



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

Stock Code: 2317



## REACTION OF TECHNOLOGY AND TASTE

INTERIM REPORT 2006 中期報告

MISSION

使命

發酵氨基酸、食品添加劑、木薯澱粉產品，  
味丹獨專，亞洲首選

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

VEDAN

味丹

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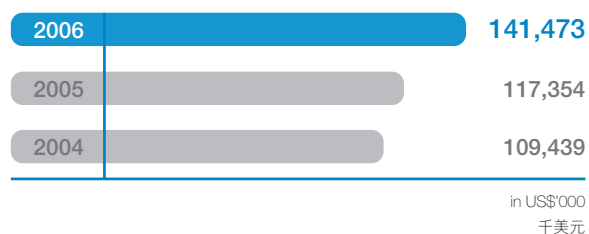
# Financial Highlights

## 財務摘要

		Unaudited 未經審核 Six months ended 30 June 2006 截至二零零六年 六月三十日止 六個月 US\$'000 千美元	Unaudited 未經審核 Six months ended 30 June 2005 截至二零零五年 六月三十日止 六個月 US\$'000 千美元	Change 變動
<b>Results</b>	<b>業績</b>			
Turnover	營業額	141,473	117,354	20.6%
Profit before taxation	除稅前盈利	7,886	7,167	10.0%
Profit attributable to shareholders	股東應佔盈利	6,051	5,673	6.7%
Basic earnings per share (US cents)	每股基本盈利 (美仙)	0.40	0.37	8.1%
Diluted earnings per share (US cents)	每股攤薄盈利 (美仙)	0.40	0.37	
Interim dividend declared per share (US cents)	已宣派每股中期股息 (美仙)	0.200	0.201	
(HK cents)	(港仙)	1.560	1.567	

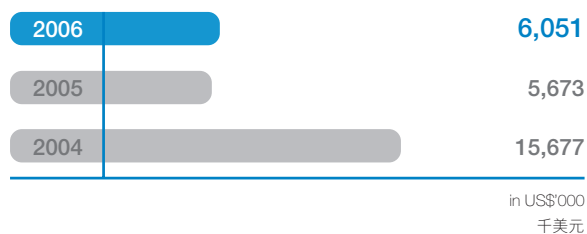
### TURNOVER 營業額

6 months ended 30 June  
截至六月三十日止六個月



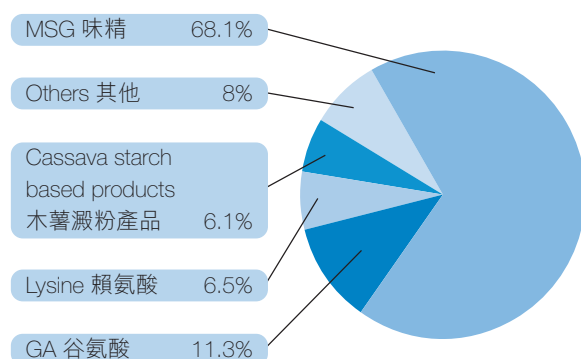
### NET PROFIT 純利

6 months ended 30 June  
截至六月三十日止六個月



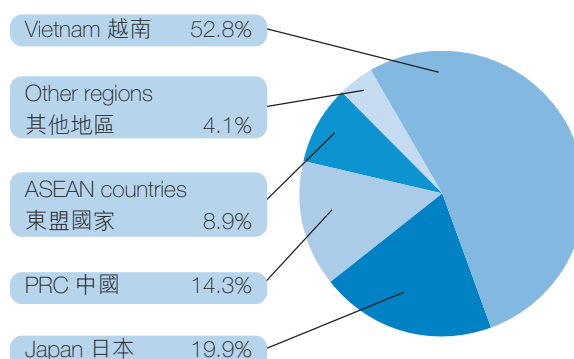
### TURNOVER BY PRODUCTS 按產品分類之營業額

6 months ended 30 June 2006  
截至二零零六年六月三十日止六個月



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

6 months ended 30 June 2006  
截至二零零六年六月三十日止六個月



# Corporate Information

## 公司資料

### Board of Directors

#### Executive Directors

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

#### Non-executive Directors

Huang, Ching-Jung  
Chou, Szu-cheng

#### Independent Non-executive Directors

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

\* member of Audit Committee

### Authorised Representatives

Yang, Kun-Hsiang  
Wang, Joel J.

### Company Secretary

Lo, Chi-Man

### Auditors

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

### Legal Advisors

Deacons  
5th Floor, Alexandra House, 16–20 Chater Road, Central, Hong Kong

### Registered Office

Century Yard, Cricket Square, Hutchins Drive,  
P.O. Box 2681 GT  
George Town, Grand Cayman, British West Indies

### 董事會

#### 執行董事

楊頭雄 (主席)  
楊 正  
楊坤祥 (行政總裁)  
楊辰文  
王肇樹

#### 非執行董事

黃景榮  
周賜程

#### 獨立非執行董事

趙培宏\*  
莊淑芬\*  
柯俊禎\*

\* 審核委員會成員

### 法定代表人

楊坤祥  
王肇樹

### 公司秘書

羅志文

### 核數師

羅兵咸永道會計師事務所  
香港中環太子大廈22樓

### 法律顧問

的近律師行  
香港中環遮打道16-20號歷山大廈5樓

### 註冊辦事處

Century Yard, Cricket Square, Hutchins Drive,  
P.O. Box 2681 GT  
George Town, Grand Cayman, British West Indies

### 公司資料<sup>(續)</sup>

#### Share Registrars

Tengis Limited  
26/F., Tesbury Centre, 28 Queen's Road East,  
Wanchai, Hong Kong

#### Stock Code

The Stock Exchange of Hong Kong: 2317  
Bloomberg: 2317 HK  
Reuters: 2317.HK

#### Internet Address

Website: [www.vedaninternational.com](http://www.vedaninternational.com)  
Email address: [vdi@vedaninternational.com](mailto:vdi@vedaninternational.com)

#### 股票過戶及登記處

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

#### 公司股份編號

香港聯合交易所：2317  
彭博：2317 HK  
路透社：2317.HK

#### 互聯網網址

網址：[www.vedaninternational.com](http://www.vedaninternational.com)  
電郵地址：[vdi@vedaninternational.com](mailto:vdi@vedaninternational.com)

## Corporate Information (continued)

### 公司資料 (續)

#### Principal place of business

Vietnam Office: National Road 51, Hamlet 1A, Phuoc Thai,  
Long Thanh District, Dong Nai Province, Vietnam  
Tel: (84) 61-3825 111  
Fax: (84) 61-3543 160

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Tel: (86) 21-5760 2525  
Fax: (86) 21-5760 2030

Xiamen Office: 568 North Tong Ji Road, Tong-An District, Xiamen,  
Fujian Province, P.R.C.  
Tel: (86) 592-712 8111  
Fax: (86) 592-702 9274

Shandong Office: Xue-hua Industry Park,  
Jining High & New Tech. Industries  
Development Zone,  
Shandong Province, PRC  
Tel: (86) 537-3866566  
Fax: (86) 537-3768566

Hong Kong Office: Suite 3706, 37/F, Shun Tak Centre, West Tower,  
200 Connaught Road Central, Hong Kong  
Tel: (852) 2854-2812  
Fax: (852) 2544-6452

Taiwan Office: 18, Jinhua Street, Shalu, Taichung, Taiwan, R.O.C.  
Tel: (886) 4-2665-2178  
Fax: (886) 4-2665-6463

#### 主要營業地點

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電話：(84) 61-3825 111  
傳真：(84) 61-3543 160

上海辦事處：中國上海市松江工業區  
車新公路158號  
電話：(86) 21-5760 2525  
傳真：(86) 21-5760 2030

廈門辦事處：中國福建省廈門市同安區  
同集北路568號  
電話：(86) 592-712 8111  
傳真：(86) 592-702 9274

山東辦事處：中國山東省濟寧市  
濟寧高新區  
雪花工業園  
電話：(86) 537-3866566  
傳真：(86) 537-3768566

香港辦事處：香港中環干諾道中200號  
信德中心西座37樓3706室  
電話：(852) 2854-2812  
傳真：(852) 2544-6452

台灣辦事處：台灣台中縣沙鹿鎮錦華街18號  
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傳真：(886) 4-2665-6463

Although our gross profit in the first half of the year suffered because of high raw material costs and suppressed sales price of lysine, our efforts to expand markets and raise the sales price of MSG, and to enhance production efficiency and lower production costs and expenses paid off. The Group was able to achieve notable growth in turnover and a slight increase in net profit in the first half of the year when compared with the last corresponding period.

Our business continued to report overall steady growth in the first half of 2006 and market demand for our core products was strong. Our turnover was 20.6% higher than in the same period last year. The Group's major markets including Vietnam, Japan, the PRC and ASEAN countries recorded 17%, 12%, 19% and 104% growth in turnover respectively when compared with the same period last year, mainly attributable to the increase in sales of MSG products in these markets. Other products such as starch and specialty chemicals also achieved satisfactory growth.

We made good business progress during the review period. However, our gross profit and overall profitability fell short of expectation as a result of surge in the price of molasses. We thus raised the selling price of our products in different markets starting in the second half of last year and continuing in the first half this year to respond to the higher molasses price. This enabled us to maintain a profit level similar to last year's. However, taking into account the keen market competition, price adjustments were made prudently. Another important factor suppressing profit was the continuous slide of lysine price. In combat, we used part of the lysine production facilities to produce MSG products that have higher margin to help us raise overall profit.

At the same time, the Group's effort to secure a more stable supply of carbohydrates, the trial cultivation of tropical sugar beet in Vietnam has borne encouraging preliminary results. However, we have still some way to go before we can reap economy of scale benefits. In addition, the Ve-Yu Starch Factory, which was acquired at the end of last year, and the new starch factory, which is to be built this year in Ha Tinh province in Central Northern of Vietnam, will give the Group better control on sources of carbohydrates. The management believes these pursuits will bring concrete benefits including helping the Group to stabilize production cost and grow profit.

儘管今年上半年的原料成本持續去年的高檔價位與仍處低迷的賴氨酸價格，使得毛利受到影響，但集團一方面積極地開拓市場，另一方面努力調高味精產品售價、提升生產效率、降低生產成本與節省費用，使上半年營業額相較去年同期仍有顯著的增加，淨利也有些許提高。

集團在2006年上半年整體業務狀況尚保持穩健成長，核心產品於市場之需求樂觀，營收較去年同期有20.6%的增長，集團的主要市場在越南、日本、中國與東盟國家都較去年同期約有17%、12%、19%與104%的成長；此等營業額的增加主要仍歸功於味精產品在各地市場銷售的擴增；另外，集團其他產品如澱粉與特用化學品的業務銷售也都有不錯的表現。

雖然集團在業務上有不錯的進展，但毛利仍受到糖質原料價格的居高不下的影響，使盈利狀況不如預期。為反應糖源成本的高漲，集團自去年下半年起至今年上半年均持續於各地市場拉升產品的售價，這也使上半年的純利率得以維持去年同期的水準，但集團亦考慮到市場競爭的狀況，故對調價也格外審慎的進行。另一壓縮獲利的重要因素即賴氨酸之價格不振，此亦明顯地侵蝕集團原應有的獲利，故集團有鑑於此，將部份賴氨酸設備產能彈性地調整到生產獲利較高的味精產品，以增加整體的獲利水平。

同時，為取得更多糖源供應之主導性，集團目前於越南地區試種植的熱帶甜菜進度順利，初步成效不錯，但距實際經濟效益應用，還有一段距離；除此之外，去年底所併購的味友澱粉廠與今年將於中北部新建的河靜澱粉廠，都將對集團掌握糖源有更深的助益。管理層相信此等措施對穩定生產成本與獲利回升均有實質之效益。



In the first half year, the Group focused on securing a stable supply of raw materials and expanding market presence. Shandong Vedan Snowflake Enterprise Co., Ltd., which was set up at the end of last year, commenced operation in April this year. Apart from directly selling its products to customers, the company also supplies MSG and GA to the Group's factories in Shanghai and Xiamen, and as such, it boasts strategic value in the Group's plan to develop and consolidate the China market.

