,521	225,123	170,390	133,261

Note: Certain comparative figures for the year ended 31 December 2004 have been restated to reflect the adoption of new/revised Hong Kong Financial Reporting Standards. The comparative figures for the three years ended 31 December 2001, 2002 and 2003 have not been restated as the Directors considered that this would involve undue delay and expenses.

附註：截至二零零四年十二月三十一日止年度的若干比較數字經已重列，以反映採納新訂／經修訂香港財務報告準則。截至二零零一年、二零零二年及二零零三年十二月三十一日止三個年度的比較數字並無重列，因董事認為這會導致不必要的延誤及費用。

SHAREHOLDER INFORMATION

股東資料

Listing	:	Main Board of The Stock Exchange of Hong Kong Limited
Stock Code	:	2317
Board Lot	:	4,000
Par Value	:	US\$0.01
Trading Currency	:	HKD

上市	:	於香港聯合交易所有限公司 主板上市
股份代號	:	2317
買賣單位	:	4,000
面值	:	0.01 美元
交易貨幣	:	港元

FINANCIAL CALENDAR 2005

Financial year ended	31 December, 2005
Full year results announced	22 March, 2006
Register of members closed	16-19 May, 2006
Annual general meeting	9 May, 2006
Despatch of dividend warrants	on or about 1 June 2006
Interim results to be announced	In the 4th week of August, 2006*

* subject to change

FINAL DIVIDEND

The board recommends the payment of a final dividend of 0.112 US cents per share in respect of the year ended 31 December, 2005. Subject to shareholders' par approval, the final dividend will be paid in cash to shareholders whose names appear on the register of members of the Company on 15 May, 2006.

Dividend warrants will be despatched to shareholders on or about 1 June, 2006.

The register of members will be closed from 16-19 May, 2006, both dates inclusive. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars not later than 15 May, 2006.

二零零五年財務行事曆

全年業績結算	二零零五年十二月三十一日
全年業績公佈	二零零六年三月二十二日
股份暫停登記	二零零六年五月十六日至十九日
股東週年大會	二零零六年五月九日
寄發股息單	約／在二零零六年六月一日

中期業績公佈	二零零六年八月 第四個星期*
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* 有待確定

末期股息

董事會建議派發截至二零零五年十二月三十一日止年度之末期股息每股0.112美仙。待股東批准後，末期股息將以現金派付予二零零六年五月十五日名列本公司股東名冊之股東。

股息單將於二零零六年六月一日或該日前後寄予股東。

本公司將於二零零六年五月十六日至二零零六年五月十九日（首尾兩日包括在內）暫停辦理股份過戶登記手續。股東如欲獲取擬派之末期股息，須於二零零六年五月十五日前將所有填妥之過戶表格連同有關股票送交本公司之香港股份過戶登記分處。

SHAREHOLDER SERVICES

For enquiries about share transfer and registration, please contact the Company's Hong Kong branch share registrars:

Tengis Limited

26/F Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong
Telephone : (852) 2980 1768
Facsimile : (852) 2528 3158

Holders of the Company's shares should notify the Hong Kong branch share registrars promptly of any change of addresses.

股東服務

任何有關股份過戶及登記之查詢，請聯絡本公司之香港股份過戶登記分處：

登捷時有限公司

香港
灣仔皇后大道東28號
金鐘匯中心26樓
電話：(852) 2980 1768
傳真：(852) 2528 3158

持有本公司股票之人士，若更改地址，請盡快通知本公司之香港股份過戶登記分處。

INVESTOR RELATIONSHIP

投資者關係

The Group appreciates fully the importance of employing a professional, truthful and proactive attitude and rendering timely responses in promoting investor relations. This understanding underscores our persistence in maintaining optimum all-round communication with investors, allowing us to collect information and valuable views from investors and announces the Group's business strategy and direction at more appropriate time. These efforts are critical in helping us realize our hope to improve corporate governance and strengthen investor confidence.

Ensuring high corporate transparency is a key emphasis in the Group's investor relations activities. During the year under review, the management team had come to Hong Kong regularly to meet with investors. They proactively provided investors the latest information regarding the Group and its business to help them make the best investment decisions.

Since it was listed on the Stock Exchange of Hong Kong, the Group has promoted investor relations through different channels. We see our results announcements, annual or interim, as ideal opportunities to communicate with investors. We organize investor group presentations to strengthen communication with investors, explaining to them the Group's latest operational situations and direction of development. Furthermore, in the year under review, the Group held 54 investor meetings including meeting with international investment institutions such as JP Morgan, Value Partners, Credit Suisse (formerly known as Credit Suisse First Boston), HSBC and Merrill Lynch, and a total of 25 teleconferences were made with the investors.

The Group has close and solid relationship with both local and overseas investors. Following the participation in the investor forum organized by UBS in Shanghai in January last year, the management team traveled to New York and London in May to take part in the investor conferences hosted by HSBC. These activities have served the Group as platforms for attracting overseas investors and ultimate helping to expand the Group's investor base.

Our website is one of the always open channels we use to communicate with investors and collect the views of the investor community. The Company's official website can be found at: <http://www.vedaninternational.com>

Vedan welcomes all investors to continue to give their opinions and suggestions to the Group, please feel free to contact our investor relations department at vdi@vedaninternational.com. For enquiries relating to investor relations, please contact:

Strategic Financial Relations Limited
Unit A, 29th Floor, Admiralty Centre I,
18 Harcourt Road, Hong Kong

Telephone : (852) 2527 0490
Facsimile : (852) 2804 2789

集團深明以專業、坦誠並適時主動的態度，乃推動投資者關係的重要因素。所以集團一直致力與投資者保持充分及良好的溝通，以便收集更多訊息及寶貴意見，並在適當時候，公佈集團的業務策略及發展方向，期望在企業管治上力臻完善，鞏固投資者的信心。

在投資者關係活動中，企業透明度乃集團相當重視的一環。於回顧年度內，集團管理層定期來港與投資者會面，並積極向投資者發佈最新資訊及業務消息，讓投資者作出最佳的投資決定。

於香港聯交所上市至今，集團透過不同渠道推動投資者關係。集團每當公佈中期業績及全年業績時，均會抓緊良機，舉行投資者簡報會，加強與投資者的溝通，解釋集團最新的業務情況及發展方向。此外，於回顧年度內，集團舉行了五十四次個別投資者會議，當中包括摩根大通證券、惠理基金、瑞信(前稱瑞士信貸第一波士頓)、滙豐、美林等國際知名的投資機構，並曾與投資者進行二十五次電話會議。

集團積極與海內／外投資者保持緊密聯繫，繼去年一月參加由瑞士銀行在上海舉辦的投資者論壇後，集團管理層在去年五月更遠赴紐約及倫敦，出席由滙豐舉辦的投資者論壇，吸引海外投資者，擴闊投資者基礎。

為搜集投資界的意見，集團利用網站與投資者保持溝通，公司網址為：
<http://www.vedaninternational.com>。

味丹國際期待投資者繼續對集團提出寶貴意見，歡迎隨時與集團的投資關係部聯絡 vdi@vedaninternational.com。任何有關投資者關係之查詢，請聯絡：

縱橫財經公關顧問有限公司
香港金鐘夏慤道18號海富中心第1期
29樓A室

電話：(852) 2527 0490
傳真：(852) 2804 2789



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