



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

Stock Code: 2317

ANNUAL REPORT 2006 年報

A woman with dark hair is shown from the chest up, looking slightly to her left while holding and eating a golden-brown bun. The image is partially framed by large, overlapping, curved bands of color: yellow, orange, red, blue, and green.

Nature,
Science and
Taste





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Corporate Profile

公司簡介

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

Since the 1970s, our products have been marketed in Vietnam, the PRC, and other ASEAN countries. To accelerate market expansion, the Group established Vietnam Vedan in 1991 as our major production base. Since then, the Group's production has undergone continuous expansion due to strong growing demand. The Group is currently the largest MSG producer in the Southeast Asian region, and the largest supplier of lysine and cassava starch-based industrial products in Vietnam. In 1995, Vedan acquired a factory in Xiamen to focus on developing the PRC market. In 2004, the Group further acquired the assets and MSG business of Shanghai Vedan Foods Company Limited, which will be developed into its business operations center in the PRC, signifying its determination and commitment to become a major player in the PRC market. To ensure the Group has a stable supply of starch and a strong production platform for starch related products, Vedan Vietnam acquired Ve-Thai Tapioca-Starch Co. Ltd. in November 2005. In December the same year, Shandong Vedan Snowflake Enterprise Co., Ltd. was established and started production of GA in April 2006. Shandong Vedan Snowflake will play a crucial role in Vedan's global supply chain in the future, allowing it to meet the demand and to stabilize prices of raw materials, hence facilitate its business development strategy in China.

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

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

自七十年代起，我們的味精產品即銷售到越南、中國及其他東盟國家。為加快開拓市場，本集團於一九九一年成立越南味丹作為主要的生產基地，之後，業務不斷發展，生產規模也持續擴大。目前，已是東南亞地區最大的味精生產廠商。在越南國內則是最大的賴氨酸和澱粉工業產品供應商。於一九九五年收購廈門茂泰廠以專注於發展中國市場。更在二零零四年收購上海味丹食品公司之資產及味精業務，作為其中國區營運中心，務求全力開發中國市場。二零零五年十一月味丹越南完成收購味泰木薯澱粉有限公司，將為本集團提供穩定之澱粉供應，並加強澱粉產品的生產基礎。同年十二月成立山東味丹雪花實業有限公司，並於二零零六年四月開始生產谷氨酸。未來，將成為味丹國際全球供應鏈中的一個重要環節，讓集團進一步穩定原材料供應量及價格，以配合其於中國的業務發展策略。

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



Corporate Information

公司資料

Board of Directors 董事會**Executive Directors 執行董事**

Yang, Tou-Hsiung	楊頭雄
Yang, Cheng	楊正
Yang, Kun-Hsiang	楊坤祥
Yang, Chen-Wen	楊辰文
Wang, Joel J.	王肇樹

Non-executive Directors 非執行董事

Huang, Ching-Jung	黃景榮
Chou, Sze-Cheng	周錫程

Independent Non-executive Directors 獨立非執行董事

Chao, Pei-Hong	趙培宏 *
Chuang, Shu-Fen	莊淑芬 *
Ko, Jim-Chen	柯俊禎 *

* member of Audit Committee 審核委員會成員

Authorised Representatives 法定代表

Yang, Kun-Hsiang	楊坤祥
Wang, Joel J.	王肇樹

Company Secretary 公司秘書

Lo, Chi-Man	羅志文
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Auditors 核數師

PricewaterhouseCoopers

Certified Public Accountants

羅兵咸永道會計師事務所

執業會計師

22nd Floor, Prince's Building, Central, Hong Kong
香港中環太子大廈 22 樓

Legal Advisors 法律顧問

Deacons

的近律師行

5th Floor, Alexandra House, 16-20 Chater Road,
Central, Hong Kong
香港中環遮打道 16-20 號歷山大廈 5 樓

Registered Office 註冊辦事處

Century Yard, Cricket Square,
Hutchins Drive, George Town
Grand Cayman
British West Indies

Principal Place of Business 主要營業地點**Vietnam Office 越南辦事處**

National Road 51, Hamlet 1A,
Phuoc Thai, Long Thanh District,
Dong Nai Province, Vietnam
越南同奈省
隆城縣福泰社
51 國道旁第 1A 邑

Shanghai, China Office 中國上海辦事處

No. 158 CheXin Road, Songjiang Industrial Park
Shanghai, PRC
中國上海市
松江工業區車新公路 158 號

Shandong, China Office 中國山東辦事處

Xuehua Industry Park, Wangyin, Jining, Shandong, PRC
中國山東省
濟寧高新技術開發區
王因鎮雪花工業園

Xiamen, China Office 中國廈門辦事處

568, North Tong Ji Road,
Tong-An District, Xiamen City,
Fujian Province, PRC
中國福建省廈門市
同安區同集北路 568 號

Taiwan Office 台灣辦事處

18 Jinhua Street, Shalu
Taichung, Taiwan, ROC
台灣台中縣
沙鹿鎮錦華街 18 號

Hong Kong Office 香港辦事處

Suite 3706, 37th Floor, West Tower, Shun Tak Centre
200 Connanght Road Central, Hong Kong
香港中環干諾道中 200 號
信德中心西座 37 樓 3706 室

Website 網址

www.vedaninternational.com

Financial Highlights

財務摘要

		2006 US\$'000 千美元	2005 US\$'000 千美元	Change 增減
Turnover	營業額	290,695	257,904	12.7%
Profit from operations	經營盈利	14,762	10,240	44.2%
Net profit	純利	10,915	7,947	37.3%
Shareholders' funds	股東權益	243,984	236,655	3.1%
Basic earnings per share (US cents)	每股基本盈利 (美仙)	0.72	0.52	38.5%
Diluted earnings per share (US cents)	每股攤薄盈利 (美仙)	0.72	0.52	38.5%
Interim dividend per share (US cents)	中期股息 (美仙)	0.200	0.201	-0.5%
Final dividend per share (US cents)	期末股息 (美仙)	0.158	0.112	41.1%
Dividend payout ratio	派息率	50%	60.0%	-16.7%

Turnover 營業額

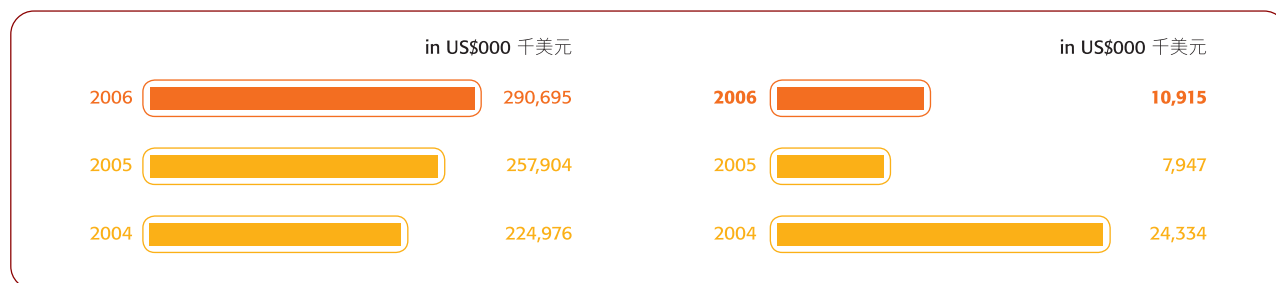
12 months ended 31 Dec 2006

截至二〇〇六年十二月三十一日止十二個月

Net Profit 純利

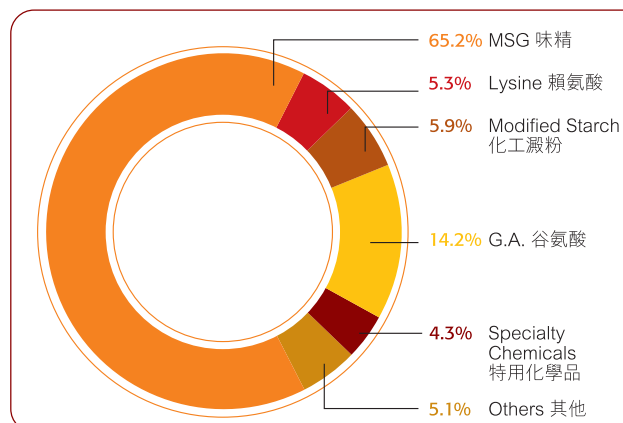
12 months ended 31 Dec 2006

截至二〇〇六年十二月三十一日止十二個月

**Turnover by Products 按產品分類之營業額**

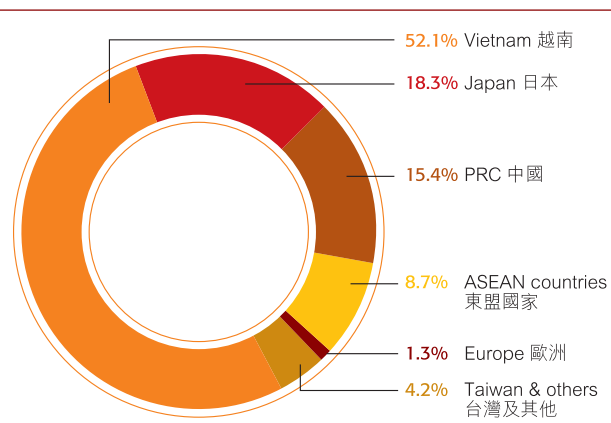
12 months ended 31 Dec 2006

截至二〇〇六年十二月三十一日止十二個月

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

12 months ended 31 Dec 2006

截至二〇〇六年十二月三十一日止十二個月



Major Corporate Events

大事回顧

Vedan Vietnam 味丹越南

2006年4月

- Vedagro固化第二套生產設備完工，可增加固化產能100噸／天
- Completed setting up second set of solidification facility for Vedagro. Daily solidification capacity increased to 100 tonnes.

2006年6月

- 計劃投資部批准興建河靜廠
- Ministry of Planning and Investment approved construction plan of Ha Tinh Plant.