#### Outlook for the second half year

Facing vigorous challenges in the current operational environment, apart from securing a stable supply of carbohydrates to help reduce production costs and boost production efficiency and overall competitiveness, the Group will also strive to push up profit and market share by continuing to consolidate existing core products. Furthermore, the Group will continue to negotiate and develop high-valued new products and new technology, with the aim of achieving profit breakthrough.

Regarding development of the China market in the second half year, we will pursue in greater depth the development of our MSG business in Shanghai, Xiamen and Shandong. We also expect the Shanghai factory to start producing and selling value-added seasoning and modified starch for food application to add to our product portfolio and enhance our business performance.

The new factory for producing the new product,  $\gamma$ -PGA, was completed in the second quarter this year. The trial run is expected to complete in the third quarter and production to begin in the fourth quarter. We are fully confident of the prospects of this new product and expect it to deliver good return to the Group in the future. Currently, apart from forging on with our in-house R&D efforts, we are negotiating with some international biochemical companies holding advanced technical know-how about collaboration in developing new products or production technology. Our aims are to continuously improve our production technology and efficiency, and to develop more products with high added value.

集團上半年於中國市場仍不斷致力於原料之掌握與市場的精耕。尤其是去年底成立的山東味丹雪花實業有限公司，已在今年的4月份開始營運，除自行銷售外，亦可穩定供應上海廠與廈門廠所需之味精與谷氨酸原料，故山東廠實為集團在中國市場拓展與整合很重要的策略性佈局。

#### 展望下半年

集團在面對目前總體環境所引起的嚴峻挑戰，下半年的營運重點除積極掌握糖源降低成本，發揮生產效率以提升整體競爭力外，也將持續拓展與整合核心產品於主要市場來增高盈利與市佔率，同時進一步洽談與開發高價值之新產品與新技術以期能盡速有突破性的盈利。

而在中國市場下半年之推展，除上海廠、廈門廠與山東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食品用變性澱粉之生產與銷售業務，以發展多元化產品，增添更高的營業成果。

集團新產品 $\gamma$ -PGA建廠計劃，已於今年第二季完成，並將於第三季開始試車，第四季應可投入生產，我們對此項新產品未來的潛力具有相當的信心，相信將來，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。

Although there are hurdles in front of us, as a team, we are determined to overcome them. We understand that our business has room for improvement, but we also know what our edges are. We will, in the second half year, strive to lower production cost, enhance production efficiency and capacity, and consolidate our business network. We firmly believe with the support of our solid foundation and collective efforts of our staff and by adhering to the aforesaid strategies, Vedan will be able to achieve breakthrough and restore profitability, and ultimately become a stronger company.

By order of the Board

**Yang, Tu-Hsiung**

*Chairman*

Hong Kong, 29 August 2006

縱使眼前有重重的挑戰，集團全體同仁仍秉持著堅定的信念來克服此等挑戰。當然，我們知道我們還有一些需要再加強的地方，但是我們同樣也清楚我們本身可以發揮的競爭優勢，透過下半年的降低成本、生產效率與產能的發揮及業務通路的整合，我們深信，以集團穩健的基礎，配合上述各項的因應策略與各級同仁的努力，我們就可以逐步克服現階段所遭遇之瓶頸，恢復應有的獲利水準，屆時集團的成長將更堅強、茁壯。

承董事會命

主席

楊頭雄

香港，二零零六年八月二十九日

# Management Discussion and Analysis

## 管理層研討及分析

### Business Overview

In the light of rising raw material costs and sliding lysine prices, which started in the second half of 2004, the Group's profit declined in three consecutive half year. Since 2005, the Group has flexibly purchased raw materials and gradually raised selling prices of products, exercising strict cost control, the Group has turned around in the difficult market. The net profit recorded in the first half of 2006 was US\$6,051,000, representing 166% surge when compared with US\$2,274,000 in the second half of 2005, and an increase of 6.7% when compared with US\$5,673,000 in the corresponding period last year. Total turnover was US\$141,473,000, 20.6% more than the corresponding period last year. 84.9% of the Group's total turnover was generated from the Vietnam operations, amounting to US\$120,187,000, 18% higher than the same period last year, and that from the China operations rose 37.4% to US\$21,286,000. The growth of turnover from the Vietnam operations was mainly the result of lifted price of MSG and GA, and expanded GA sales accounted for the turnover growth from the China operations.

As lysine price is still in the slump, while raw material costs, including that for molasses, cassava and liquid ammonia continued to rise when compared with same period of the last year, although the price of MSG and GA were increased, overall gross profit margin still fell from 19.9% to 18.8%. However, total gross profit rose from US\$23,361,000 to US\$26,588,000. Net profit margin dropped to 4.3% from 4.8% in the first half of 2005, but total net profit slightly increased from US\$5,673,000 to US\$6,051,000.

Raw material prices have significant bearing on the Group's profit. The Group acquired Ve-Yu Starch Factory in November last year, and more cassava was harvested than last year. Therefore, the costs of starch and cassava were relatively lower than that of molasses. The Group used more starch and cassava in production in the second quarter to lower cost and the result has been fairly satisfactory. The Group invested in Shandong Vedan Snowflake Enterprise Co., Ltd., in December last year. The plant commenced operation in April and has benefited growth of the Group's China operations.

### 業務總覽

鑒於自2004年下半年，因原料價格高漲，賴氨酸售價滑落，造成集團連續三個半年度，獲利衰退。集團自2005年開始採取靈活採購原料，逐步調升售價，嚴格控管費用策略下已扭轉困境。2006年上半年淨利為6,051,000美元，比2005年下半年2,274,000美元成長166%，並比去年同期5,673,000美元增加6.7%。營業總額為141,473,000美元，比去年同期增加20.6%。其中越南區總營業額為120,187,000美元，佔84.9%，比去年同期成長18%，中國地區為21,286,000美元，比去年同期增加37.4%。營業額之增長，越南區主要來自味精及谷氨酸售價的調升，而中國區則是谷氨酸銷售量的增加。

由於賴氨酸售價依然低迷不振，主要原料如糖蜜，木薯，液氨價格與去年同期比較，依然持續上揚，縱使味精與谷氨酸價格亦有調升，然整體毛利率仍略受影響，由19.9%下滑為18.8%，但毛利總額則由23,361,000美元增加到26,588,000美元，純利率由2005年上半年4.8%，下跌為4.3%，純利總額則略有上升，由5,673,000美元增加為6,051,000美元。

原料價格影響集團獲利甚大，故集團已經去年11月併購味友澱粉廠，再加上收購2005／2006產季木薯較上期增加，因此木薯澱粉成本相對於糖蜜為低，集團在生產方面，已於今年第2季開始調升木薯澱粉使用比率以降低成本。目前已有不錯之成果。本集團於去年12月投資山東味丹雪花實業廠已於4月正式生產，對中國區業務的成長亦帶來助益。

To raise profit, the Group effectively lowered management cost from comparably 7.4% of its total operating turnover (US\$8,647,000) in the same period last year to 6.5% (US\$9,248,000) this period. Sales cost was also down from 6.5% of its total operating turnover (US\$7,627,000) in the same period last year to 5.2% (US\$7,330,000), despite that operating turnover had grown 20.6% during the period. This showed that the Group had been successful in controlling cost without affecting growth of its operating turnover. Finance cost, however, increased by US\$1,045,000 in the period, approximately 63.6% higher than that of last year, due to increase borrowing by the Group and rising US interest rates. Finance cost increased from comparably 1.4% of the total operating turnover (US\$1,644,000) to 1.9% (US\$2,689,000).

2006 is a significant year for the Group in overcoming the tough business environment. The implementation of the Group's strategy in the first half year had allowed it to combat raw material price hikes and low lysine price, and stopped the profit slide. Some of the achievements made by the Group during the period are as follows:

1. Secured raw material resources, namely cassava and molasses, to stabilize production cost.
2. Adjustment of flexible production including switching part of the lysine production line to producing GA. For the raw materials, increase the usage of cassava starch, at the same time, also increase production capacity and yield, resulted in cost reduction.
3. Gradually pushed for the increase of market share of modified starch for food applications to raise added-value and profit.
4. Continued to advance leavening technology to sharpen competitive strengths. Actively launch and promote new brand of seasonings.
5. Expanded the marketing activities in the ASEAN markets and strengthened China market by establishing the production base of GA fermentation.
6. Carried out BPR to prepare for launching ERP in the future.

為致力於獲利之提高，期內管理費用由去年同期佔總營收7.4% (8,647,000美元) 下降為6.5% (9,248,000美元)。銷售費用則不因營收成長20.6%而增加，反而由去年同期佔總營收之6.5% (7,627,000美元)，減少為5.2% (7,330,000美元)。顯現出集團在不影響營收成長下，控管管銷費用，有不錯之成果。但期內財務費用因受美元借款利率持續上揚，借款金額增加下，比去年同期增加1,045,000美元 (約63.6%)，財務費用淨值佔總營收比由1.4% (1,644,000美元) 增加到1.9% (2,689,000美元)。

整體而言2006年為集團突破艱難經營環境極為重要之一年，上半年集團在穩健策略下，克服原料高漲，賴氨酸價格低迷之不利因素，將獲利連續下滑之頹勢扭轉為上升之趨勢，同時集團在期內依既定的策略，努力執行之下已獲得部份之成果與進展如下：

1. 掌握木薯及糖蜜原料，穩定製造成本。
2. 靈活機動的生產調整，如將部份賴氨酸生產設備轉為生產谷氨酸，在主要原料使用方面，增加木薯澱粉使用比率，同時增加產能與收率，以減少成本。
3. 逐步將食品用變性澱粉轉成澱粉事業之主力產品，以提高附加價值，增加利潤。
4. 持續提高發酵技術，提升競爭力，積極開發推廣風味調味料品項。
5. 強化東南亞國協市場推廣，紮根中國市場，建立谷氨酸發酵生產基地。
6. 進行內部作業流程改造 (BPR) 以為將來導入ERP作準備。

# Management Discussion and Analysis (continued)

## 管理層研討及分析 (續)

### Business Analysis

Table 1: Comparison of sales of various products

		First half of 2006 二零零六年上半年		First half of 2005 二零零五年上半年		Change(%) 增/減 (%)	
		Unit: US\$'000 單位：千美元					
MSG	味精	96,300	68.07%	84,243	71.79%	12,057	14.31%
GA	谷氨酸	16,008	11.32%	6,347	5.41%	9,661	152.21%
Lysine	賴氨酸	9,212	6.51%	10,450	8.90%	(1,238)	(11.85%)
Native Starch	天然澱粉	1,363	0.96%	138	0.12%	1,225	887.68%
Modified Starch	變性澱粉	7,314	5.17%	7,027	5.99%	287	4.08%
Seasoning	風味調味料	169	0.12%	—	—	169	—
Specialty Chemicals	特用化學品	5,977	4.22%	5,457	4.65%	520	9.53%
Fertilizer and feed-use additives	肥料及飼料	2,185	1.54%	1,292	1.10%	893	69.12%
Beverage	飲料	2,315	1.64%	1,996	1.70%	319	15.98%
Others	其他	630	0.45%	404	0.34%	226	55.94%
Total	合計	141,473	100%	117,354	100%	24,119	20.55%

### (1) Sales Analysis by Product

#### MSG and GA

The turnover of MSG and GA grew by 14.3% and 152.2% to US\$96,300,000 and US\$16,008,000 respectively. The growth in turnover was attributable to the rising of sales prices, while the remarkable surge in turnover of GA revenue was the results of the Group freeing some of the lysine facilities to produce GA and Shandong Vedan Snowflake Enterprise Co. Ltd. starting to produce GA. The proportion of contribution of MSG and GA in the Group's total turnover slightly increased from 77.2% in the same period last year to 79.4% this year.

