

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

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

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

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

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

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

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

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

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

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

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

By order of the Board

**Yang, Tou-Hsiung**

*Chairman*

Hong Kong, 30 August, 2005

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

承董事會命

**楊頭雄**

*主席*

香港，二零零五年八月三十日