2006年9月

- 第二套複合調味料設備完工，增加產能
- Setting up of second set of compound seasonings equipment completed resulting in enhanced production capacity.

2006年10月

- 酸鹼廠S.R.S鹽水除硫酸根設備完工，改善鹽水品質，防止電解膜的損耗
- Completed installation of Sulfate Removal System in specialty chemicals production plant, enabling improvement of quality of saline to prevent and avoided wearing of electrolytic membrane.

- 獲同奈紅十字會感謝捐助中部颱風災害
- Accredited by the Red Cross of Dong Nai Province for donating to aid relief work in central Vietnam hit by typhoon



2006年11月

- 增加2個濾湯粗粉結晶罐工程完工，可增加谷氨酸(GA)產能
- Two GA vacuum crystallizing units installed to enhance GA production capacity.

2006年11月

- 獲同奈人委會人道活動優秀成績獎(捐款)
- Received "Award for Outstanding Contribution to Humanity Activities" (donation) from The People's Committee of Dong Nai Province



- 回收V.G.A乾燥機設備完工，可增加VGA產能
- Completed restoring V.G.A dryer equipment to increase production capacity for VGA.

2006年12月

- 醱酵桶氣液分離器(Turbosep)設備，2006年12月已完成4個，2007年繼續完成其它14個，減少消泡劑(Defoamer)的使用量
- Four sets of fermentation turbossep equipment installed in December 2006. 14 more to be installed in 2007 to reduce defoamer consumption.

2007年1月

- 獲同奈人委會執行2006年繳稅義務成績優良獎
- Presented the "Award for the Outstanding Tax Payer in 2006" by The People's Committee of Dong Nai Province.



Vedan Shanghai 味丹上海

2006年10月

- 新產品－高鮮味精『味丹鮮』開發完成
- Completed development of new premium seasonings『味丹鮮』.



2006年11月

- 新產品－風味調味料『美味上桌』開發完成
- Completed development of value-added seasonings『美味上桌』.



2006年12月

- 上海廠風味調味料廠建廠完成，『味丹鮮』『美味上桌』系列新品上市
- Completed construction of Shanghai plant for value-added seasonings, and launched new 『味丹鮮』『美味上桌』 series.

Xiamen Mao Tai 廈門茂泰

2006年12月

- 再次通過中國國家質量監督檢驗檢疫總局頒發QS證書
- Passed inspection of and obtained "Quality Safety Certificate" again from the General Administration of Quality Supervision, Inspection, and Quarantine of the PRC.

Shandong Vedan Snowflake 山東味丹雪花

2006年4月

- 醱酵廠正式投產
- Fermentation plant commenced operation.



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

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

GREAT VISION

高瞻遠矚

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

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



Chairman's Statement

主席報告書

Despite facing challenges on its profit from high raw material costs and keen competition in the market, Vedan International still managed to achieve notable turnover and profit growth in 2006. These achievements were attributable to the Group's success in overcoming the adverse market conditions by raising the selling prices of its products, controlling cost and adopting flexible production.

Our business continued to report overall steady growth in 2006 with turnover and net profit grew by 12.7% and 37.3% respectively when compared with 2005. Although the cost of raw materials stayed high and market competition remained intense, with the Group implementing active development and expansion plans and effective sales and marketing strategies in major markets, it recorded year on year growth of 9.1%, 15.1% and 78.2% in Vietnam, the PRC and ASEAN markets. Except for lysine, all of the Group's core products delivered satisfactory performance with GA, modified starch and specialty chemicals reporting particularly strong growth in sales.

In 2006, the Group focused on perfecting the raw material and market supply chains in the PRC. Shandong Vedan Snowflake Enterprise Co., Ltd., which commenced operation in early April last year, produced GA during its initial stage of operation. Apart from selling its products directly to customers, the company also secured a stable supply of raw materials to the Group's other factories in the PRC. It has extended the Group's business presence from Central and Southern China to Northern China and even the Northeastern part of the country. Moreover, the Group's Shanghai plant started production and sale of modified starch for food applications in 2006 and reported encouraging preliminary results.

味丹國際在2006年的整體營運，雖然面對高檔的原料成本及激烈的競爭環境，致使集團獲利受到挑戰，但集團不斷的努力提升產品售價，嚴格控制成本及採用彈性的生產策略，使我們雖處於嚴峻的局勢，在整年度的業績與獲利卻仍錄得明顯的增長。

集團2006年之經營趨勢仍保持穩健的成長，營業額較2005年提升12.7%，盈利方面也有37.3%的增長。雖然原料成本高，且競爭激烈，但集團在各地主要市場更積極部署與開拓，運用有效的行銷策略，促使集團在越南、中國與東盟國家等主要市場都較去年約有9.1%、15.1%、與78.2%的成長；另外，集團主要產品除賴氨酸外，各項的產品業務也都有不錯的表現，尤其是谷氨酸、變性澱粉及特用化學品的銷售都有顯著的增加。

集團在2006年於中國市場仍不斷致力於原料與市場供應鍊的精耕。尤其是去年四月初開始營運的山東味丹雪花廠，初期生產谷氨酸，除自行銷售外，亦可穩定供應集團於中國區原料之需求，使集團業務由原本集中於華中及華南地區，進而推展至華北，甚至東北地區。另外，2006年上海廠正式投入生產與銷售食品應用變性澱粉，初期已有良好的開始。



Chairman's Statement (continued)

主席報告書（續）



In the past two years, the Group's profit had been seriously affected by the rising costs of carbohydrate sources. Thus, the Group made securing stable supply of carbohydrate sources a key focus in 2006. Related initiatives included expanding the trial cultivation of tropical sugar beet in Vietnam and the production capacity of Ve- Yu Starch Factory acquired by the Group at the end of 2005, and constructing a new starch plant in Ha Tinh province. The management believes these moves will allow the Group to improve production costs and profitability in the near future.

Outlook for 2007

Vietnam is the main production base and market of the Group. After her formal accession to the World Trade Organization (WTO) on 11 January 2007, Vietnam has seen trading and large investment activities heating up. We expect this encouraging development to ripple across the entire ASEAN market translating into boosted general consumer demand and economic advancement. The Group is glad to have started early in building and growing its operations, sales network and brand prominence in Vietnam and the ASEAN market at large. Vietnam's accession to the WTO and opening of AFTA will bring more severe competition into the market, but we believe the Group has first mover advantages in production as well as sales and will be able to ride on the new international trading platforms to quickly push its existing and new products to emerging markets including ASEAN countries, China and India, opening for itself yet more lucrative business opportunities.

近兩年來，集團利潤因糖質原料價格之高漲，受到相當大的影響。所以，掌握更多糖源供應之主導性亦是集團06年的工作重點，例如：持續加強於越南地區試種熱帶甜菜，擴充05年底於越南所併購的味友澱粉廠產能與籌建中的河靜澱粉廠等措施，管理層相信在不久的將來，對生產成本與獲利將逐漸顯現實質之效益。

展望2007年

越南是集團的主要生產基地和市場，在2007年1月11日，越南正式加入世界貿易組織(WTO)，各項貿易活動與大型投資正蓬勃進行，我們預期這將很快地帶動整個國家甚至整個東盟區域的民生需求與經濟發展。集團很慶幸在早期即已深根於越南的經營，我們在越南與東盟國家已有穩固的行銷網絡及品牌知名度，所以縱然隨著WTO與AFTA的開放，可能會讓我們面對更激烈的競爭，不過我們相信以集團既有的產銷優勢，將可藉由這些國際貿易的管道，把現有的產品與新開發的產品更為迅速便利地擴展至東盟國家、中國與印度等新興市場，為集團開拓更多、更廣的商機。



Regarding development of the PRC market in 2007, we will pursue further development of the distribution network for MSG and GA in Shanghai, Xiamen and Shandong. We also expect the Shanghai plant to start producing and selling value-added seasonings and modified starch for food applications to boost our product portfolio and in turn enhance our performance. Moreover, taking into account the overall business environment in the PRC, the Group plans to move the MSG refinery facilities in the Xiamen plant to Shandong in 2007 to strengthen and perfect the overall fermentation and production capacities of the Shandong plant. Our aim is to build the Shandong plant into a strategic base to facilitate the Group's business expansion, production and sales integration in the PRC market.

The Group has also paid much attention to the direction of R&D activities and their implementation. Good progress has been made in areas including new applications for modified starch, and development of new value-added seasonings and GA, as well as finding ways to enhance production efficiency. Currently, on top of the efforts of our own R&D team, we are negotiating certain projects in relation to product or innovative production technology development with some advanced international bio-chemical companies holding innovative technical know-how. We hope to continuously advance our production technology and efficiency, and create more high value-added products to add to our diverse offerings.

2007年在中國市場之開展，除深耕上海廠、廈門廠與山東廠之味精與谷氨酸於當地之市場通路外，今年上海廠也將正式投入風味調味料的生產與銷售業務，加上食品應用變性澱粉業務的強化，以發展多元化產品，增添更高的營業成果。同時，集團也考量中國總體的環境，在2007年計劃將廈門廠味精精製設備遷往山東廠，藉以強化並完備山東廠整體之醱酵與精製的運轉產能，使山東廠成為集團在中國市場拓展與產銷整合相當重要之策略性據點。

集團也相當重視研發的方向與執行，無論開發各種用途之變性澱粉、高附加價值的風味調味料、聚谷氨酸與各項製程效率的改善，都已有不錯的成效。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。

Chairman's Statement (continued)

主席報告書（續）

While raw material costs appear to decline recently, competition in the market is still keen. To overcome the challenges ahead, our staff at all levels will give their utmost efforts in tackling their work. We are confident that the Group's profit will gradually pick up as our technological capabilities improve and we continue to push forward our business strategies. Moreover, the Group will continue to review its long-term operational direction and develop a befitting development blueprint that can help it stay competitive and create higher value.