Vedan Vietnam completed expansion of its MSG and GA plants in 2004 and 2005 respectively, resulting in increased production capacities for GA and MSG to 168,000 tonnes and more than 200,000 tonnes per annum respectively. With the economic growth in Vietnam, the demand of food consumptions increases. With the growing market demand and growing competition, the Group will continue to strengthen its position by expanding its distribution channels and add warehouses in major regions to boost the

### 經營分析

表一：各項產品銷售額的比較

		First half of 2006 二零零六年上半年		First half of 2005 二零零五年上半年		Change(%) 增/減 (%)	
		Unit: US\$'000 單位：千美元					
MSG	味精	96,300	68.07%	84,243	71.79%	12,057	14.31%
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Seasoning	風味調味料	169	0.12%	—	—	169	—
Specialty Chemicals	特用化學品	5,977	4.22%	5,457	4.65%	520	9.53%
Fertilizer and feed-use additives	肥料及飼料	2,185	1.54%	1,292	1.10%	893	69.12%
Beverage	飲料	2,315	1.64%	1,996	1.70%	319	15.98%
Others	其他	630	0.45%	404	0.34%	226	55.94%
Total	合計	141,473	100%	117,354	100%	24,119	20.55%

### (一) 產品銷售分析

#### 味精及谷氨酸業務

味精與谷氨酸，營業額分別為96,300,000美元及16,008,000美元，分別成長14.3%及152.2%。營業額的增長，主要是來自售價的調升和谷氨酸營收大幅度的增加，這是公司策略上運用，將部份賴氨酸設備轉為生產谷氨酸，同時山東味丹雪花實業有限公司也開始生產谷氨酸。而味精和谷氨酸佔總營業額的比例，則由去年同期77.2%小幅增加到79.4%。

越南廠之味精和谷氨酸擴廠已分別於2004年及2005年間完成。谷氨酸產能可達到168,000噸／年，若以味精計算可超過200,000噸／年，在越南國內，隨著經濟發展，食品使用需求增加，市場數量成長，但各項競爭亦增強的環境下，除持續密切注意市場變化，同時強化行銷通路，

### 管理層研討及分析 (續)

efficiency of products delivery. Regarding export sales, we capitalized on the geographical advantage of Vietnam and its ASEAN status to actively expand in the ASEAN market.

In the PRC market, Shandong Vedan Snowflake commenced operation in April. In addition to domestic sales, it also helped secure supply of GA and MSG for Xiamen Mao Tai and Shanghai Vedan. During the period, turnover of MSG and GA businesses in the PRC market grew 22.8% compared with the last corresponding year.

#### Starch

Helped by the good weather and increasing in purchase price, the farmers expanded cultivation of cassava. More cassava was harvested in 2005/2006 season than in the harvest period of 2004/2005 season. This plus the acquisition of Ve-Yu Starch Factory in November last year, the Group was able to secure more cassava supply substantially. Part of the purchase was used for converting into raw materials for MSG fermentation and the remaining was used to produce modified starch and native starch. The total turnover of modified starch and native starch grew 4.1% and 887.7% to US\$7,314,000 and US\$1,363,000 respectively. The relatively meager rate of the former was mainly due to the Group's strategies to focus on producing modified starch for food applications that has higher added-value. However, as the product has more complicated specifications and requires more technical support to the customers, it will take longer time for the customers to adapt to their production system. The contribution from this business was not obvious during the review period. The Group expects the starch business to achieve more satisfactory growth in the fourth quarter this year, especially in Japan and the PRC markets. The surge in sales of native starch came from the newly acquired Ve-Yu starch factory.

#### Lysine

The price of lysine remains depressed. The Group thus freed some of the lysine facilities to produce GA and MSG to enhance the Group's gross profit and turnover. During the period, turnover of lysine amounted to US\$9,212,000, a decrease of 11.9% compared with the same period last year. The average unit sales price of lysine only slightly reduced by 2.2% compared with the last corresponding period and unlike the sharp plunge in the previous, indicating that the price of the lysine may stop falling and head back on the up

於各主要地區增設發貨倉庫，提高供貨效率，在外銷市場方面，利用越南地利及東盟成員國之一員，積極拓展東盟市場。

在中國地區，山東味丹雪花自4月已開始運作自行銷售外，尚可部分提供廈門茂泰，及上海味丹谷氨酸及味精之來源。期內中國區味精及谷氨酸營業額比去年成長22.8%。

#### 澱粉業務

因氣候關係及收購價格上升，農民種植面積擴大，2005／2006產季木薯產量，比2004／2005產季增加，加上去年11月併購味友澱粉廠，木薯收購量大幅增加。除將部份作為味精發酵用之原料外。其餘轉為生產變性澱粉及天然澱粉，和去年同期比較，變性及天然澱粉分別成長4.1%及887.7%，總營業額為7,314,000美元及1,363,000美元。其中，變性澱粉僅成長4.1%，主要仍是自去年下半年開始集團策略上將主力產品，放在附加價值較高之食品級變性澱粉，然因規格較多，且須較長時間研究改進，同時配合客戶使用習慣，進行推廣，以符合客戶特殊需要。故未能於今年上半年及時顯現出效果，預期自今年第4季開始將有不錯之成長，特別是日本及大陸市場將會有顯著之增長，天然澱粉之增長主要來自味友澱粉廠併購之效應。

#### 賴氨酸業務

國際賴氨酸價格仍然處於低檔，集團已將部分設備轉為生產谷氨酸及味精以提高毛利和營業額。期內賴氨酸營業額為9,212,000美元比去年同期下跌11.9%，平均銷售單價比去年同期略為下滑2.2%左右。已不像2004年／2005年之間之價格大幅下調，顯示未來止跌回升的可能性大為增加。由於越南經濟持續高度的成長，對

## 管理層研討及分析 (續)

trend. The booming Vietnamese economy has seen demand for poultry products in the country grows steadily. Seeing this trend, the Group has been consolidating its distribution system and working to penetrate the market for long-term gains.

## Specialty Chemicals

As the economic development in Vietnam accelerates, the country's demand for basic chemicals such as caustic soda and hydrochloric acid has been rising rapidly. During the period, the turnover of specialty chemicals amounted to US\$5,977,000, up 9.5% (US\$520,000) when compared with the corresponding period last year. It is expected that the demand in the future will increase steadily.

畜產品需求有穩定的增長，集團正致力整合行銷系統，深耕市場，就長期而言，仍極有發展前景。

## 特用化學品業務

隨著越南工業的發展，工業的基本化學品蘇打與鹽酸之需求也穩定成長，期內特用化學品較去年同期成長9.5%增加520,000美元，營業額為5,977,000美元。預計未來需求亦將持續增加。

## (2) Market Analysis

Table 2: Comparison of sales in major markets

		First half of 2006 二零零六年上半年		First half of 2005 二零零五年上半年		Change(%) 增／減 (%)	
		Unit: US\$'000 單位：千美元					
Vietnam	越南	74,765	52.8%	63,909	54.5%	10,856	17.0%
The PRC	中國	20,203	14.3%	16,958	14.5%	3,245	19.1%
Japan	日本	28,107	19.9%	25,112	21.4%	2,995	11.9%
Taiwan	台灣	3,380	2.4%	1,408	1.2%	1,972	140.1%
ASEAN	東盟國家	12,564	8.9%	6,158	5.2%	6,406	104.0%
Europe	歐洲	2,151	1.5%	2,499	2.1%	(348)	(13.9%)
Others	其他地區	303	0.2%	1,310	1.1%	(1,007)	(76.9%)
Total	合計	141,473	100%	117,354	100%	24,119	20.6%

## - Vietnam

In the first half of 2006, turnover from sales in this market amounted to US\$74,765,000, accounting for 52.8% of the Group's total turnover. It represented an increase of US\$10,856,000 when compared with the last corresponding period, at US\$63,909,000 (54.5%). The 17% growth was mainly attributable to the 8.2% and 78.7% growth sales of MSG and GA to US\$50,315,000 and US\$11,043,000 respectively, accounting for 67.3% and 14.8% of the total turnover from the Vietnamese market. Turnover of specialty

## - 越南市場

2006年上半年越南地區總營收佔整體營收52.8%為74,765,000美元，比去年同期63,909,000美元(54.5%)增加10,856,000美元，增加17%主要的增長來自味精成長8.2%及谷氨酸78.7%，營業額分別為50,315,000美元及11,043,000美元，分別佔越南區營收67.3%及14.8%，另外特用化學品金額為5,977,000美元佔越南區



### 管理層研討及分析 (續)

chemicals was recorded at US\$5,977,000, constituting 8.0% of the total turnover from the market. As the Group strategically reduced lysine production and increased GA output, turnover of lysine business decreased by 28.4% from US\$3,837,000 to US\$2,748,000.

#### – Japan

Total turnover from sales in Japan for the year reached US\$28,107,000, US\$2,995,000 or 11.9% higher than the corresponding period last year. Japan is the second largest market of the Group, accounting for 19.9% of the total turnover. The price of lysine continued to drop while the sales of MSG, on the other hand, reported notable growth because of rise in sales quantity as well as the sales price. With Japanese customers becoming more receptive of modified starch for food application, the market is expected to deliver more satisfactory results in the second half of the year.

#### – The PRC

The PRC market continued to grow robustly. It grew 31.8% last year and 19.1% in the first half of 2006. Turnover was US\$20,203,000, an increase of US\$3,245,000 when compared with the same period last year. The growth mainly came from the acquisition and commencement of operation of Shandong Vedan Snowflake. Since Shandong Vedan Snowflake has been operating for 3 months only, the synergy from the acquisition has not yet been fully realized. The Group expects better results in the second half. The intense competition in the PRC's MSG market, increase in energy costs and corn price, all posed pressure on the Group's profit and business expansion. Despite that, the management actively raised the operational efficiency of the joint venture company in Shandong and strengthened relationship with suppliers so as to improve the competitiveness of its MSG products. The Group will set up chicken essence production line in Shanghai in the third quarter this year. This plus the expected wider acceptance of the modified starch for food processing in the PRC will help to widen the Group's product mix and increase its profitability.

營收8.0%，賴氨酸因集團策略性減產轉生產谷氨酸，營收由3,837,000美元減少為2,748,000美元下跌28.4%。

#### – 日本市場

期內日本市場營業額增加2,995,000美元(11.9%)總金額為28,107,000美元，為集團第二大市場佔總營收19.9%，雖然賴氨酸銷售略有下跌，但在味精則有顯著成長，主要是數量與價格均有提升。變性澱粉在日本市場亦逐漸被接受預期下半年將有更好的表現。

#### – 中國市場

延續2005年中國市場成長31.8%，今年上半年仍有19.1%增長，營收金額為20,203,000美元，比去年同期增加3,245,000美元。主要的增長來自山東味丹雪花之併入營運。由於山東味丹雪花才剛運轉3個月。效益未能全部發揮，預計在下半年將有較佳之表現。中國味精市場依然競爭激烈，再加上能源成本上揚，玉米價格亦上漲，壓縮獲利及業務之推展，但集團除積極提升山東合資公司效益外，並強化供應商之緊密關係，以提升味精產品競爭力。集團將於今年第三季於上海設立雞精生產線，且預計食品變性澱粉於中國市場上已逐漸被用戶接受與肯定，將有助於集團在中國區產品之多元化及營收獲利之提升。



### – ASEAN countries

ASEAN countries have been the Group's major focus. Continuing the 54.2% growth in turnover in 2005, the Group recorded a remarkable increase of 104% in turnover from the market in the first half of this year from US\$6,158,000 in the last corresponding period to US\$12,564,000. The impressive growth was mainly the result of increased sales of MSG. Leveraging on its integrated modern production system in Vietnam, the Group expects this state-of-art facility will help boost the continuous penetration of the vast ASEAN market

### (3) Securing Raw Material Resources

In the period under review, cost of molasses, cassava and liquid ammonia continued on the up trend that started in 2004 and increased markedly between 13% and 37%. The phenomenon led to a rise in production cost of MSG and lysine and the increase in selling prices was not enough for generating higher profit. Cost of raw material has remained high since the second half of last year, so the Group does not anticipate further sharp rise in raw material prices. Also, the Group has stocked up on raw materials to shield its production cost from impact of possible material costs fluctuation.

### – Molasses

The high price of molasses has persisted but remained stable for about a year. In addition to expanding molasses sources, the Group has been lowering usage of molasses and lessening its dependence on the material by replacing it with starch carbohydrates. With bigger harvests of cane sugar expected in Thailand and Vietnam this coming season and the price of molasses in Vietnam dropping, the Group is optimistic about keeping costs under control in the future.