雖然原料成本以目前來看有稍為舒緩的趨勢，但是尚須時時面對更為激烈的競爭，集團各級同仁仍將保持兢兢業業的態度以克服挑戰。我們也有信心，在各項技術提升與業務策略的推展下，集團的盈利將逐漸恢復水準。但更進一步地，集團會不斷地構思長期的經營方向及建構未來的發展藍圖，以延續發揮集團的競爭優勢，創造更高的價值。

By order of the Board

承董事會命

Yang, Tou-Hsiung
Chairman

主席
楊頭雄

Hong Kong, 20 March 2007

香港 二零零七年三月二十日

STANDING OUT IN A SPECIALIZED INDUSTRY

投注於專門產業中的
佼佼者





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

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

Management Discussion and Analysis

管理層討論與分析

BUSINESS OVERVIEW

The total turnover of the Group increased by 12.7% to US\$290,695,000 in 2006. It is the fifth consecutive year that its turnover has double-digit growth. Turnover from Vietnam and China operations, the Group's two main production bases, were US\$245,408,000 and US\$45,287,000, representing 10.7% and 24.8% growth respectively. With international demand for lysine low hence suppressing its price, the Group continued to strategically reduce lysine production, which caused turnover from lysine sales to decrease by approximately 24.6%. As for MSG and GA, their turnover increased by approximately 14.4%, and starch business also brought in turnover approximately 39% higher than last year's. Other products, including fertilizers, caustic soda and hydrochloric acid also increased. These achievements indicated that the Group is making steady progress in different markets and with different products as guided by its strategies. Although still facing pressure from persistently high material costs and severe competition, the Group overcame all the different challenges and reported increase in gross profit and net profit by 20.3% and 37.3% to US\$53,473,000 and US\$10,915,000 respectively. The improved profitability and turnover of the Group were the fruits of its efforts to gradually raise product prices, apply stringent cost control, undertake flexible production strategy and realize the goals it set for the supply chain in China.

BUSINESS ANALYSIS

Sales Analysis by Market

During the year, the Group's principal markets including Vietnam, Japan, China and ASEAN, all recorded growth, with the ASEAN region, in particular, reporting a marked 78.2% growth against 54.2% in 2005. In term of transaction amount, Vietnam recorded the highest at US\$12,577,000 among all markets. It reflected that, with a large-scale and vertically integrated operation in Vietnam where it has a firm foothold, the Group has been able to ride on the booming Vietnam economy to achieve sustained growth and the country's ASEAN membership and geographical advantage to tap the ASEAN market. The Group expects trade activities among ASEAN member countries to increase and in turn present more opportunities for its business.

Since China became an ASEAN member, trade and bilateral investment activities between her and other members have grown continuously. In addition to the production base in Vietnam, the Group also has three production bases, namely Xiamen Mao Tai, Shanghai Vedan and Shandong Vedan Snowflake, in China. These facilities have capacities sufficient to satisfy the demand of the rapidly growing ASEAN and China markets. The Group sees bright prospects and enormous room for growth for its operations.

業務總覽

集團於2006年總營收達290,695,000美元，增長12.7%，持續5年，每年均有雙位數營收成長率。集團兩個主要生產基地—越南區及中國區的總生產營業額分別為245,408,000美元及45,287,000美元，穩定地成長10.7%及24.8%。同時集團主要的產品除賴氨酸，因國際行情持續低迷，售價偏低而採取策略性減產，故營收衰退約24.6%，味精和谷氨酸營收增長約14.4%，澱粉事業增加約39%。其餘如固體肥料，蘇打，鹽酸等亦有成長，顯示出集團在各地區及產品品項均在既定之策略下穩定發展。在獲利方面，雖然於年度內依然遭受到原料成本高居不下之壓力及面對更激烈的競爭，但集團均能克服困難，在毛利淨利方面，分別成長20.3%及37.3%，金額為53,473,000美元，及10,915,000美元，獲利及營業額均能有成長，印證了集團在逐步調升售價策略及嚴格成本控制，彈性生產策略，落實中國區供應鏈之目標下有了良好成果。

經營分析

市場銷售分析

年度內集團主要的銷售市場：越南、日本、中國、東盟均有成長，其中東盟成長最為快速，繼2005年之54.2%成長後，2006年更大幅增長78.2%，就金額成長而言，越南地區增加最多為12,577,000美元，顯示集團不僅在越南地區，已建立大規模水平垂直整合之完整基地和已深耕之市場，故多年來能隨著越南耀眼的經濟成長穩固且持續的發展，同時利用越南為ASEAN之一員加上地利之便，順利擴展東盟市場，預期在未來隨著ASEAN會員國之間繼續加強密切商業活動，將給集團帶來更多的商機。

同時中國已成為東盟之會員國，雙邊貿易和投資活動正持續加溫中，集團除在越南有生產基地外，在大陸地區亦擁有廈門茂泰、味丹上海、山東味丹雪花三個生產基地，正好可涵蓋供應ASEAN及中國兩個經濟快速成長地區，將為集團未來經營和業務帶來可觀的增長空間。



I. Vietnam

Although Vietnam accounted for a slightly smaller proportion of the Group's total turnover this year, 52.1% against last year's 53.8%, actual sales in the market had increased by US\$12,577,000 from US\$138,842,000 in 2005 to US\$151,419,000. The 9.1% growth was mainly attributable to the sales of MSG, GA and starch products. Sales of MSG products increased by 4.3%, or US\$6,555,000, while that of modified starch increased by 12.2%, or US\$1,806,000. As for caustic soda and hydrochloric acid, sales increased by 9.5% and 6.8% respectively. Generally speaking, Vietnam is not only the Group's main production base, but also its principal market accounting for over 50% of its total turnover. With Vietnam formally accepted by WTO as a member in January 2007, it can look forward to accelerate economic growth, rise in consumption power and demand for consumer products and daily necessities. The Group will seek to take the advantages of its existing sales channels to develop relevant core products and new products for the market so as to boost turnover and profitability.

II. Japan

During the year, total turnover from sales in the market reached US\$53,191,000, representing an increase of 0.8% or US\$413,000 against the previous year. The meager growth was mainly the result of reduction of lysine production and Japan is the Group's major lysine export market. Japan is also a major MSG export market of the Group where long-term supply contracts with major customers have been signed. Boasting high quality MSG products and close long-standing relationship with its Japanese customers, the Group continued to report steady growth in turnover from the market. Modified starch, other core product of the Group, also recorded satisfactory growth in Japan.

(一) 越南市場

雖然2006年越南區銷售額佔集團總營收比重由2005年53.8%略下滑為52.1%，但銷售額151,419,000美元比2005年138,842,000美元增加12,577,000美元。成長9.1%主要增長來自味精，谷氨酸及澱粉產品。味精依然有4.3%成長，增加金額為6,555,000美元。變性澱粉亦有不錯之成長，增加金額為1,806,000美元，增加率為12.2%，其餘如蘇打，鹽酸等分別成長9.5%及6.8%。整體而言，越南不僅為集團最主要生產基地，且是為集團最主要的市場，其營收比重超過總營收一半以上，隨著越南於2007年1月正式成為WTO之會員國，經濟發展更是如虎添翼，當地消費能量亦隨之提昇，對更多的民生消費品需求增加，未來集團將利用現有通路擴展相關核心產品及新產品，提高營收及獲利。

(二) 日本市場

年度內營收為53,191,000美元，比2005年增長413,000美元，成長率達0.8%。成長率偏低主要是受到賴氨酸減產，而日本為集團賴氨酸主要出口市場所致。日本亦為味精主要出口市場，集團與日本主要的客戶簽定長期供應合約，提供高品質的味精產品。基於多年來愉快的合作經驗，營業持續穩定成長，同時集團另一核心產品變性澱粉在日本市場亦有良好之成長。

III. China

China is not only a major production base of the Group outside Vietnam, but is also a key market to develop for the Group. After Shandong Vedan Snowflake commenced operation in April 2006, the Company is guaranteed a reliable supply of GA, hence realized its goal of setting up an integrated production chain in China. It will also be able to expand its MSG and starch markets mainly in Southern China and Central China now to Northern or North-Eastern China, to complement the Group's business development in China. The market reported a 15.1% growth, or US\$5,884,000, for the year with sales amounted to US\$44,751,000. The main product sold by the Group to the market, MSG accounted for 64.7% of total sales. Other products including modified starch, value-added seasoning and GA contributed the rest.

(三) 中國市場

中國地區不僅為集團除越南外最主要的生產基地，亦是集團未來發展最主要的市場，隨著2006年4月山東味丹雪花正式加入營運，不僅使集團在中國區取得谷氨酸穩定可靠的來源，達成一條龍的生產目標；原來集中於華南，華中之味精及澱粉之市場，未來亦將可擴充到華北，甚至到東北地區，以因應集團於中國區之業務擴展。中國區年度營收成長15.1%，增加金額為5,884,000美元，銷售額為44,751,000美元，主要銷售品項為味精，佔銷售比重為64.7%，其餘為變性澱粉、風味調味料，谷氨酸等。



IV. ASEAN countries

Riding on the production and geographic advantages of its Vietnamese operation, the Group achieved outstanding performance in ASEAN countries. Sales in the market increased by 78.2%, or US\$11,039,000, to US\$25,158,000 from US\$14,119,000 in 2005. Growth in sales of MSG and GA, as well as modified starch all contributed to the turnover gain.

(四) 東盟市場

由於越南廠之生產優勢和地緣關係，東盟市場的成長表現優異，2006年銷售額比2005年14,119,000美元增加11,039,000美元，成長幅度達78.2%，銷售額為25,158,000美元。增長來源不僅來自味精和谷氨酸，變性澱粉亦有增長。

TABLE 1: COMPARISON OF SALES IN VARIOUS REGIONS

表一：各地區銷售的比較

(Unit: US\$'000) 單位：千美元

Regions	地區	2005		2006		Change 增／減 %
		Amount	%	Amount	%	
Vietnam	越南	138,842	53.8%	151,419	52.1%	9.1%
The PRC	中國	38,867	15.1%	44,751	15.4%	15.1%
Japan	日本	52,778	20.5%	53,191	18.3%	0.8%
Taiwan	台灣	3,353	1.3%	10,607	3.6%	216.3%
ASEAN	東盟	14,119	5.5%	25,158	8.7%	78.2%
Europe	歐洲	7,438	2.8%	3,765	1.3%	-49.4%
Other regions	其他	2,507	1.0%	1,804	0.6%	-28.0%
Total	總計	257,904	100%	290,695	100%	12.7%

Sales Analysis by Product

I. MSG and GA

MSG and GA are still the core products of the Group, contributing together 79.4% of the Group's total turnover. During the year, the sales of MSG and GA increased by US\$2,882,000 and US\$26,171,000 respectively, or 1.5% and 173.3%, to US\$189,493,000 and US\$41,275,000, as compared to US\$186,611,000 and US\$15,104,000 in 2005. The lower growth of MSG sales was a result of the Group's strategic retreat from low margin markets, such as Europe where sales shrank 49.4% to US\$3,673,000. As for the significant increase in sales of GA, it was braced by (i) the Vietnam plant employing flexible production – reducing lysine output and use the freed capacity for producing GA, which has higher gross margin – to meet demands of customers in Taiwan and ASEAN countries, and (ii) Shandong Vedan Snowflake focusing on producing GA after it commenced operation in April 2006, with sales amounted to US\$10,364,000 in 2006.

產品銷售分析

(一) 味精及谷氨酸

味精和谷氨酸依然是集團主要核心產品，佔整體營收79.4%，年度內銷售額分別為189,493,000美元及41,275,000美元，比2005年186,611,000美元及15,104,000美元分別增加2,882,000美元及26,171,000美元，增長率分別為1.5%及173.3%。味精增長率明顯偏低，乃因集團策略性放棄利潤較低之市場，如歐洲市場衰退49.4%，金額減少3,673,000美元。谷氨酸的大幅成長，主要是來自(i)越南廠彈性生產，減少賴氨酸產能，轉作毛利較高之谷氨酸，以因應越南、台灣及東盟客戶之需求，和(ii)山東味丹雪花於2006年4月投產，初期生產谷氨酸為主，2006年山東味丹雪花的谷氨酸銷售額為10,364,000美元。

II. Lysine

Taking into account the persistently low margin of lysine in 2006, the Group freed one-third of the lysine production capacity to produce GA. As such, the sales of lysine dropped US\$5,007,000, or 24.6%, to US\$15,320,000 from US\$20,327,000 in 2005. However, as international corn and soybean prices continue to increase leading to feed industry players reducing their stock, and several lysine manufacturers continue to cut production, the price of lysine is expected to pick up.

III. Starch

As for starch business, after the Group acquired the Ve-Yu Starch Factory in Gia Lai province, Vietnam in late 2005, it has expanded the supply network of cassava to Central Vietnam. Producing mainly native starch, the new factory has boosted the Group's native starch sales significantly from US\$145,000 in 2005 to US\$4,404,000 in 2006.

Modified starch is also a core product in grooming by the Group. Since the Group set up a starch R&D center in Vietnam in second half of 2004, it has strived to develop new applications for modified starch to cater for diverse market needs. The dedicated effort of the center in the past two years has contributed sales growth of modified starch from US\$9,830,000 in 2004 to US\$15,327,000 in 2005 and US\$17,088,000 in 2006. For 2005 and 2006, the growth rates were 55.9% and 11.5% respectively. In the next few years, along side the booming economy, the demand for various food products and processed foods in China is also expected to rise, which will translate into growth opportunities for the Group's modified starch products.

(二) 賴氨酸

2006年因利潤偏低，已將約1/3產能轉為生產谷氨酸，故銷售金額由2005年20,327,000美元下降為15,320,000美元，減少金額為5,007,000美元，下降幅度達24.6%。隨著國際玉米和大豆價格的攀升，飼料業者庫存普遍降低及部份業者減產，預期未來賴氨酸價格將有上揚的趨勢。

(三) 澱粉事業

由於2005年底併購成立越南嘉萊省味友澱粉廠，使集團取得木薯澱粉之範圍擴充到越南中部地區，該廠以生產天然澱粉為主。故味友澱粉廠之投產使天然澱粉銷售額由2005年145,000美元，劇增為4,404,000美元，為最主要的收入增加來源。

變性澱粉亦是集團努力發展的核心品項。自2004年下半年於越南成立澱粉技術中心以來，不斷投入研究開發，變性澱粉之應用以符合廣大市場的需要，經兩年多來的努力，銷售金額2004，2005，2006年分別為9,830,000美元，15,327,000美元及17,088,000美元。2005年及2006年增長率分別為55.9%及11.5%。預期未來幾年中國區因經濟快速增長，對多元化食品和加工食品要求亦同步增加，就集團在中國區發展食品用變性澱粉創造出有利的成長空間。

IV. Specialty Chemicals

During the year, the total sales of hydrochloric acid and caustic soda amounted to US\$12,608,000, an increase of US\$1,030,000 over US\$11,578,000 in 2005. The business grew 8.9% and this growth trend is expected to continue in the future.

(四) 特用化學品

年度內鹽酸和蘇打銷售額為12,608,000美元，比2005年11,578,000美元增加1,030,000美元，成長率為8.9%，預估未來將持續穩定成長。

TABLE 2: COMPARISON OF SALES OF VARIOUS PRODUCTS

表二：各項產品銷售的比較

Unit: US\$'000 單位：千美元

Item	項目	2005		2006		Change 增／減	
		Amount	%	Amount	%	Amount	%
MSG	味精	186,611	72.4%	189,493	65.2%	2,882	1.5%
GA	谷氨酸	15,104	5.9%	41,275	14.2%	26,171	173.3%
Lysine	賴氨酸	20,327	7.9%	15,320	5.3%	(5,007)	-24.6%
Modified Starch	變性澱粉	15,327	5.9%	17,088	5.9%	1,761	11.5%
Specialty Chemicals	特用化學品	11,578	4.5%	12,608	4.3%	1,030	8.9%
Beverage	飲料	4,613	1.8%	4,806	1.7%	193	4.2%
Others	其他	4,344	1.6%	10,105	3.4%	5,761	132.6%
Total	總計	257,904	100%	290,695	100%	32,791	12.7%





STATUS OF NEW AND ACQUIRED COMPANIES

I. *Ve-Yu Starch Factory in Gia Lai province, Vietnam*

The Group completed the acquisition of Ve Thai Starch Factory and changed its name to Ve-Yu. The plant was able to start operation immediately and expanded daily production capacity from the previous 60 tonnes to 100 tonnes. With related work progressing smoothly, the Group targets to expand the plant's daily production capacity to 200 tonnes by 2008, so as to support growth of its starch operations. In 2006, this factory achieved sales reaching US\$3,530,000.

II. *Joint venture- Shandong Vedan Snowflake in China*

Shandong Vedan Snowflake Enterprise Co., Ltd. was formally established in December 2005 and started operation in April 2006. In the beginning, its main product GA made up 71% of its production output and MSG made up the remaining 29%, and respectively they brought in turnover amounted to US\$10,364,000 and US\$4,224,000. Currently, the plant has a production capacity of 24,000 tonnes of GA and 25,000 tonnes of MSG annually. The Group plans to expand the plant's MSG production capacity to 50,000 tonnes per year to support growth of its MSG operation in China.

新成立和併購公司概况

(一) 越南嘉萊味友澱粉廠

集團於2005年底完成收購味泰澱粉廠，改名為味友澱粉廠，並立即投入生產並擴充現有產能，由原產能每天60噸，擴大為每天100噸，由於進行順利，集團將計劃於2008年前擴大產能為每天200噸，以滿足澱粉事業之擴展。2006年營收為3,530,000美元。

(二) 中國山東味丹雪花聯營公司

山東味丹雪花實業有限公司正式成立於2005年12月，並已於2006年4月開始生產，初期以生產谷氨酸為主，佔71%，而味精約29%，營業額分別為10,364,000美元及4,224,000美元。目前谷氨酸之年產能為24,000噸，味精之年產能達25,000噸，2007年內將擴大味精年產能到50,000噸以支援集團中國區味精業務擴展之需。



III. *Ha Tinh starch plant in Vietnam*

Cassava starch is not only a major material for producing the Group's core products, namely MSG and GA, but is also an integral element in the development of the Group's modified starch business. The setting up of the Ha Tinh starch plant in Vietnam will not only open the Group to cassava sources in Central Vietnam, but can also facilitate extension of plantation to areas bordering Lao, meaning yet more competitively priced raw materials may be obtained. Furthermore, it may also conveniently supply processed native starch or modified starch to nearby markets in China. Construction of the 70-hectare plant has begun with phase I – a production line that can produce 100 tonnes of native starch a day – scheduled for completion in 2007. The plant will ultimately have three native starch production lines and the Group also has plan for it to produce high value-added modified starch or downstream starch products to enhance its profitability.

(三) 越南河靜澱粉廠

木薯澱粉不僅為集團核心產品味精及谷氨酸主要的原料，更是發展變性澱粉業務最重要的環結。越南河靜澱粉廠的設立，不僅將木薯原料來源擴展到越南中北部，未來種植區域亦可向緊臨的寮國發展以取得更有競爭力的原料，同時加工後的天然澱粉，甚至變性澱粉更能就近供應中國區市場的需要。河靜澱粉目前已展開建廠工作，工廠面積為70公頃，第一期工程將於2007年內完成1條每天產能達100噸的天然澱粉生產線，未來將計畫擴充到3條生產線，同時亦規劃生產附加價值較高的變性澱粉或澱粉下游產品，作深層加工，以提升獲利。

EXPANSION AND NEW PRODUCT PLANT

- I. Located in the Group's main production complex in Phuoc Thai Commune, Dong Nai Province in Vietnam, the Group's γ -PGA plant completed trial run in the fourth quarter of 2006 and production has begun. In this preliminary stage, the plant mainly produces products for agricultural and aquaculture uses. Application of the plant's products will be expanded gradually to cover also cosmetics and food products.
- II. The value-added seasonings production line of Shanghai Vedan will be completed in the first quarter of 2007, which will benefit the Group's China operations in terms of sales as well as profitability.
- III. Shandong Vedan Snowflake will expand the capacity of its MSG production line (moved from Xiamen Mao Tai) to 50,000 tonnes per year, with related work scheduled for completion before the end of 2007.