### – Cassava

The harvest season of cassava in 2005-2006 was longer than usual and more cassava was harvested because of favourable weather. As a result, cassava starch cost has remained stable. However, increased cassava harvest is expected for 2006-2007, meaning its price may decline. This will help to stabilize and possibly reduce cost and support the expansion of the Group's starch business.

### – 東盟市場

東盟市場一直為集團所極為重視之市場，延續2005年54.2%之營業額成長，今年上半年更是鉅幅增長104%，由去年同期6,158,000美元激增至12,564,000美元，主要的增長來自味精銷售的增加。集團在越南已經完成的生產基地，將有助於集團在東盟市場的持續發展。

### (三) 原料掌握

期內由於原料成本，不管是糖蜜，木薯，液氨延續2004年已大幅成長之外，與去年同期比較，也大幅增加13%到37%不等，造成味精及賴氨酸平均生產成本上漲。也因而售價之提升未能相對增加集團之獲利。但自去年下半年以來原料價格已維持在高水平，未來原料應不至於大幅度增漲，有關原料取得，集團已作好準備，原料價格變動造成製造成本之衝擊應可大幅減少。

### – 糖蜜

高檔價格已持穩約一年，公司除擴大採購來源外，並積極降低糖蜜使用比率，改用澱粉糖源，降低對糖蜜之依賴。預估今年，泰，越地區甘蔗產量將比去年產季增加，目前越南地區糖蜜價格已有下滑跡象，將有利於未來成本之控制。

### – 木薯

2005—2006產季較往年為長，且因天候因素產量較多。因而目前木薯澱粉原料穩定變化不大，但現在跡象顯示2006—2007產季，木薯將豐收，價格將很可能下跌，將對穩定進而有助於未來降低成本及供應澱粉業務之拓展。

### – Liquid ammonia

The price of liquid ammonia is closely related to the supply of natural gas. The persistently high energy costs in the first half of 2006 also saw the cost of liquid ammonia standing notably higher than that in the same period last year. However, thanks to suppliers expanding production capacities to increase supply, the international price of liquid ammonia has started to show sign of softening in the third quarter of 2006.

### – New sources of carbohydrates

The Group continued to develop more carbohydrate sources to address rising raw material costs in the middle to long term.

+ Tropical sugar beet: After 1.5 year of trial cultivation, the Group's farming experts have mastered critical cultivation conditions for the crop and have enlarged cultivation scope. The current plan is to transfer experience gained at the experimental farm to farmers in around October this year after the rainy season. If the farmers are able to achieve the same results as those managed in the experimental farm, massive cultivation can begin in 2007.

+ Corn starch and rice starch: Rice is the major raw material for export among agricultural raw material produced by Vietnam and the country also produces a lot of corn. To make the best use of these materials has always been a focus of the Group's R&D effort. Along with production of the two starches, we will see the birth of other by-products which application will in turn give rise to high value adding products. As these developments will allow it to boost overall investment return, the Group is actively assessing their feasibility.

### (4) Plant Expansion and Construction Plans

With raw material prices started to rise since second half of 2004, the Group adopted forceful yet prudent raw material control strategy. In Vietnam in particular, apart from strengthening working relationship with farmers and suppliers, the Group also added new plants and

### – 液氨

液氨價格與天然氣有密切關係，由於能源價格高漲，故2006年上半年液氨價格，亦比去年同期高出甚多。但因供應商擴充產能供應量增加，在2006年第三季開始液氨國際行情已有明顯下跌。

### – 多元化糖源

集團持續進行多元化糖源方案，以解決中長期原料成本高漲之問題。

+ 熱帶甜菜：歷經一年半的試種栽培，集團農業技術人員已能掌握到關鍵的種植條件，並逐步的擴大試驗種植面積，目前計劃是等雨季結束，約在今年10月份左右，將以實驗農場經驗，直接移轉給農民，如果在農民的農場也可獲得實驗農場的再現性結果，預計在2007年將可開始大規模推廣。

+ 玉米與米澱粉：越南國內的農產品原料中，大米是主要的出口原料，同時，越南也生產大量的玉米，如何利用此類農產品，一直是集團研究開發的題目。伴隨著此兩種澱粉的生產，會有大量副產品產生，這些副產品的利用，創造成附加值高的產品，將有助於整體投資的效益，集團持續積極進行評估中。

### (四) 擴廠及建廠計劃

由於2004年下半年開始的原料價格逐步上升至高檔水平，集團針對主要原料的掌握，也採取較為穩健且加強的策略，尤其在越南地區，除加強與農民及供應商的配

embarked on expanding its production capacities. In addition to actively ascertaining raw material sources and seeking to lower cost, it has also hastened steps of new products introduction into the market. Related plans are as stated below:

### – Vietnam

- (1) The newly acquired Ve-Yu Starch Factory in Gia Lai province has expanded daily production capacity from 60 tonnes to 100 tonnes. Depending on cassava supply situation, daily production capacity will be raised gradually to 150 tonnes then 200 tonnes.
- (2) Phase one of the starch factory in Ha Tinh province has secured investment license and investment has commenced and it is expected to start operation in the first half of 2007.
- (3) Trial run of the Y-PGA plant is expected to complete in the third quarter of this year and production to begin in the fourth quarter.

### – China

- (1) A value-added seasoning production line is being built in Shanghai and will be ready for operation in the fourth quarter.
- (2) Actively pursue addition of MSG production line at Shandong Vedan Snowflake Enterprise Co. Ltd. targeting for completion early next year.
- (3) Actively seek to forge strategic alliance with other manufacturers to build a supply chain platform.

### (5) Research and Development

The Group's emphasis on R&D has been reflected in the R&D activities undertaken and their results in the past two years. During the period under review, it had spent 16% more on R&D than the same period last year. The Group's different short-term and long-term R&D projects have been in good progress.

合外，也增加工廠設立與產能提升計劃。集團除了積極尋找原料，降低成本之外，增加生產新產品項目的腳步也持續展開，整體的計劃略述如下：

### – 越南區

- (1) 新購併味友(嘉萊)澱粉廠的產能由60噸／天擴充至100噸／天，未來將視木薯的取得情況，再逐步提高為150噸／天到200噸／天。
- (2) 河靜澱粉廠第一期投資執照已經取得，正積極展開，預計於2007年上半年開始投入生產。
- (3) Y-PGA廠預計於第三季試車完成，第4季可開始投入生產。

### – 中國區

- (1) 上海增設風味調味料生產線，將於第4季完成並開始生產。
- (2) 積極進行山東味丹雪花實業有限公司增設味精生產線，預期於明年初完成。
- (3) 積極尋找策略聯盟合作廠商，建立供應鏈供應平台。

### (五) 研究與開發

集團對研究與開發的重視，已顯現於過去2年來的積極活動和成效。今年上半年研發活動與研發經費的增加，已超出去年同期16%。各種短期和中長期研發專案繼續順利推動中。

### 管理層研討及分析 (續)

Major focuses of the Group include improving fermentative technology with the aim of lowering cost and developing new products including value-added seasonings of new flavours and new modified starch products. Pork and seafood flavour value-added seasonings have already been launched to market and in the pipeline are chicken, beef and mushroom flavours. As for modified starch, in addition to the existing 80 items, the Group's R&D team has developed 16 new items for use in food processing and other industrial applications. The Group now has near 100-strong modified starch portfolio and with that it can expect to achieve yet deeper penetration of the market. At the same time, the Group plans to use the by-products in production to create value-added products and related R&D efforts have borne preliminary fruits.

In the medium to long run, the Group will focus on the R&D of application of  $\gamma$ -PGA in agriculture, aquaculture and livestock farming, development of new fermentation strains and pursuit of cooperation in different technology areas with the aim of achieving breakthroughs in creating new products, sustaining long-term growth and optimizing the Group's production cost structure.

#### (6) Financial Review

##### Cash flow and financial resources

As at 30 June 2006, the Group's cash and bank savings amounted to US\$15,966,000, decreased by US\$12,021,000 from that as at the end of 2005. The decline was mainly due to the injection of US\$8,400,000 as capital into the joint venture company Shandong Vedan Snowflake in early 2006. Our bank loans increased by US\$13,773,000 to US\$93,426,000 compared with the year-end of last year, mainly due to the substantial inventory kept amounted to US\$24,077,000. Inventory amount surged because the Group harvested and purchased more cassava and the average unit price of molasses was 30% higher than that of the same period last year. Moreover, with the selling price of MSG set to increase on 1 June, wholesalers ordered in advance before the end of May. Therefore, overall inventory increased from comparably 14% of the Group's total turnover (US\$51,993,000) in late 2005 to 19.9% (US\$76,070,000) in the period under review. Account receivable was US\$35,445,000 as at 30 June 2006, a slight 1.07% lower than that as at the end of last year, and falling slightly from a comparable 9.6% of the Group's total turnover to 9.3%. Current ratio dropped from 1.58 to 1.45 compared with the same period last year, resulting from the increase in short-term loans.

目前的主要工作仍集中發酵研究以降低生產成本，以及新產品的開發，包括不同口味的風味調味料，以及變性澱粉新品項，在風味調味料方面，豬肉和海鮮口味已推出市場，目前準備再推動雞肉、牛肉和蘑菇風味的產品。至於變性澱粉方面，除了既有的80種品項外，研發技術中心已再開發出16種新品項，主要應用於食品加工和其他工業應用方面，集團已可以生產將近100種左右的變性澱粉，預計市場的銷售滲透，可再登上一層樓。同時，對於生產過程中產生的副產品利用，集團也朝提升附加價值的產品，進行開發與研究，也已有些許成果。

中長期目標方面，集團也正致力於 $\gamma$ -PGA在農產、水產、畜產方面的應用領域研發，新發酵菌種的開發和各項領域的應用技術合作。期能在新產品事業的長期發展以及生產成本結構方面取得重要突破。

#### (六) 財務回顧

##### 流動資金及財政資源

截至2006年6月30日止，集團現金和銀行存款為15,966,000美元，比2005年底減少12,021,000美元，存款減少主因為2006年年初支付山東味丹雪花聯營公司資本額8,400,000美元。銀行借款為93,426,000美元，比去年年底增加13,773,000美元，主要是存貨大幅增加24,077,000美元，原料因木薯豐收，增加採購量及糖蜜平均單價比去年同期高出約30%。另外由於味精於6月1日起調升價格，經銷商因而提前於五月底前落訂單，致使6月底成品存貨亦隨之增加，故整體存貨佔營收之百分比由2005年底之14% (51,993,000美元) 增加到19.9% (76,070,000美元)，應收帳款於截至2006年6月30日止為35,445,000美元，較去年底略低1.07%，佔總營收比例由9.6%略降為9.3%，流動比率因短期借款增加由1.58降為1.45。

Bank loans are all in US dollars. In the period, total costs of bank loans increased from 4.9% in 2005 to 6.3%, a result of mainly the rising US interest rate. The proportion of medium-/long-term loans to short-term loans was 40% to 60%. Gearing ratio (total bank loans/shareholders fund) was 38.7%, while net gearing ratio was 32.1%.

銀行借款全部為美元借款，期內借款總成本約6.3%，比2005年度借款成本4.9%為高，主要是美元利率上漲所影響。中長期與短期借款比例為40%比60%，資本負債比（銀行總借款／股東權益）為38.7%，淨資本負債比則為32.1%。

### (7) Prospects

The next half of the year will be challenging to the Group, mainly due to remaining-high raw materials costs and the international sales price of lysine still suppressed. Achieving growth in the Group's core business, such as MSG and GA, is the most important issue. To face the challenges in operation, enhance the Group's competitiveness and profitability, the management will focus on:

#### Business

1. Strengthen the Group's brand and establish the brand leadership.
2. Develop and promote new products, including value-added seasonings and modified starch for food applications.
3. Strengthen sales system. Set up more distribution warehouses. Enhance penetration of second and third tier cities and towns to enlarge market share.
4. Integrate the Group's resources and strengthen supply chain system.
5. Strengthen the Group's presence in the ASEAN and China market. Consolidate sales network.

#### Production and R&D

1. Strengthen production technology by technical breakthrough to take to another height. Improve quality and add value to the products.