擴廠及新產品建廠

- (一) γ -PGA廠位於越南同奈福泰總已於2006年第四季試車完成，並開始進行生產，初期產品以應用於農業及水產用途為主，未來逐步擴展於化妝品及食品用途。
- (二) 味丹上海增設風味調味料生產線，將於2007年第一季完成，預期對中國區營收和獲利之提升將有所助益。
- (三) 山東味丹雪花將擴充味精生產線（由廈門茂泰廠遷移），年產能將可達到50,000噸，預計在2007年年底前完成。

MAJOR RAW MATERIALS

Molasses and cassava are the Group's major raw materials. Although the price of molasses started to come down in the 2006/2007 harvest season, it is not reflected in the production cost for 2006. Thus, the cost of molasses for the year was higher when compared with 2005, which in turn pushed up the production costs of MSG, GA and lysine. As such, even though the Group increased the sales prices of its products, its profit did not mirror the full effect of the price adjustment. Molasses cost, as the Group predicted, stopped increasing and actually started to soften during the harvest season between November 2006 and April 2007, and the production volume of molasses has also increased, meaning the Group will be able to better control cost to increase profit in 2007. The price of cassava, however, is expected to remain stable.

I. Molasses

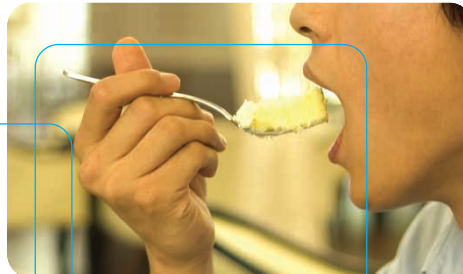
The price of molasses stood consistently high in 2006 and the price of molasses sourced from Vietnam dropped slightly in the fourth quarter of the year. In the first quarter of 2007, the sourcing prices of molasses in domestic and import continued to come down and were lower than those in the corresponding period last year. This will allow the Group to lower raw material cost in 2007. High molasses price in 2006 prompted the Group to actively reduce the rate of consumption of the material by replacing it with starch carbohydrates. The reduced use of molasses also contributed to the lowering of the price of molasses.

主要原料概況

集團生產最主要原料為糖蜜及木薯。在2006/2007產季，雖然糖蜜採購價格已略有下滑，但不及反應到2006生產成本，故年度內糖蜜成本比2005年依然上漲，造成味精、谷氨酸、賴氨酸成本依然增加，集團之獲利亦未能因售價的調升而相應提升。如同我們去年所作的預測，2006年/2007年產季（11月-4月）糖蜜價格已停止上漲，且略有回軟，同時產量亦有增加，將有助於2007年成本之掌握及獲利之增加。木薯價格則變化不大。

(一) 糖蜜

2006年內糖蜜價格依然處於高檔，但在第四季採購的越南糖蜜價格已有小幅下降。2007年第一季國內外的採購價格已確定比去年同期為低，將有助降低2007年的原料成本。為因應高居不下的糖蜜價格，集團於年度內已積極降低糖蜜使用比率，改用木薯澱粉糖源，減少糖蜜之採購，這亦有助於糖蜜價格調節與降低成本。





II. Cassava

During the year, the price of cassava in Vietnam remained stable. The longer than usual harvest season in 2006/2007 and bigger harvest had kept cassava starch cost stable. Cassava price is expected to remain until the end of the harvest season (around April 2007). The Group has also begun to source cassava in Central Vietnam. When phase I of the Ha Tinh factory is completed by the end of this year, sourcing of cassava will be extended to Central North Vietnam, which will allow the Group to enjoy steady cassava supply and better cost control.

III. Liquid Ammonia

The cost of liquid ammonia stood high in the first half of 2006, notably higher than that in the same period in 2005. Thanks to the increased supply in the second half year, its average price dropped. However, since the beginning of 2007, the price of liquid ammonia has picked up again to reach the same level as in the first half of 2006.

(二) 木薯

年度內越南境內木薯採購價格變化不大，因為2006/2007年產季因氣候關係產季較以往長，且數量較多，故木薯澱粉成本預估變化不大，預計到本產季結束（大約2007年4月）將無大變化。同時集團已將收購木薯範圍擴展到越南中部，年底將因河靜廠第一期工程完工而擴展到越南中北部，這將有助集團穩定和掌握木薯原料的成本及數量。

(三) 液氨

2006年上半年液氨價格高居不下，比2005年同期價格大幅上漲，但下半年因液氨供應增加，其價格亦隨之下降。然而，2007年始採購價格亦已回升到約2006年上半年之水平。

FINANCIAL REVIEW

I. Turnover and Profit

The Group's turnover has been increasing steadily from US\$182,790,000 in 2002 to US\$290,695,000 in 2006, at the average rate of around 12% each year. Its net profit, however, dropped 67.3% to US\$7,947,000 in 2005 from the level of US\$22,079,000 in 2003 and US\$24,334,000 in 2004 as a result of the major leap in prices of major raw materials including molasses and cassava, and the sharp decline of lysine price. At its effective cost control and other relevant measures, the Group's net profit for 2006 improved by 37.3%, or US\$2,968,000, to US\$10,915,000. Gross profit margin and net profit margin increased slightly by 18.4% and 3.8% as compared to 17.2% and 3.1% in 2005.

II. Cash Flow and Financial Resources

As at 31 December 2006, the Group's cash and bank savings amounted to US\$17,282,000, US\$10,705,000 less than in 2005. The decline was mainly due to the injection of US\$8,400,000 as capital into the Joint Venture Company Shandong Vedan Snowflake. The Group's deposits are mainly denominated in US dollars (42%), Vietnamese Dong (30.5%) and Renminbi (26.8%). Account receivables totaled at US\$38,150,000, US\$2,321,000 more than in 2005. The 6.5% growth is lower than the 12.7% turnover growth. Overall inventory increased by approximately 26%, or US\$13,527,000, due to increase in inventory of finished products.

財務回顧

（一）營收及獲利

集團總營收自2002年182,790,000美元每年穩定成長，到2006年為290,695,000美元，平均每年增長率約為12%，獲利因2005年主要原料糖蜜及木薯價格大幅上漲，同時賴氨酸價格大幅下降，純利由2003年的22,079,000美元及2004年的24,334,000美元下跌至2005年的7,947,000美元，幅度高達67.3%。2006年則因採取積極有效措施，獲利已有改善，純利增加2,968,000美元，增加約37.3%達10,915,000美元。毛利率及純利率亦分別為18.4%及3.8%，比2005年17.2%及3.1%略有增長。

（二）流動資金和財政資源

集團2006年12月31日止銀行和現金存款為17,282,000美元，比2005年同期減少10,705,000美元，存款減少主因是支付山東味丹雪花聯營公司資本金8,400,000美元，存款主要以美金、越南盾、人民幣為主，分別為42%，30.5%及26.8%。應收帳款為38,150,000美元比2005年底增加2,321,000美元，增加率為6.5%，低於營收成長率12.7%。整體存貨則增加13,527,000美元約26%，主要是製成品增加。



Management Discussion and Analysis (continued)

管理層討論與分析(續)

Total bank loans decreased to US\$73,318,000, US\$6,335,000 less than at the end of 2005. Of the total loan amount, US\$51,982,000 was short-term loans and US\$21,336,000 was long-term loans. 96% or US\$70,385,000, of the bank loans are denominated in US dollars, and rest are in Renminbi and Taiwan dollar. During the year, the average loans interest increased to 6.4% from 4.9% in 2005, as a result of US interest rate hike. Current ratio improved slightly from 1.60 last year to 1.63. Gearing ratio dropped from 33.7% to 30.1%, while net gearing ratio increased from 21.8% to 23%.

As at 31 December 2006, the Group's net worth had a net value of US\$243,984,000.

III. Capital Expenditure

During the year, the Group's capital expenditure amounted to US\$22,000,000. At the end of 2005, the Group established a joint venture, Shandong Vedan Snowflake, with Shandong Xue Hua involving a total investment of US\$12,000,000, of which 70%, or US\$8,400,000, was injected in the beginning of 2006 by the Group. The joint venture commenced operation in April 2006. Other investments of US\$8,800,000 were made by the Group in mainly Vietnam, such as in the γ -PGA factory and organic solid fertilizer by-product processing factory.

Capital expenditure for 2007 is expected to reach US\$19,000,000, which will be used mainly to expand the production capacity of Ve-Yu starch factory and the organic solid fertilizer production capacity expansion in Vietnam, add a modified starch production line and acquire new MSG refinery facilities for Shandong Vedan Snowflake.

銀行借款總額為73,318,000美元，比2005年底減少6,335,000美元。其中短期借款為51,982,000美元。長期負債為21,336,000美元。借款幣別主要以美金為主，金額70,385,000美元佔96%，其餘為人民幣及台幣。年度內因美金利率上漲，平均借款成本由2005年之4.9%增加為6.4%，集團流動比率為1.63，比去年1.60略有進步，資本負債比由33.7%降成30.1%，淨資本負債比則由21.8%增加為23%。

截止於2006年12月31日止，集團的資產淨值為243,984,000美元。

(三) 資本支出

年度內集團主要資本支出為22,000,000美元，主要是2005年底與山東雪花公司共同投資設立山東味丹雪花聯營公司，總投資額為12,000,000美元，集團投資70%金額8,400,000美元，於2006年初撥入資金，4月開始生產運作。其餘主要是在越南地區投資8,800,000美元於有關 γ -PGA廠及副產品加工之有機固體肥料廠等。

2007年資本支出預算約為19,000,000美元。主要是投資於味友澱粉廠擴充產能，越南擴充有機固肥產能，增設變性澱粉生產線及山東味丹雪花廠增設味精精製設備等。

IV. Exchange Rate

The Group's two main production bases are Vietnam and China. Catering in China primarily for domestic demand, the China operation transacts in Reminbi. The Group's bank loans are mainly denominated in US dollars. As for the operation in Vietnam, around 40% of its products are exported, with transactions settled in US dollars, and 60% are for domestic sales. The Vietnamese Dong depreciated around 1% in 2006 and picked up moderately in the beginning of 2007. In the past five years, the currency has depreciated at a rate of 1% each year. Its exchange rate against US dollar is expected to remain stable in 2007.

V. Dividend

The Board intends to adopt a dividend payout ratio of 50%, translating into a total dividend of 0.358 US cents per share, making up of a proposed final dividend of 0.158 US cents per share and the interim dividend of 0.200 US cents per share already paid. The total dividend distribution amount is US\$5,458,000 for this year.

(四) 匯率

集團最主要的兩個營運基地是在越南和中國。中國地區幾乎全部內銷，營收貨幣為人民幣，集團借款則以美元為主，越南地區約4成外銷，6成內銷，出口主要以美元計價。2006年越盾略為貶值約1%，2007年初越盾則略為升值，過去5年越盾平均每年貶值幅度在1%以內，預估2007年越盾對美元匯率應是持穩。

(五) 股息

董事會擬派付股息率為50%，每股股息全年為0.358美仙，2006年中期股息已付每股0.200美仙，故擬派期末股息為每股0.158美仙，全年分派股息金額為5,458,000美元。

RESEARCH AND DEVELOPMENT

1. Expand and diversify the applications of γ -PGA.
2. Continue to develop new modified starch products for processed food applications.
3. Increase harvest yield and enhance sugar content of tropical sugar beet and expand trial cultivation.
4. Cultivate new microbial strain, enhance production efficiency and process recovery rate.
5. Explore production of starch carbohydrates, such as liquid malt sugar and starch carbohydrate powder.
6. Develop processes to convert starch processing by-product into high value cellulose products.
7. Develop new value-added seasonings.

研究與開發

1. 聚谷氨酸 (γ -PGA) 應用領域的再擴大與多元化。
2. 持續開發食品用變性澱粉功能。
3. 增加熱帶甜菜收穫量，提升其甘甜味，及擴大試驗種植面積。
4. 提高發酵生產產能與回收率。
5. 開發澱粉糖生產，如液態飴糖及粉末澱粉糖。
6. 薯渣纖維素的製成規劃和應用。
7. 風味調味料的開發。

PROSPECTS

In November 2006, Vietnam gained accession to the WTO as the 150th member country, a recognition of Vietnam's successful economic reform and integration into the international economy. Against such a backdrop, both domestic and foreign enterprises operating in Vietnam will become increasingly transparent and open and present huge development potentials. However, admitted into the international market, enterprises there will have to face challenges arising from globalization and in the rapidly changing market. These phenomena, for Vedan with Vietnam as its main operational base, represent both opportunities and challenges. The Group will strive to enhance management efficiency, improve its technology and product quality, and reinforce and expand its market share. As the Vietnam government continues to relax control over the economy and living standard in the country improves, the people's demand for more diverse and better quality consumer products will rise. The Group will build on its 15 years' experience in the market, its extensive distribution network and the local professional team to actively develop its business scope and generate higher turnover and profit.

At the same time, the Group will expand procurement of cassava from sources in Central and Northern Vietnam and promote the plantation of cassava in neighboring countries like Cambodia and Lao. It will also seek to boost the diversity of raw materials for use in production. For example, it has started trial cultivation of tropical sugar beet, in a number of provinces in Vietnam, including Dong Nai, Binh Thuan, Gia Lai, Tay Ninh, Ha Tinh. After two years' hard work, the trial program has reported encouraging results confirming that the weather and soil condition in Vietnam are favourable for growing the crop. Tropical sugar beet will be a very competitive source of raw materials for the Group, giving it cost advantage while benefiting the development of rural villages and the farming industry in Vietnam.

As for the China market, with new GA plants expected to be built or start operation and existing ones to be expanded in the near future, competition will intensify. The Group will move the MSG refinery facilities of the Xiamen Mao Tai plant to Shandong Vedan Snowflake to address the problem of high fuel cost faced by the Xiamen plant and at the same time enable Shandong Vedan Snowflake to extend its capabilities from fermentation to also include downstream processing into MSG. Shandong Vedan Snowflake will then have an all-round operation and become more competitive. To ensure its long term development, the Group will also actively look for sites promising cost effectiveness to set up production bases and seek potential partners.

展望

2006年11月越南獲准加入WTO，2007年1月正式成為WTO第150個會員國。這是對越南經濟改革成功及融入國際經濟社會的一種肯定，對當地的企業不管是外資或本地企業的經營環境，將是愈透明，愈開放，發展潛力更大。商機更多，但相對地面臨融入國際大市場，全球化競爭將是愈激烈，環境的改變將是更快速。這對以越南為最主要營運據點的味丹國際集團是一種機會亦是挑戰。集團將不僅在現有事業上提升管理效率，還改進技術，提高品質，鞏固並開拓市場。隨著越南政府對市場的鬆綁，生活水平提高，對民生相關多元化、高品質的消費品需求殷切，集團將藉著15年來在越南累積的經驗、建全的市場通路、本土化的人才等優勢，積極評估擴展相關事業領域，創造更多的營收及利潤。

同時，集團不僅將木薯原料區採購區域擴充到越南中、北部，同時將尋求在鄰國柬埔寨與寮國參與木薯種植的推廣工作，另外亦積極尋求原料來源多元化，如熱帶甜菜之研究試種工作，目前已在同奈、平順、嘉萊、西寧、河靜等各省推廣，經約兩年的試驗，目前已獲得正面的成果，確定越南的氣候，土壤條件符合此農作物的生長。未來，熱帶甜菜引進成功將給集團添加另一種更有競爭力的原料來源，除了可確保集團的成本優勢，更可以開拓越南農村及農業的發展。

中國區的經營發展方面，由於多家谷氨酸廠房已開始或計劃擴廠，甚至進一步增設味精精製廠，將使市場競爭力更加激烈。集團已計劃將廈門茂泰廠之味精精製設備、搬遷到山東味丹雪花廠，一則以解決在廈門地區精製廠因能源原料成本偏高之問題，同時可讓山東味丹雪花由發酵再往精製擴展，完成一貫化作業，提高競爭力。就長遠發展，集團亦積極尋找更有成本優勢的合作對象進行不同方式的策略聯盟，確保集團在中國長期的發展。

In addition to growing its MSG and GA operations, the Group has also been actively expanding the product scope of value-added seasonings and modified starch for food applications to assure continuous turnover and profit growth. The modified starch for food applications segment, in particular, after the Group's hard work in the past year, has started to bear fruits. It performed well in both sales and turnover in the forth quarter of 2006 and sees abundant room for growth in 2007 and the following few years as industrialization leads to more people eating out and a greater demand for processed foods to be served by restaurants and other suppliers who use the Group's modified starch. Currently, the Group's R&D arm is aggressively developing new applications for different products and products that meet different customer needs.

Future development focuses:

1. Complete construction of the Ha Tinh factory as soon as possible, aiming for phase I of the plant to be completed by the end of 2007 and begin operation.
2. Tighten relationship with farmers, suppliers and sugar manufacturers to ensure stable raw materials supply.
3. Accelerate trial cultivation and promotion of tropical sugar beet to achieve as soon as possible the target of using it to replace part of the carbohydrates raw materials.
4. Strengthen R&D activities, especially those in relation to new product development.
5. Integrate the Group's strengths to take advantage of Vietnam's accession to the WTO and the strengthening trading ties between China and ASEAN countries and India, and expand market shares.
6. Continue to promote starch-based products, especially related downstream products, and build starch products business into another core business of the Group.

中國區除了味精、谷氨酸外，集團亦積極往不同種類的風味調味料及食品用變性澱粉領域發展多元化產品線，使公司的營收和利潤得以持續成長，特別是食品用變性澱粉業務，經過一年多來的深入耕耘，成果已逐漸顯現，銷售量及營業額在2006年第四季已有良好的業績，預計2007年及未來幾年隨著中國地區逐漸工業化以後，外食人口劇增，對加工食品需求日益增加，而食品用變性澱粉應用最主要客戶，即餐館及食品加工業者，將為食品用變性澱粉的發展帶來極大的空間。目前集團研發單位正竭力開發不同用途及客戶需求之產品。

未來集團經營發展重點如下：

1. 儘快完成河靜澱粉廠建廠工程，預計年底前完成第1期工程並開始運作。
2. 與農民、供應商、糖廠緊密合作，掌握有利原料供應。
3. 加速熱帶甜菜新原料的試種與推廣，早日達成取代部份糖源之目標。
4. 強化技術研發工作，尤其是對新產品的開發。
5. 因應越南為WTO之一員，加上中國加強與東盟各國及印度經貿往來，集團將積極整合優勢並擴展市場。
6. 持續推廣澱粉及其下游產品業務，建立澱粉成為核心事業。

EMPLOYEE COMPENSATION AND TRAINING

As at 31 December 2006, the Group had a total of 3,247 employees, of whom 2,586 were employed by Vietnam Vedan, 203 and 37 employed by Orsan Complex and Ve-Yu Starch factory respectively also in Vietnam, 239 by Xiamen Mao Tai Company and 167 by Shanghai Vedan in China, and 15 by the Taiwan Branch.

The Group's employees are remunerated in accordance with prevailing industry practices, and with reference to the financial performance of the Group and individual work performance. Other fringe benefits such as accommodation, meals, insurance, medical coverage and provident fund are provided to employees to ensure of their competitiveness and loyalty. To enhance work quality and the management abilities of employees and build localized workforces, the Group provides job rotation, internal and external training courses covering professional skills, languages, etc. to employees to help boost their specialized capabilities and knowledge and the overall quality of its human resources.