### (七) 展望

展望今年下半年，集團仍然處於挑戰的時期，主要存在的問題，仍以主要原料處於高檔徘徊，賴氨酸的國際市場售價仍位於谷底。相對而言，集團的核心產品，包括味精與谷氨酸的業務確保成長，成為集團最重要的課題，對於經營層面所面對的挑戰，管理層將再專注於下列各主要項目，以期提高競爭力，再確保獲利能力。

#### 業務方面

1. 強化品牌，確立各市場中領導品牌地位。
2. 推廣新產品市場的開發，包括風味調味料與食品變性澱粉。
3. 強化行銷體系，增設發貨倉庫，精耕都市、二級及三級城市與鄉鎮市場。
4. 積極整合集團資源，強化供應鏈體系。
5. 積極強化東盟與中國市場的佈局，建立行銷網路。

#### 生產與研發

1. 強化生產技術再突破，提升產品品質與附加價值。

### 管理層研討及分析 (續)

2. Flexible adoption of different carbohydrates as raw material to save production cost.
3. Accelerate the development of application technology of new products to create added value and raise profit.
4. Continue to develop different carbohydrate substitutes to secure stable supply of raw materials.

#### Finance

1. Implement strict cash flow control. Strengthen inventory management. Focus on effectiveness of CAPEX, and increase assets utility efficiency and current ratio.
2. Improve account payable/receivable efficiency. Enhance effectiveness of capital utilization. Diversify capital sources to reduce loans and capital costs.
3. Purchase of raw materials with greater flexibility and from more diverse sources to lower costs. Continue to control costs of sales. Management and financial expenses and reduce non-essential expenditures.

Although the Group is facing great challenges and tough competition, it has managed to overcome the pressures from hefty raw material costs, price competition by enacting carefully thought of its short-/mid- to long-term business strategies. The Group will also actively pursue new products research and new markets penetration to remain competitive and continues to raise profit.

2. 彈性調整糖源作為生產原料，降低生產成本。
3. 加速新產品的應用技術開發，創造附加價值，提升銷售量。
4. 繼續各項糖源替代案的開發，掌握生產原料的穩定供應。

#### 財務

1. 嚴格控制現金流量，加強存貨管理，注意資本支出效益，提高資產運用效率及流動比率。
2. 改進應付／應收帳款效率，提高資金運用效益。多元化資金來源，降低借款金額及資金成本。
3. 原料採購更加靈活、多元化，以降低原材料成本，繼續管制行銷、管理及財務費用，減少不必要支出。

雖然面臨挑戰和競爭，但在集團短中長期靈活策略下，管理層將穩健地逐步克服原料高漲，價格競爭。同時對於新產品，新市場開拓將更積極投入，以確保集團競爭優勢，並提高獲利。

## Other Information

### 其他資料

#### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

#### 購買、贖回或出售本公司上市證券

本公司並無於期內贖回任何本公司股票。本公司或其任何附屬公司概無於期內購買或出售任何本公司股票。

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

(a) As at 30 June 2006, the interests and short positions of each Director and chief executive of our Company in the shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to our Company and the Stock Exchange, were as follows:—

#### 本公司董事及最高行政人員權益及淡倉之披露

(a) 於二零零六年六月三十日，本公司各董事及最高行政人員於本公司及其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債權證中，擁有(a)根據證券及期貨條例第XV部第7及第8分部須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及淡倉(包括根據證券及期貨條例有關條文董事被認為或被視為擁有之權益及淡倉)，或(b)規定須列入證券及期貨條例第352條規定存置之登記冊內之權益及淡倉，或(c)根據聯交所上市規則所載之上市公司董事進行證券交易之標準守則須知會本公司及聯交所之權益及淡倉如下：—

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



## Other Information (continued)

### 其他資料 (續)

Name 姓名	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 已發行股份 百分比
		Number of Shares in which interested under physically settled equity derivatives 按實物結 算股本衍生 工具擁有權益 之股份數目			
Mr. YANG, Cheng 楊正先生	—	4,500,000 (Note 3) (附註3)		4,500,000	0.30%
Mr. YANG, Kun-Hsiang 楊坤祥先生	—	4,500,000 (Note 3) (附註3)		4,500,000	0.30%
Mr. WANG, Joel J. 王肇樹先生	750,000	—		750,000	0.05%
Mr. HUANG, Ching-Jung 黃景榮先生	200,000	—		200,000	0.01%
Mr. 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%



## Other Information (continued)

## 其他資料 (續)

Notes:—

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

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

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

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

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

\*\*\*\* These derivatives are unlisted.

附註：—

1. 楊頭雄先生以下列身份持有股份權益：

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

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

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

\*\*\*\* 該等衍生工具均為非上市。

## Other Information (continued)

### 其他資料 (續)

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

2. 楊辰文先生以下列身份持有股份權益：—

Capacity	身份	Number of Shares 股份數目	Number of Shares through physically settled equity derivatives **** 透過實物 結算股本衍生 工具持有之股數 ****
Beneficial owner	實益擁有人	—	4,500,000 ***
Interest of company controlled by him	於楊辰文先生控制 之公司中擁有權益	62,172,933 *	—
Others	其他	362,152,555 **	—
* Mr. YANG, Chen-Wen is entitled to exercise or control the exercise of one-third of the voting power of High Capital and High Capital is the holder of such 62,172,933 Shares.		* 楊辰文先生有權行使或控制行使 High Capital 三分之一之投票權，且 High Capital 為持有該批 62,172,933 股股份之持有人。	
** Mr. YANG, Chen-Wen is entitled to exercise or control the exercise of one-third of the voting power of High Capital, which is the holder of 30 per cent. of all the issued and outstanding units in the Royal Trust and is taken to be interested in the 362,152,555 Shares in which DBS Trustee Limited as trustee of the Royal Trust is interested. These 362,152,555 Shares include 62,172,933 Shares held by Concord Worldwide, 82,897,246 Shares held by King International pursuant to section 317 of the SFO and 217,082,396 Shares held by DBS Trustee Limited as trustee of the Royal Trust.		** 楊辰文先生有權行使或控制行使 High Capital 三分之一之投票權；High Capital 為持有 Royal Trust 全部已發行及尚未行使單位30%之持有人，而楊辰文先生被視為擁有 Royal Trust 透過其受託人 DBS Trustee Limited 持有該 362,152,555 股股份之權益。該 362,152,555 股股份包括 Concord Worldwide 及 King International 根據證券及期貨條例第317條分別持有之 62,172,933 股股份及 82,897,246 股股份以及 DBS Trustee Limited 作為 Royal Trust 之受託人持有之 217,082,396 股股份。	
*** Mr. YANG, Chen-Wen is interested in 4,500,000 Shares pursuant to the options granted to him on 13 June 2003 under the Pre-IPO Share Option Scheme. The exercise price under the options is HK\$0.801 and the exercise period is 13 June 2004 to 12 June 2008.		*** 楊辰文先生根據首次公開發售前購股權計劃而於二零零三年六月十三日獲授之購股權，擁有 4,500,000 股股份之權益。該等購股權之行使價為 0.801 港元，行使期由二零零四年六月十三日至二零零八年六月十二日止。	
**** These derivatives are unlisted.		**** 該等衍生工具均為非上市。	

3. Various interests of our Directors and chief executive of our Company pursuant to physically settled equity derivatives are through share options granted pursuant to the Pre-IPO Share Option Scheme. The exercise price under the options is HK\$0.801 and the exercise period is 13 June 2004 to 12 June 2008.
- (b) Save as disclosed in this circular, as at 30 June 2006, none of our Directors or chief executive of our Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to our Company and the Stock Exchange.
- (c) Since 31 December 2005, the date of the latest published audited financial statements of our Company, none of our Directors has any direct or indirect material interest in any assets which have been acquired or disposed of by or leased to us, or proposed to be acquired or disposed of by or leased to us.
- (d) As at 30 June 2006, none of our Directors was materially interested in any contract or arrangement which is subsisting at the date of this circular and which is significant in relation to our business.
3. 本公司董事及最高行政人員根據實物結算股本衍生工具擁有之各項權益乃透過本集團首次公開發售前購股權計劃授出之購股權擁有。該等購股權之行使價為0.801 港元，行使期由二零零四年六月十三日至二零零八年六月十二日止。
- (b) 除本通函所披露者外，於二零零六年六月三十日，概無本公司董事及最高行政人員於本公司及其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債權證中，擁有(a)根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之權益及淡倉（包括根據上述證券及期貨條例被認為或被視為擁有之權益及淡倉），或(b)規定須列入證券及期貨條例第352條規定存置之登記冊內之權益及淡倉，或(c)根據聯交所證券上市規則所載之上市公司董事進行證券交易之標準守則須知會本公司及聯交所之權益及淡倉。
- (c) 自二零零五年十二月三十一日（本公司最近一次公佈經審核財務報表之日）起，任何本公司董事均無於本公司收購、出售或租賃之任何資產中直接或間接持有重大權益，或本公司擬收購、出售或租賃之任何資產中直接或間接持有重大權益。
- (d) 於二零零六年六月三十日，概無本公司董事於對本公司業務關係重大（於本通函刊發日期仍屬有效）之任何合約或安排中擁有重大權益。

## SUBSTANTIAL SHAREHOLDERS

- (a) So far as was known to any Director or chief executive of our Company, as at 30 June 2006, the following persons, other than a Director or chief executive of our Company, had an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in five per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any of our Subsidiaries:—

## 主要股東

- (a) 據本公司董事及最高行政人員所知，於二零零六年六月三十日，除本公司董事或最高行政人員外，以下人士於本公司之股份及相關股份擁有根據證券及期貨條例第XV部第2及第3分部之條文須向本公司披露之權益或淡倉，或直接或間接擁有附有權利於任何情況下在本公司任何附屬公司之股東大會上投票之任何類別股本面值5%或以上權益：—

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

## Other Information (continued)

## 其他資料 (續)

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

Notes:-

附註：—

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

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

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

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

4. Concord Worldwide directly holds 62,172,933 shares and is the holder of 30 per cent. of all the issued and outstanding units in the Royal Trust. Accordingly, Concord Worldwide is taken to be interested in the 362,152,555 shares in which DBS Trustee Limited as trustee of the Royal Trust is interested. These 362,152,555 shares include 62,172,933 shares held by High Capital, 82,897,246 shares held by King International pursuant to section 317 of the SFO and 217,082,396 shares held by DBS Trustee Limited as trustee of the Royal Trust.
  5. High Capital directly holds 62,172,933 shares and is the holder of 30 per cent. of all the issued and outstanding units in the Royal Trust. Accordingly, High Capital is taken to be interested in the 362,152,555 shares in which DBS Trustee Limited as trustee of the Royal Trust is interested. These 362,152,555 shares include 62,172,933 shares held by Concord Worldwide, 82,897,246 shares held by King International pursuant to section 317 of the SFO and 217,082,396 shares held by DBS Trustee Limited as trustee of the Royal Trust.
  6. The capacity of JP Morgan Chase & Co and its associates in holding the 87,064,000 shares was as to 77,024,000 shares as investment manager and as to 10,040,000 shares as approved lending agent.
  7. The capacity of Nordea 1 Sicor FE Value Fund in holding the 80,836,000 shares was as beneficial owner.
- (b) Save as disclosed above, as at 30 June 2006, there was no other person (other than our Directors or chief executive of our Company) who was recorded in the register of our Company as having interests or short positions in the Shares or underlying shares of our Company.
4. Concord Worldwide 直接持有62,172,933股股份，並為持有Royal Trust 全部已發行及尚未行使單位30%的持有人。因此，Concord Worldwide 亦被視為擁有DBS Trustee Limited 作為Royal Trust 受託人所持有該批362,152,555股股份的權益。該批362,152,555股股份其中62,172,933股由High Capital持有，82,897,246股由King International 根據證券及期貨條例第317條持有，而217,082,396 股則由DBS Trustee Limited 作為Royal Trust 之受託人持有。
  5. High Capital 直接持有62,172,933股股份，並為持有Royal Trust 全部已發行及尚未行使單位30%的持有人。因此，High Capital 亦被視為擁有DBS Trustee Limited 作為Royal Trust 受託人所持有該批362,152,555股股份的權益。該批362,152,555股股份其中62,172,933股由Concord Worldwide 持有，82,897,246股由King International 根據證券及期貨條例第317條持有，而217,082,396股則由DBS Trustee Limited 作為Royal Trust 之受託人持有。
  6. JP Morgan Chase & Co及其聯繫人所持有之87,064,000股股份，分別以投資經理身份持有77,024,000股股份及以認可借款代理身份持有10,040,000股股份。
  7. Nordea 1 Sicor FE Value Fund乃以實益持有人身份持有80,836,000股股份。
- (b) 除上文披露者外，於二零零六年六月三十日，概無任何人士(本公司之董事或最高行政人員除外)於本公司登記冊中記錄為於本公司之股份或相關股份中擁有權益或淡倉。

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

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

### EMPLOYEE INFORMATION

At 30 June, 2006, the Group has 3,456 employees of whom 2,711 are based in Vietnam, 730 are based in the PRC, 14 are based in Taiwan and 1 is based in Hong Kong.

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

### COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SHARE DEALING

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

### AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial report for the six months ended 30 June 2006. In addition, the condensed consolidated financial statement of the Company for the six months ended 30 June 2006 have been reviewed by our auditors, Messrs. PricewaterhouseCoopers in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee comprises the three independent non-executive directors of the Company.

### 遵守上市規則企業管治常規守則

本公司已遵守上市規則附錄十四載列之企業管治常規守則。

### 僱員資料

於二零零六年六月三十日，本集團僱有3,456名僱員，其中2,711名駐於越南、730名駐於中國、14名駐於台灣以及1名駐於香港。

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

### 遵守董事股份交易之標準守則

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

### 審計委員會

審計委員會已會同管理層審閱本集團採納的會計原則和慣例，並已與董事討論內部監控和財務申報事宜。審計委員會已經審閱截至二零零六年六月三十日止六個月之未經審核中期財務報告。此外，本公司截至二零零六年六月三十日止六個月之簡明綜合財務報表已由我們之核數師羅兵咸永道會計師事務所根據香港會計師公會頒布之核數準則第700號「審閱中期財務報告的委聘」審閱。審計委員會之成員包括本公司三位獨立非執行董事。

## SHARE OPTION SCHEMES

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

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

Details of the share options outstanding as at 30 June 2006 which have been granted to the Directors of the Company under the Pre-IPO Share Option Scheme are as follows:

Director/Employees 董事／僱員	balance at 1 January 2006 於二零零六年 一月一日 結餘		Number of options 購股權數目 exercised during the period 期內行使		outstanding at 30 June 2006 於二零零六年 六月三十日 尚未行使		exercise price 行使價	date of grant 授出日期	exercise period 行使期
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
	18,000,000	–			18,000,000				

## 購股權計劃

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

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

以下是根據首次公開發售前購股權計劃向本公司董事授出，而於二零零六年六月三十日尚未行使之購股權詳情：



# Condensed Consolidated Balance Sheet

## 簡明綜合資產負債表

As at 30 June 2006 於二零零六年六月三十日

	Note 附註	As at 30 June 2006 於二零零六年 六月三十日 US\$'000 千美元 Unaudited 未經審核	As at 31 December 2005 於二零零五年 十二月三十一日 US\$'000 千美元 Audited 經審核
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	221,154	216,187
Land use rights	5	6,106	5,583
Intangible assets	5	18,694	19,241
Held-to-maturity investments		3,233	3,361
<b>Total non-current assets</b>		<b>249,187</b>	<b>244,372</b>
<b>Current assets</b>			
Inventories		76,070	51,993
Trade receivables	6	35,445	35,829
Prepayments and other receivables		5,276	6,287
Tax recoverable		483	1,272
Due from a minority shareholder		—	3,600
Cash and cash equivalents		15,966	27,987
<b>Total current assets</b>		<b>133,240</b>	<b>126,968</b>
<b>Total assets</b>		<b>382,427</b>	<b>371,340</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	7	15,228	15,228
Retained earnings			
– Proposed dividends		3,026	1,708
– Others		219,421	216,119
		237,675	233,055
<b>Minority interest</b>		<b>3,644</b>	<b>3,600</b>
<b>Total equity</b>		<b>241,319</b>	<b>236,655</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term bank loans	9	26,916	29,706
Deferred taxation		11,885	12,026
Long-term payable to related parties	18(b)	10,698	12,560
<b>Total non-current liabilities</b>		<b>49,499</b>	<b>54,292</b>
<b>Current liabilities</b>			
Trade payables	8	13,385	18,520
Accruals and other payables		8,177	11,578
Due to related parties		3,474	274
Short-term bank loans	18(b)		
– Secured		2,126	500
– Unsecured		54,157	41,101
Current portion of long-term bank loans	9	10,227	8,346
Taxation payable		63	74
<b>Total current liabilities</b>		<b>91,609</b>	<b>80,393</b>
<b>Total liabilities</b>		<b>141,108</b>	<b>134,685</b>
<b>Total equity and liabilities</b>		<b>382,427</b>	<b>371,340</b>
<b>Net current assets</b>		<b>41,631</b>	<b>46,575</b>
<b>Total assets less current liabilities</b>		<b>290,818</b>	<b>290,947</b>

The notes on pages 35 to 50 form an integral part of this condensed interim financial information.

第35至50頁之附註構成本簡明中期財務資料之一部分。

# Condensed Consolidated Income Statement

## 簡明綜合損益表

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

			Unaudited 未經審核	
			Six months ended 30 June 截至六月三十日止六個月	
			2006 US\$'000 千美元	2005 US\$'000 千美元
		Note 附註		
Turnover	營業額	4	<b>141,473</b>	117,354
Cost of sales	銷售成本		<b>(114,885)</b>	(93,993)
Gross profit	毛利		<b>26,588</b>	23,361
Other gains – net	其他收益淨額	10	<b>565</b>	1,724
Selling and distribution expenses	銷售及分銷開支		<b>(7,330)</b>	(7,627)
Administrative expenses	行政開支		<b>(9,248)</b>	(8,647)
Operating profit	經營盈利	11	<b>10,575</b>	8,811
Finance costs – net	融資成本－淨值	12	<b>(2,689)</b>	(1,644)
Profit before income tax	除所得稅前盈利		<b>7,886</b>	7,167
Income tax expense	所得稅開支	13	<b>(1,791)</b>	(1,494)
Profit for the period	本期盈利		<b>6,095</b>	5,673
Attributable to:	以下方應佔：			
– equity holders of the Company	– 本公司股權持有人		<b>6,051</b>	5,673
– minority interest	– 少數股東權益		<b>44</b>	–
			<b>6,095</b>	5,673
			US cents per share 每股美仙	US cents per share 每股美仙
Earnings per share for profit attributable to equity holders of the Company	本公司股權持有人應佔每股盈利			
– Basic	– 基本	14	<b>0.40</b>	0.37
– Diluted	– 攤薄	14	<b>0.40</b>	0.37
Dividends	股息	15	<b>3,026</b>	3,060

The notes on pages 35 to 50 form an integral part of this condensed interim financial information.

第35至50頁之附註構成本簡明中期財務資料之一部分。

# Condensed Consolidated Statement of Changes in Equity

## 簡明綜合權益變動表

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

Unaudited

未經審核

Attributable to the equity holders

股權持有人應佔

Minority

		Share capital 股本	Share premium 股份溢價	Exchange reserve 匯兌儲備	Merger reserve 合併儲備	Retained earnings 保留盈利	Minority interest 少數股東 權益	Total 總計
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
At 1 January 2005	二零零五年一月一日	15,228	47,358	3,628	79,994	88,313	–	234,521
Profit for the period	本期盈利	–	–	–	–	5,673	–	5,673
Dividends	股息	–	–	–	–	(6,895)	–	(6,895)
Exchange translation differences	匯兌差額	–	–	(7)	–	–	–	(7)
At 30 June 2005	二零零五年六月三十日	15,228	47,358	3,621	79,994	87,091	–	233,292
<b>At 1 January 2006</b>	<b>二零零六年一月一日</b>	<b>15,228</b>	<b>47,358</b>	<b>4,170</b>	<b>79,994</b>	<b>86,305</b>	<b>3,600</b>	<b>236,655</b>
<b>Profit for the period</b>	<b>本期盈利</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6,051</b>	<b>44</b>	<b>6,095</b>
<b>Dividends</b>	<b>股息</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1,708)</b>	<b>–</b>	<b>(1,708)</b>
<b>Exchange translation differences</b>	<b>匯兌差額</b>	<b>–</b>	<b>–</b>	<b>277</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>277</b>
<b>At 30 June 2006</b>	<b>二零零六年六月三十日</b>	<b>15,228</b>	<b>47,358</b>	<b>4,447</b>	<b>79,994</b>	<b>90,648</b>	<b>3,644</b>	<b>241,319</b>

The notes on pages 35 to 50 form an integral part of this condensed interim financial information.

第35至50頁之附註構成本簡明中期財務資料之一部分。

# Condensed Consolidated Cash Flow Statement

## 簡明綜合現金流量表

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

		Unaudited 未經審核	
		Six months ended 30 June 截至六月三十日止六個月	
		2006 US\$'000 千美元	2005 US\$'000 千美元
<b>Cash flows from operating activities – net</b>	<b>經營業務產生的現金淨額</b>	<b>(9,455)</b>	445
<b>Cash flows from investing activities – net</b>	<b>投資活動產生的現金淨額</b>	<b>(18,223)</b>	(19,060)
<b>Cash flows from financing activities:</b>	<b>融資活動產生的現金：</b>		
– contribution from minority interest	– 少數股東權益出資	3,600	–
– dividends paid	– 已付股息	(1,708)	(6,895)
– drawdown of bank loans	– 提取銀行貸款	74,201	72,186
– repayments of bank loans	– 償還銀行貸款	(60,428)	(59,446)
<b>Cash flows from financing activities – net</b>	<b>融資活動產生的現金淨額</b>	<b>15,665</b>	5,845
Net change in cash and cash equivalent	現金及現金等價物變動淨額	<b>(12,013)</b>	(12,770)
Cash and cash equivalents at 1 January	一月一日的現金及現金等價物	<b>27,987</b>	33,192
Effect of foreign exchange rate changes	匯率變動的影響	<b>(8)</b>	(7)
Cash and cash equivalents at 30 June	六月三十日的現金及現金等價物	<b>15,966</b>	20,415
Analysis of balances of cash and cash equivalents:	現金及現金等價物的結餘分析：		
Bank balances and cash	銀行結餘及現金	<b>15,966</b>	20,415

The notes on pages 35 to 50 form an integral part of this condensed interim financial information.

第35至50頁之附註構成本簡明中期財務資料之一部分。

# Notes to the Condensed Consolidated Financial Information

## 簡明綜合財務資料附註

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

### 1. General information

Vedan International Holdings Limited ("the Company") and its subsidiaries (together, the "Group") manufacture and sell fermentation-based food additives and biochemical products and cassava starch-based industrial products including modified starch, glucose syrup, Monosodium Glutamate ("MSG"), soda and acid, and beverages. The products are sold to food distributors, international trading companies, and manufacturers of foods, paper, textiles, and chemical products in Vietnam and other ASEAN countries, the People's Republic of China (the "PRC"), Japan, Taiwan, and several European countries.

The Company was incorporated in the Cayman Islands with limited liability.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information was approved for issue on 29 August 2006.

### 2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2006 has been prepared in accordance with HKAS 34 "Interim financial reporting". The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2005.

### 3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2005.

The following new standards, amendments to standards and interpretations are mandatory for annual periods beginning on or after 1 January 2006.