僱員薪酬及培訓資料

截至2006年12月31日，本集團僱有員工3,247名，包括受僱於味丹越南廠2,586名，越南ORSAN公司203名，越南味友澱粉廠37名，中國廈門茂泰廠239名及上海味丹廠167名，以及台灣分公司15名。

本集團根據一般行業慣例，以集團業績及個別員工表現釐定僱員薪酬。其他員工福利包括住宿、膳食、保險、醫療及退休金等，以確保競爭力及員工之忠誠度。為增進員工專業素質及管理能力，落實本地化政策，本集團亦為員工提供職務輪調，並積極規劃及舉行有關專業技能及語言等內外部教育訓練及研討會，以強化專業技能，擴展新知，提高人力素質。

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

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



HIGH QUALITY HIGH-DEMAND PRODUCTS

高品質高需求產品



Profile of Directors

董事簡介

Executive Directors

Mr. YANG, Tou-Hsiung, 64, our Chairman. Mr. YANG, Tou-Hsiung graduated from Taichung Min Der Commercial Vocational High School. Mr. YANG, Tou-Hsiung has approximately 44 years' working experience in the MSG industry and is one of the founders of the Taiwan Vedan Group. Mr. YANG, Tou-Hsiung is responsible for formulating our overall corporate strategy. Mr. YANG, Tou-Hsiung is also a director of Vietnam Vedan and a director of Taiwan Vedan.

Mr. YANG, Cheng, 52, an executive Director. Mr. YANG, Cheng had approximately 31 years' working experience in the MSG industry. Mr. YANG, Cheng is responsible for formulating our business development strategy. Mr. YANG, Cheng is also a director of Vietnam Vedan and Taiwan Vedan. Mr. YANG, Cheng is also a member of Taiwan MSG Manufacturing Association. Mr. Yang holds an EMBA Degree from Xiamen University in China in 2004.

Mr. YANG, Kun-Hsiang, 49, the Chief Executive Officer of the Company. Mr. YANG, Kun-Hsiang obtained a master degree in agricultural chemistry in 1986 from Meiji University, Japan. Mr. YANG, Kun-Hsiang has 19 years' working experience in the MSG industry and has been involved in the development of the business operations of Vietnam Vedan since 1991. During the last 13 years, Mr. YANG, Kun-Hsiang was involved in the development and management of Vietnam Vedan. Mr. YANG, Kun-Hsiang is responsible for overseeing Group's operations and strategic management.

Mr. YANG, Chen-Wen, 43, an executive Director and the director of Vietnam Vedan. Mr. YANG, Chen-Wen has approximately 11 years' working experience in the MSG industry. Mr. YANG, Chen-Wen is responsible for coordinating our purchase activities. Mr. YANG, Chen-Wen obtained a bachelor degree in mechanics in 1993 from Waseda University, Japan.

Mr. WANG, Joel J., 65, the Chief Operating Officer of the Company and the President of Vietnam Vedan. Mr. WANG obtained a master degree in food science and technology from Massachusetts Institute of Technology in 1968 and a master of science degree in chemical engineering from Columbia University in 1971. Mr. WANG is responsible for managing Group's business operations. Mr. WANG has approximately 36 years' working experience. Prior to joining us in 1991, Mr. WANG worked with Taiwan Vedan where he was responsible for strategic planning and foreign trade. Mr. WANG also has approximately 13 years' experience in product and process research, production and engineering in food and pharmaceutical industry in the U.S.

執行董事

楊頭雄先生，64歲，本集團主席。楊頭雄先生畢業於台中明德高職，彼在味精行業積累約四十四年工作經驗，是台灣味丹集團創辦人之一。楊頭雄先生負責制訂集團之整體企業策略。楊頭雄先生亦是越南味丹之董事及台灣味丹之董事。

楊正先生，52歲，執行董事。楊正先生在味精行業積累約三十一年工作經驗。楊正先生負責制訂本集團之業務發展策略。楊正先生亦是越南味丹及台灣味丹之董事。此外，楊正先生是台灣味精製造業協會成員。楊先生於二零零四年取得中國廈門大學EMBA學位。

楊坤祥先生，49歲，本公司之行政總裁。楊坤祥先生於一九八六年在日本明治大學取得農業化學碩士學位。楊坤祥先生在味精行業積累約十九年工作經驗，並自一九九一年起參與越南味丹之業務發展。在過去十三年，楊坤祥先生參與越南味丹之發展及管理。楊坤祥先生負責監督本集團之業務運作及策略管理。

楊辰文先生，43歲，本公司執行董事及越南味丹董事。楊辰文先生在味精行業積累約十一年工作經驗。楊辰文先生負責統籌本集團之採購活動。楊辰文先生於一九九三年在日本早稻田大學取得機械學士學位。

王肇樹先生，65歲，本公司營運總監兼越南味丹總裁。王先生於一九六八年在美國麻省理工學院取得食品科技碩士學位，後於一九七一年在美國哥倫比亞大學取得化學工程理學碩士學位。王先生負責管理本集團之業務運作。王先生積累約三十六年之工作經驗。於一九九一年加盟本集團前，王先生曾效力台灣味丹，負責策劃及外貿方面之工作。王先生在美國從事產品及加工研究、生產以及食品及製藥業工程亦積累約十三年經驗。

Profile of Directors (continued)

董事簡介(續)

Non-executive Directors

Mr. HUANG, Ching-Jung, 53, a non-executive Director. Mr. HUANG is a director of Vietnam Vedan and a vice president of Taiwan Vedan. Mr. HUANG graduated from the department of accounting and statistics of the National Taichung Commercial College, Taiwan in 1974. Mr. HUANG has approximately 29 years' experience in administration and finance.

Mr. Chou, Szu-Cheng, 46, a non-executive Director. Mr. Chou is the Supervisor of Vedan Enterprise Corporation. Mr. Chou was the director and legal consultant of Wincome Technologies Company Limited and he has over 14 years of experience in the legal industry. Mr. Chou obtained his Bachelor of Law degree from Soochow University, Master of Law degree from East China University and Doctorate of Law degree from Peking University.

Independent Non-executive Directors

Mr. CHAO, Pei-Hong, 45, an independent non-executive Director and a member of the Audit Committee. Mr. CHAO obtained a bachelor degree in law in 1984 and a master degree in law from Soochow University, Taiwan in 1986 and a master degree in law from the University of Houston in 1992. Mr. CHAO is an executive partner of Jurist Law Offices, a law firm in Taiwan. Mr. CHAO has approximately 15 years' experience in his practice.

Ms. CHUANG, Shu-Fen, 56, an independent non-executive Director and a member of the Audit Committee. Ms. CHUANG graduated with a bachelor degree from the Department of History of Tung Hai University. Ms. CHUANG has been working in the advertising industry for approximately 17 years. Ms. CHUANG served as the director of China Airlines in Taiwan and the vice president of advertising for Cathay Advertising before moving to her current position as the Vice Chairman of Ogilvy & Mather China, and Chairman & CEO of Ogilvy & Mather Northern China.

Mr. KO, Jim-Chen, 46, is an Independent Non-executive Director and member of the Audit Committee of the Group. Mr. Ko has been the executive partner of Weyong International & Co., Certified Public Accountants in Taiwan since 2000. He graduated with a Bachelor of Business Degree from Feng Chia University, Taiwan, and subsequently obtained a Master of Science Degree in Accounting from the University of Delaware, USA.

非執行董事

黃景榮先生，53歲，非執行董事。黃先生亦是越南味丹之董事兼台灣味丹之副總裁。黃先生在一九七四年畢業於台灣國立台中商學院之會計及統計系。黃先生在行政及財務方面累積約二十九年經驗。

周賜程先生，46歲，非執行董事。周先生為味丹企業股份有限公司之監事。周先生曾為懷康科技股份有限公司之董事及法律顧問，於法律界擁有逾14年經驗，周先生獲得東吳大學法學學士學位、華東政法學院學碩士學位及北京大學法學博士學位。

獨立非執行董事

趙培宏先生，45歲，獨立非執行董事兼審核委員會成員。趙先生分別於一九八四年及一九八六年獲台灣東吳大學頒授法律學士及法律碩士學位，及於一九九二年獲休斯頓大學頒授法律碩士學位。趙先生是台灣一家律師事務所法學律師事務所之執行合夥人。趙先生約有十五年執業經驗。

莊淑芬女士，56歲，獨立非執行董事兼審核委員會成員。莊女士畢業於東海大學歷史系，獲頒學士學位。莊女士在廣告行業累積約十七年經驗，現任奧美中國副董事長及北中國區董事長兼首席執行官，在此之前，莊女士曾擔任台灣中華航空董事及國泰廣告公司廣告部副總裁一職。

柯俊禎先生，46歲，獨立非執行董事兼審核委員會成員。柯先生自二零零零年起為台灣註冊會計師維揚聯合會計師事務所之執行合夥人。柯先生畢業於台灣逢甲大學獲頒授商業學士學位，並於美國德拉瓦大學獲授會計學理學碩士學位。

Profile of Senior Executives

高級管理層簡介

Senior Executives

Mr. HSIEH, Jau-Hwang, 57, our Chief Financial Officer and vice president of Vietnam Vedan. Mr. HSIEH graduated from the National Cheng Kung University, major in accounting and finance. Mr. HSIEH is responsible for the finance functions of the Group. Mr. HSIEH has approximately 28 years of finance management and banking experience. Mr. HSIEH worked for several financial institutions in Taiwan and Vietnam including International Bank of Singapore and ABN AMRO Bank. Mr. HSIEH was also a general manager of ChinFon Bank, Ho Chi Minh City Branch. Prior to joining us, Mr. HSIEH worked as the President in Gia Hen International Co., Ltd.

Mr. LIN, Chien-Pan, 58, the Vice President of Vietnam Vedan. Mr. LIN is responsible for Sales and Marketing operations. Mr. LIN is also the Vice Chairman of Orsan and is responsible for the business operations of Orsan. Mr. LIN has 28 years' experience in the MSG industry. Mr. LIN joined us in April 1999. Prior to joining us, Mr. LIN had held various senior management positions with various companies in Taiwan. Mr. LIN served as the president at Summit Co., Ltd., a company engaged in packing materials business from 1996 to 1999 and as vice president of Signesia International Co., Ltd. from 1978 to 1988.