- Amendment to HKAS 19, "Actuarial gains and losses, group plans and disclosures"

### 1. 一般資料

味丹國際(控股)有限公司(「本公司」)及其附屬公司(統稱「本集團」)生產及銷售發酵食品添加劑及生化產品、木薯澱粉產品(包括改性澱粉、葡萄糖漿、味精、蘇打及鹽酸)以及飲料。產品乃銷售往越南及其他東盟國家、中華人民共和國(「中國」)、日本、台灣及多個歐洲國家的食品分銷商、國際貿易公司,以及食品、紙品、紡織品及化工產品生產商。

本公司為於開曼群島註冊成立之有限公司。

本公司之股份於香港聯合交易所有限公司上市。

本簡明綜合中期財務資料於二零零六年八月二十九日獲批准發佈。

### 2. 編製基準

截至二零零六年六月三十日止六個月之簡明綜合中期財務資料已根據香港會計準則第34號「中期財務報告」編製。本簡明中期財務報告應與截至二零零五年十二月三十一日止年度之年度財務報表一併閱讀,始屬完備。

### 3. 會計政策

採納之會計政策與截至二零零五年十二月三十一日止年度之年度財務報表之會計政策一致。

下列新訂準則、準則之修訂及詮釋強制規定須於二零零六年一月一日或之後開始之年度期間實施。

- 香港會計準則第19號修訂,「精算盈虧、集團計劃及披露」

## 簡明綜合財務資料附註 (續)

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

## 3. Accounting policies (continued)

- Amendment to HKAS 39, Amendment to “The fair value option”
- Amendment to HKAS 21, Amendment “Net investment in a foreign operation”
- Amendment to HKAS 39, Amendment “Cash flow hedge accounting of forecast intragroup transactions”
- Amendment to IAS/HKAS 39 and IFRS/HKFRS 4, Amendment “Financial guarantee contracts”
- HKFRS 6, “Exploration for and evaluation of mineral resources”
- HK(IFRIC)-Int 4, “Determining whether an arrangement contains a lease”
- IFRIC/HK(IFRIC)-Int 5, “Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds”
- IFRIC/HK(IFRIC)-Int 6, “Liabilities arising from participating in a specific market – waste electrical and electronic equipment”

The adoption of the above new standards, amendments to standards and interpretation have had no significant impact to the accounting policies of the Group.

## 3. 會計政策 (續)

- 香港會計準則第39號修訂，「公平值購股權」之修訂
- 香港會計準則第21號修訂，「於外國公司之淨投資」之修訂
- 香港會計準則第39號修訂，「預測集團間交易現金流量對沖會計法」之修訂
- 國際會計準則／香港會計準則第39號及國際財務報告準則／香港財務報告準則第4號修訂，「財務擔保合約」之修訂
- 香港財務報告準則第6號，「礦產資源之勘探及估值」
- 香港（國際財務報告詮釋委員會）－詮釋第4號，「釐定安排是否包含租約」
- 國際財務報告詮釋委員會／香港（國際財務報告詮釋委員會）－詮釋第5號，「清拆、修復及環境復原基金產生之權益之權利」
- 國際財務報告詮釋委員會／香港（國際財務報告詮釋委員會）－詮釋第6號，「因參與特別市場－廢棄電器及電子設備產生之負債」

採納上述新準則、準則之修訂及詮釋並無對本集團會計政策產生任何重大影響。

# Notes to the Condensed Consolidated Financial Information (continued)

## 簡明綜合財務資料附註 (續)

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

### 4. Segment analysis

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

#### (a) Business segment

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

#### (b) Geographical segment

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

### 4. 分部分析

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

#### (a) 業務分部

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

#### (b) 地理分部

按地理分部呈列資料時，收入乃根據客戶所在地入賬。

		Six months ended 截至以下日期止六個月	
		30 June 六月三十日 2006 US\$'000 千美元	30 June 六月三十日 2005 US\$'000 千美元
Vietnam	越南	74,765	63,909
The PRC	中國	20,203	16,958
Japan	日本	28,107	25,112
Taiwan	台灣	3,380	1,408
ASEAN countries (other than Vietnam)	東南亞國家聯盟(不包括越南)	12,564	6,158
Other regions	其他地區	2,454	3,809
		141,473	117,354

# Notes to the Condensed Consolidated Financial Information (continued)

## 簡明綜合財務資料附註 (續)

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

### 5. Capital expenditure

### 5. 資本支出

		Goodwill 商譽 US\$'000 千美元	Intangible assets 無形資產 Trademark 商標 US\$'000 千美元	Total 總額 US\$'000 千美元	Property, plant and equipment 物業、廠房 及設備 US\$'000 千美元	Land use rights 土地使用權 US\$'000 千美元
<b>Six months ended 30 June 2005 截至二零零五年</b>						
<b>六月三十日止六個月</b>						
<b>Opening net book value as at 1 January 2005</b>	<b>於二零零五年一月一日 的期初賬面淨值</b>	6,859	–	6,859	213,849	225
Additions	添置	–	12,089	12,089	8,545	–
Reclassification from inventories	存貨重新分類	–	–	–	3,100	–
Disposals	出售	–	–	–	(7)	–
Amortisation and depreciation charge	攤銷及折舊費用	–	(403)	(403)	(12,824)	(4)
<b>Closing net book value as at 30 June 2005</b>	<b>於二零零五年 六月三十日 的期末賬面淨值</b>	6,859	11,686	18,545	212,663	221
<b>Six months ended 30 June 2006 截至二零零六年</b>						
<b>六月三十日止六個月</b>						
<b>Opening net book value as at 1 January 2006</b>	<b>於二零零六年 一月一日 的期初賬面淨值</b>	8,159	11,082	19,241	216,187	5,583
Additions	添置	–	–	–	18,077	543
Disposals	出售	–	–	–	(19)	–
Exchange translation difference	匯兌差額	58	–	58	177	51
Amortisation and depreciation charge	攤銷及折舊費用	–	(605)	(605)	(13,268)	(71)
<b>Closing net book value as at 30 June 2006</b>	<b>於二零零六年 六月三十日 的期末賬面淨值</b>	8,217	10,477	18,694	221,154	6,106



# Notes to the Condensed Consolidated Financial Information (continued)

## 簡明綜合財務資料附註 (續)

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

### 6. Trade receivables

### 6. 應收貿易賬款

		As at 30 June 於六月三十日 2006 US\$'000 千美元	As at 31 December 於十二月 三十一日 2005 US\$'000 千美元
Trade receivables	應收貿易賬款	34,962	33,542
Due from related parties (note 18(b))	應收有關連人士款項(附註18(b))	483	2,287
		<b>35,445</b>	<b>35,829</b>

The credit terms of trade receivables range from cash on delivery to 120 days. At 30 June 2006 and 31 December 2005, the ageing analysis of the trade receivables was as follows:

應收貿易賬款之信貸期由貨到付款到120天。於二零零六年六月三十日及二零零五年十二月三十一日，應收貿易賬款之賬齡分析如下：

		As at 30 June 於六月三十日 2006 US\$'000 千美元	As at 31 December 於十二月 三十一日 2005 US\$'000 千美元
Current	即期	19,315	23,063
30 – 90 days	30至90天	15,622	11,760
91 – 180 days	91至180天	325	305
181 – 365 days	181至365天	183	60
Over 365 days	超過365天	–	641
		<b>35,445</b>	<b>35,829</b>

The Group's trade receivables at 30 June 2006 include a receivable of US\$9,806,000 (31 December 2005: US\$ 10,758,000) from one customer of the Group. This receivable is aged within 90 days at 30 June 2006. Management believes that no additional credit risk beyond the amounts provided for collection losses that are inherent in the Group's trade receivables.

於二零零六年六月三十日之本集團應收貿易賬款包括應收本集團一名客戶之款項9,806,000美元(二零零五年十二月三十一日：10,758,000美元)。於二零零六年六月三十日此應收賬款之賬齡為90天以內。管理層相信除本集團之應收貿易賬款本身已提撥之收賬損失以外，概無其他額外信貸風險。

# Notes to the Condensed Consolidated Financial Information (continued)

## 簡明綜合財務資料附註 (續)

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

### 7. Share capital

### 7. 股本

		Authorised Ordinary shares 法定普通股		
		Par value 面值 US\$ 美元	Number of shares 股份數目	US\$'000 千美元
At 31 December 2005 and at 30 June 2006	於二零零五年十二月三十一日及 於二零零六年六月三十日	0.01	10,000,000,000	100,000
		Issue and fully paid Ordinary shares 已發行及繳足普通股		
		Par value 面值 US\$ 美元	Number of shares 股份數目	US\$'000 千美元
At 31 December 2005 and at 30 June 2006	於二零零五年十二月三十一日及 於二零零六年六月三十日	0.01	1,522,742,000	15,228

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

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

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 a duration of ten years from the date of grant, but shall lapse where the grantee ceases to be employed by the company or its subsidiaries. No share options were granted by the Company under the share option scheme during the period.

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自授出當日起計，為期十年，惟將於該承授人不再受僱於本公司或其附屬公司時失效。本公司在本期間並無根據購股權計劃授出任何購股權。

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

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

# Notes to the Condensed Consolidated Financial Information (continued)

## 簡明綜合財務資料附註 (續)

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

### 7. Share capital (continued)

Pre-IPO share options outstanding as at 30 June 2006 have the following terms:

### 7. 股本 (續)

於二零零六年六月三十日，尚未行使之首次公開售股前購股權條款如下：

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

500,000 share options were cancelled while no share options were exercised during the period.

期內已註銷500,000份購股權及概無購股權獲行使。

### 8. Trade payables

The ageing analysis of trade payables is as follows:

### 8. 應付貿易賬款

應付貿易賬款的賬齡分析如下：

		As at 30 June 於六月三十日 2006 US\$'000 千美元	As at 31 December 於十二月三十一日 2005 US\$'000 千美元
Current	即期	9,938	18,161
30 – 90 days	30至90天	3,442	359
91 – 180 days	91至180天	3	–
181 – 365 days	181至365天	2	–
		13,385	18,520

# Notes to the Condensed Consolidated Financial Information (continued)

## 簡明綜合財務資料附註 (續)

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

### 9. Long-term bank loans

### 9. 長期銀行貸款

		As at 30 June 於六月三十日 2006 US\$'000 千美元	As at 31 December 於十二月 三十一日 2005 US\$'000 千美元
Long-term bank loans – secured	長期銀行貸款－有抵押	<b>37,143</b>	38,052
Current portion of long-term bank loans	長期銀行貸款的即期部份	<b>(10,227)</b>	(8,346)
		<b>26,916</b>	29,706

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

本集團的長期銀行貸款須於以下期間償還：

		As at 30 June 於六月三十日 2006 US\$'000 千美元	As at 31 December 於十二月 三十一日 2005 US\$'000 千美元
Within one year	一年內	<b>10,227</b>	8,346
In the second year	於第二年	<b>10,834</b>	10,465
In the third to fifth years	於第三至第五年	<b>16,082</b>	19,241
		<b>37,143</b>	38,052

# Notes to the Condensed Consolidated Financial Information (continued)

## 簡明綜合財務資料附註 (續)

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

### 10. Other gains – net

### 10. 其他收益－淨額

		Six months ended 截至以下日期止六個月	
		30 June 六月三十日 2006 US\$'000 千美元	30 June 六月三十日 2005 US\$'000 千美元
Net loss from sales of electricity	出售電力之虧損淨額	(5)	(85)
Sales of scrap materials	廢料銷售	192	199
Vietnam tax refund with respect to reinvestment in prior years	過往年度就再投資獲得之 越南退稅	–	1,200
Loss on disposal of property, plant and equipment	出售物業、廠房及 設備虧損	(19)	(7)
Net exchange gains/(losses)	淨匯兌收益／(虧損)	43	(90)
Others	其他	354	507
		<b>565</b>	<b>1,724</b>

### 11. Operating profit

### 11. 經營盈利

Operating profit is arrived at after charging the following:

經營盈利已扣除下列各項：

		Six months ended 截至以下日期止六個月	
		30 June 六月三十日 2006 US\$'000 千美元	30 June 六月三十日 2005 US\$'000 千美元
Cost of inventories (include depreciation charge and staff costs)	存貨成本(包括折舊費用及 員工成本)	114,885	93,993
Amortisation of trademark (included in administrative expenses)	商標攤銷 (已計入行政開支)	605	403
Amortisation of land use rights	土地使用權攤銷	71	4
Depreciation on property, plant and equipment	物業、廠房及 設備折舊	13,268	12,824
Operating leases in respect of land and buildings	有關土地及樓宇的 經營租約	60	60
Staff costs	員工成本	7,379	6,632

# Notes to the Condensed Consolidated Financial Information (continued)

## 簡明綜合財務資料附註 (續)

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

### 12. Finance costs – net

		Six months ended 截至以下日期止六個月	
		30 June 六月三十日 2006 US\$'000 千美元	30 June 六月三十日 2005 US\$'000 千美元
Interest on bank loans and overdraft	銀行貸款及透支利息	2,675	1,656
Amortised cost on long-term payable to a related party	應付關連方長期款項之 經攤銷成本	283	188
Interest income	利息收入	(269)	(200)
		2,689	1,644

### 13. Income tax expense

Income tax expense charged to the consolidated income statement represents:

		Six months ended 截至以下日期止六個月	
		30 June 六月三十日 2006 US\$'000 千美元	30 June 六月三十日 2005 US\$'000 千美元
Enterprise income tax	企業所得稅	1,932	1,426
Deferred income tax	遞延所得稅	(141)	68
		1,791	1,494

#### (i) Vietnam

Enterprise income tax ("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 25%, as stipulated in the respective subsidiaries' investment licenses.

#### (i) 越南

企業所得稅(「企業所得稅」)按財務申報的法定盈利撥備，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25%之間，按附屬公司各自的投資許可證所規定。

# Notes to the Condensed Consolidated Financial Information (continued)

## 簡明綜合財務資料附註 (續)

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

### 13. Income tax expense (continued)

#### (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 rates for the Group's operation in the PRC range from 15% to 27%.

Mao Tai Foods (Xiamen) Co, Ltd, Shanghai Vedan Enterprise Co., Ltd and Shandong Vedan Snowflake Enterprise Co., Ltd ("Shandong Snowflake") are entitled to full exemption from EIT for the first two years and 50% reduction EIT for the next three years, commencing from the first profitable year after offsetting all unexpired tax losses carried forward from the previous years. These entities have not triggered its first profitable year for the above EIT exemption and reduction purposes.

#### (iii) Singapore/Hong Kong

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

### 14. Earnings per share

### 13. 所得稅開支 (續)

#### (ii) 中國

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

茂泰食品(廈門)有限公司、上海味丹企業有限公司及山東味丹雪花實業有限公司(「山東雪花」)在抵銷所有過往年度結轉之未過期稅損後，由首個盈利年度開始可享兩年全數豁免企業所得稅及緊接其後三個年度獲享50%之寬減企業所得稅。該等實體尚未就上述企業所得稅豁免及減免錄得其首個盈利年度。

#### (iii) 新加坡／香港

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

### 14. 每股盈利

		Six months ended 截至下列日期止六個月	
		30 June 六月三十日 2006 US cents per share 每股美仙	30 June 六月三十日 2005 US cents per share 每股美仙
Earnings per share for profit attributable to equity holders of the Company	本公司股權持有人應佔每股盈利		
– Basic	— 基本	0.40	0.37
– Diluted	— 攤薄	0.40	0.37

# Notes to the Condensed Consolidated Financial Information (continued)

## 簡明綜合財務資料附註 (續)

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

### 15. Dividends

### 15. 股息

		Six months ended 截至下列日期止六個月	
		30 June 六月三十日	30 June 六月三十日
		2006 US\$'000 千美元	2005 US\$'000 千美元
2005 Final dividend of 0.112 US cents (2004: Final dividend 0.453 US cents) per ordinary share, paid	已付二零零五年末期股息 每股普通股0.112美仙 (二零零四年：末期股息0.453美仙)	<b>1,708</b>	6,895
2006 Interim dividend of 0.200 US cents (2005: Interim dividend 0.201 US cents) per ordinary share, proposed	建議派付二零零六年中期股息 每股普通股0.200美仙 (二零零五年：中期股息0.201美仙)	<b>3,026</b>	3,060
		<b>4,734</b>	9,955

### 16. Capital commitments

### 16. 資本承擔

		As at 31 December 於十二月三十一日	
		As at 30 June 於六月三十日	2005 US\$'000 千美元
Contracted but not provided for: – Property, plant and equipment	已訂約但未撥備： – 物業、廠房及設備	<b>2,362</b>	12,836
Authorised but not contracted for: – Property, plant and equipment	已批准但未訂約： – 物業、廠房及設備	<b>16,972</b>	34,751



# Notes to the Condensed Consolidated Financial Information (continued)

## 簡明綜合財務資料附註 (續)

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

### 17. Contingent liabilities

As at 30 June 2006, the Company has given corporate guarantees to its subsidiaries for banking facilities amounting to US\$171,000,000 (31 December 2005: US\$93,000,000).

### 17. 或然負債

截至二零零六年六月三十日，本公司就為數171,000,000美元(二零零五年十二月三十一日：93,000,000美元)之銀行融資為其附屬公司作出公司擔保。

### 18. Related party transactions

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

### 18. 關連方交易

(a) 在本集團日常業務中與關連方進行的重大交易如下：

		Six months ended 截至下列日期止六個月	
		30 June 2006 二零零六年 六月三十日 US\$'000 千美元	30 June 2005 二零零五年 六月三十日 US\$'000 千美元
	Note 附註		
Sale of goods to Vedan Enterprise Corporation ("Taiwan Vedan")	(i)	2,200	4,254
Trademark license fee paid to Tung Hai Fermentation Industrial Co. Ltd ("Tung Hai")	(ii)	—	289
Technological support fee paid to Taiwan Vedan and Tung Hai	(ii)	1,299	1,292
Technological support fee received from Taiwan Vedan	(ii)	20	—
Commission from Taiwan Vedan in connection with the Agency Agreement	(ii)	31	57
Assignment of trademarks from Tung Hai and Taiwan Vedan	(iii)	—	12,089

## 簡明綜合財務資料附註 (續)

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

## 18. Related party transactions (continued)

(a) (continued)

Notes:

- (i) In the opinion of the directors of the Company, sales were conducted in the ordinary 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 normal course of business and the fees are charged in accordance with the terms of the underlying agreements.
- (iii) On 13 June 2003, the Company entered into a trademark assignment agreement (the "Trademark Assignment Agreement") with Taiwan Vedan and Tung Hai, pursuant to which each of Taiwan Vedan and Tung Hai has agreed to assign to the Company absolutely all its entire right, title and interest in and to the trademarks registered in the name of Taiwan Vedan and Tung Hai in Vietnam, the PRC and certain ASEAN countries.

In 2005, the transfer of the titles and registrations of these trademarks was substantially completed and accordingly, these trademarks were recognised as intangible assets.

## 18. 關連方交易 (續)

(a) (續)

附註：

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

於二零零五年，此等商標之所有權轉讓和註冊手續已大致完成，此等商標因而已確認為無形資產。

# Notes to the Condensed Consolidated Financial Information (continued)

## 簡明綜合財務資料附註 (續)

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

### 18. Related party transactions (continued)

#### (b) Balances with related parties

As at 30 June 2006, the Group had the following significant balances with related parties:

### 18. 關連方交易 (續)

#### (b) 關連方之結餘

於二零零六年六月三十日，本集團與關連方有以下重大結餘：

		Note 附註	As at 30 June 於六月三十日 2006 US\$'000 千美元	As at 31 December 於十二月 三十一日 2005 US\$'000 千美元
Current:	即期：			
Trade receivables from related parties (note 6):	應收關連方 貿易賬款(附註6)：	(i)		
– Shanghai Vedan Foods Company Limited ("Shanghai Vedan Foods")	– 上海味丹食品 有限公司 (「上海味丹食品」)		–	633
– Taiwan Vedan	– 台灣味丹		483	1,654
			483	2,287
Current:	即期：			
– Technological support fee payable to Taiwan Vedan and Tung Hai	– 應付台灣味丹及東海 之技術支援費	(i)	1,329	274
– Current portion of the amount due to Taiwan Vedan and Tung Hai in connection with assignment of trademarks	– 應付台灣味丹及東海 有關轉讓商標 之費用之即期部份	(ii)	2,145	–
			3,474	274
Non-current portion of the amount due to Taiwan Vedan and Tung Hai in connection with assignment of trademarks	應付台灣味丹及東海 有關轉讓商標 之費用之非即期部份	(ii)	10,698	12,560

## 簡明綜合財務資料附註 (續)

For the six months ended 30 June 2006 截至二零零六年六月三十日止六個月

## 18. Related party transactions (continued)

## (b) Balances with related parties (continued)

Notes:

- (i) All current balances with related parties are unsecured, interest-free and repayable on demand except for the trade balances with Shanghai Vedan Foods and Taiwan Vedan which were repayable within their trade credit terms.
- (ii) The amount represented the fair value of payable to Taiwan Vedan and Tung Hai for assignment of certain trademarks under the Trademark Assignment Agreement (note 18 (a)(iii)). It is payable by seven equal annual instalments 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 borrowing rate of 4.7% per annum at the date of assignment of the trademarks.

## 19. Banking facilities

The Group's bank borrowings of US\$93,426,000 as at 30 June 2006 (31 December 2005: US\$79,653,000) were secured by:

- (i) legal charges over certain of the Group's property, plant and equipment with net book value of approximately US\$41,066,000 (31 December 2005: US\$50,341,000).
- (ii) corporate guarantee provided by the Company.

## 18. 關連方交易 (續)

## (b) 關連方之結餘 (續)

附註：

- (i) 關連方的所有即期結餘均無抵押、免息及須即時償還，惟上海味丹食品及台灣味丹的貿易結餘須在彼等之信貸期內償還。
- (ii) 該金額相當於根據商標轉讓協議應付台灣味丹及東海之費用之公平值 (附註18(a)(iii))。該金額須由二零零七年一月一日起平均分七期每年支付一次。面額為15,014,000美元，並採用轉讓商標當日4.7%的借貸年利率折現至公平值。

## 19. 銀行信貸

本集團於二零零六年六月三十日的銀行借貸93,426,000美元 (二零零五年十二月三十一日：79,653,000美元) 乃以下列作為抵押：

- (i) 以本集團賬面淨值約41,066,000美元 (二零零五年十二月三十一日：50,341,000美元) 的若干物業、廠房及設備作法定抵押。
- (ii) 由本公司提供之公司擔保。

# Auditors' Independent Review Report

## 核數師的獨立審閱報告

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

(incorporated in the Cayman Islands with limited liability)

#### INTRODUCTION

We have been instructed by the Company to review the interim financial report set out on pages 31 to 50.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

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

#### REVIEW WORK PERFORMED

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

#### REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2006.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 29 August 2006

#### 獨立審閱報告

致味丹國際(控股)有限公司董事會  
(於開曼群島註冊成立的有限公司)

#### 引言

本所已按貴公司指示，審閱第31至50頁所載的中期財務報告。

#### 董事及核數師各自之責任

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

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

#### 已執行的審閱工作

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

#### 審閱結論

按照本所審閱的結果，但此審閱並不作為審計之一部份，本所並無發現任何須在截至二零零六年六月三十日止六個月的中期財務報告作出重大修訂之事項。

**羅兵咸永道會計師事務所**  
執業會計師

香港，二零零六年八月二十九日

## Notice of Payment of Interim Dividend, 2006

### 派發二零零六年度中期股息之通告

#### INTERIM DIVIDEND AND CLOSE OF REGISTER

The Board of Directors has resolved to declare an interim dividend of 0.200 US cents (1.560 HK cents) per share for the year ending 31 December 2006.

The share register will be closed from 6 October to 13 October 2006, both days inclusive, during which period no transfer of shares will be registered. Dividend warrants will be dispatched to shareholders on or about 19 October 2006. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Register, Tengis Limited of 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 5 October 2006.

By Order of the Board

**Lo Chi Man**

*Company Secretary*

Hong Kong, 29 August 2006

#### 中期股息及截止過戶

董事會議決宣派截至二零零六年十二月三十一日止年度每股0.200美仙(1.560港仙)之中期股息。

股份過戶登記處將於二零零六年十月六日至二零零六年十月十三日(首尾兩天包括在內)暫停辦理過戶登記手續。股息單大概於二零零六年十月十九日寄發予股東。為確保獲派中期股息，所有填妥的過戶表格連同有關股票須於二零零六年十月五日下午四時三十分前送達香港灣仔皇后大道東28號金鐘匯中心26樓本公司之股份過戶登記處香港分處登捷時有限公司辦理過戶手續。

承董事會命

公司秘書

**羅志文**

香港，二零零六年八月二十九日



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