Mr. CHEN, Ping Huei, 53, the Vice President of Vietnam Vedan. Mr. CHEN graduated from Ming-Chi Institute of Technology in 1973. Mr. CHEN is in charge of the production operations. He is also in charge of engineering department of Vietnam Vedan. Mr. CHEN has 30 years' experience in the profession of mechanical engineering.

Dr. CHEN, Hsien-Che, 58, is Vice President of Research and Development at Vietnam Vedan. He obtained a PhD in Agricultural Chemistry from the National Taiwan University in 1981. With 30 years working experience in the food industry, specializing in grain processing and starch technology. He started serving the Group as Consultant of starch product development in 1991 and was appointed Vice President of R&D in 2004.

Mr. YANG, Chang-Keng, 50, president of Shangdong Vedan Snowflake Enterprise Co., Ltd. Mr. YANG graduated from Taichung Commercial College and is responsible for the overall administration and operation of Shangdong Vedan Snowflake Enterprise Co., Ltd. He has had 13 years of work experience in the MSG and food additive. Before joining the Group, Mr. YANG, Chang-Keng served as the manager of the product development department in Tah Hsin Industrial Corporation and San-Sun Hat & Caps Co., Ltd.

高級管理層

謝朝煌先生，57歲，本集團之財務總監及越南味丹之副總裁。謝先生畢業於台灣國立成功大學，主修會計及財經。謝先生負責本集團之財務事宜。謝先生於財務管理及銀行方面積累約二十八年經驗。謝先生曾於台灣及越南多家財務機構任職，包括新加坡國際銀行及荷蘭銀行。謝先生亦曾任慶豐商業銀行胡志明市分行總經理。於加盟本集團之前，謝先生為Gia Hen International Co., Ltd. 之總經理。

林建邦先生，58歲，越南味丹副總裁。林先生負責業務管理部。林先生亦為Orsan副主席，彼負責Orsan之業務運作。林先生在味精行業積累二十八年經驗。林先生於一九九九年四月加盟本集團。於加盟本集團前，林先生曾於多家台灣公司擔任多個高級管理層職位。林先生由一九九六年至一九九九年間擔任Summit Co., Ltd. (一間從事包裝料業務之公司)總經理，並由一九七八年至一九八八年間出任Signesia International Co., Ltd. 副總裁一職。

陳炳輝先生，53歲，越南味丹副總裁。陳先生在一九七三年畢業於明志工業專科學校。陳先生負責生產管理部，亦負責管理越南味丹之工程部門。陳先生於機械工程專科行業內積累三十年工作經驗。

陳賢哲博士，58歲，越南味丹副總裁。負責研究開發及技術中心。陳先生於一九八一年取得國立台灣大學農化博士學位。在食品業有三十年的工作經驗，專長於穀類食品加工和澱粉技術。於一九九一起即擔任公司澱粉發展顧問，二零零四年正式任職研究開發及技術中心副總裁。

楊長庚先生，50歲，山東味丹雪花總裁。楊先生畢業於台中商學院。楊先生負責山東味丹雪花之整體行政與營運。楊先生於味精及食品添加劑行業累積13年工作經驗。於加盟本集團以前，楊長庚先生曾擔任達新工業股份有限公司及三勝製帽股份有限公司之產品開發部經理。

Profile of Senior Executives (continued)

高級管理層簡介 (續)

Mr. LIAO, Ruei-Hsing, 47, is the General Manager in charge of the Group's China operations. Mr. Liao holds a Master Degree in Business Administration from Taiwan Cheng-Chi University. In the past 19 years, he had held different senior executive positions in sales and management in various multinational companies such as Coca-Cola, Pepsi-Cola, Sara Lee and Bestfoods in Taiwan, the PRC, and the Philippines.

Mr. TSAI, Kun Feng, 55, is Vice President of Shanghai Vedan Enterprise, responsible for project operations. Mr. Tsai graduated from Chingshui Senior High School and joined Taiwan Vedan in 1975. He had been a sales agent of Vedan products, and subsequently joined the Group and worked in the headquarters. He has over 31 years of experience in the food industry.

Mr. YANG, Tung, 36, Vice President of Shanghai Vedan Enterprise, is responsible for the company's financial and administrative work. Mr. Yang obtained a Master Degree in Business Administration from the University of Northwest in New York, USA. Mr. Yang joined Taiwan Vedan in 1995, and had held various positions in Purchasing, Logistics and administration.

Mr. LIN, Yu, 48, Vice President of Shanghai Vedan Enterprise, is responsible for sales and marketing planning. A graduate of Taipei Jianguo Senior High School, Mr. Lin joined Taiwan Vedan in 1989 first as a sales executive, and then was promoted to sales manager. He started with Shanghai Vedan Foods in 1994, and made it to the position of Vice President in Sales in June 2004. Mr. Lin has over 23 years of sales management experience in the food industry.

Mr. LO Chi Man, 45, the company secretary of the Company. Mr. Lo is a certified public accountant (practicing) in Hong Kong, holds a degree of Bachelor of Laws in the Peking University, the PRC and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

廖瑞星先生，47歲，味丹國際中國(大陸)區總經理。廖先生畢業於台灣政治大學，獲得企業管理碩士學位。過去十九年，廖先生曾歷任台灣、中國大陸和菲律賓數家大型國際企業行銷與管理高階主管，如可口可樂、百事可樂、Sara Lee及Bestfoods。

蔡崑鋒先生，55歲，上海味丹企業副總裁，負責該公司專案運作。蔡先生畢業於清水高中，一九七五年加入台灣味丹，其間曾任味丹代理商，進而任職於總公司業務單位，在食品相關業務已有逾三十一年之資歷。

楊統先生，36歲，上海味丹企業副總裁，負責該公司財務及行政管理工作。楊先生畢業於美國紐約西北大學，獲得工商管理碩士學位。楊先生於一九九五年加入台灣味丹，經歷採購專員、運務處經理、總務部經理等職位。

林昱先生，48歲，上海味丹企業副總裁，負責該公司行銷企劃、銷售工作。林先生畢業於台北市建國高級中學。林先生於一九八九年加入台灣味丹，從銷售主任升至銷售襄理。一九九四年加入上海味丹食品，直至二零零四年六月，期間逐步升至行銷協理。林先生在食品製造業從事行銷管理工作逾二十三年。

羅志文先生，45歲，本公司之公司秘書。羅先生為香港執業會計師。羅先生持有中國北京大學法學士學位，並為英國特許公認會計師公會及香港會計師公會資深會員。

Corporate Governance Report

企業管治報告

Corporate Governance Practice

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

Distinctive Role of Chairman and Chief Executive Officer ("CEO")

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

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

The Board

As of 31 December 2006, there were ten members on the Board, which are the Chairman, the CEO, three other Executive Directors, two Non-Executive Directors ("NED") and three Independent Non-Executive Directors ("INEDs").

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

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

The Board met regularly during the year and on ad hoc basis as required by business needs. The Board's primary purpose is to set and review the overall strategic development of the Group and to oversee the achievement of the plans to enhance shareholders' value. Daily operational decisions are delegated to the Executive Directors. The Board met four times during the year and the Directors' attendance is shown in the table on page 39. The NED and INEDs may take independent professional advice at the Company's expense in carrying out their functions.

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

企業管治常規

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

主席及行政總裁的分工

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

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

董事會

於二零零六年十二月三十一日，董事會由十位成員組成，分別為主席，行政總裁、其他三位執行董事、兩位非執行董事（「非執行董事」）及三位獨立非執行董事（「獨立非執行董事」）。

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

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

年內，本集團定期及按業務所需不時舉行會議。董事會的主要功能為制訂及檢討本集團的整體策略發展，以及監督業務計劃成效以提升股東價值。日常營運決策乃授予執行董事。年內，董事會舉行了四次會議，而董事的出席記錄見第39頁所載表內。非執行董事及獨立非執行董事在執行彼等的職務時，可諮詢獨立專業人士的意見，費用概由本公司承擔。

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

Audit Committee

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

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

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

The Audit Committee reviewed the financial statements of the Group for the year ended 31 December 2006 prior to recommending them to the Board for approval.

審核委員會

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

審核委員會的主要職責如下：

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

審核委員會在提交本集團截至二零零六年十二月三十一日止年度的財務報表予董事會批准前，已審閱有關報表。

Remuneration Committee

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

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

The remuneration committee annually sets out its recommendation on the remuneration package of the Executive Directors. For the financial year ended 31 December 2006, the remuneration committee has reviewed and recommended to the Board the salaries and bonuses of the Executive Directors and the senior management.

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

Details of the amount of Directors emoluments are set out in note 29 to the accounts and details of the 2003 Share Option Scheme are set out in the Report of Director and note 15 to the accounts.

Nomination of Directors

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

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

薪酬委員會

本公司於二零零六年一月設立薪酬委員會，其職權範圍概述如下：

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

薪酬委員會每年提呈其對執行董事薪酬組合之建議。於截至二零零六年十二月三十一日止財政年度，薪酬委員會已審議執行董事及高級管理層之薪酬及花紅，並向董事會提出建議。

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

董事酬金款額之詳情載於賬目附註二十九，而二零零三年購股權計劃之詳情載於董事會報告及賬目附註十五。

董事提名

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

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

Corporate Governance Report (continued)

企業管治報告(續)

Looking Forward

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

展望

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

Meetings Attendance

會議出席記錄

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

note 1: Mr. Chou has been appointed as a director since 31 May 2006.

附註1: 周先生自二零零六年五月三十一日起獲委任為董事。

note 2: Mr. Lam resigned as a director on 31 May 2006.

附註2: 林先生於二零零六年五月三十一日辭任董事。

Independence Information

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

獨立確認

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

Compliance with the Code of Best Practice and the Code on Corporate Governance Practices of the Listing Rules

In the opinion of the Directors, the Company has complied with the Code of Best Practice, as set out in the then Appendix 14 of the Listing Rules, throughout the accounting period covered by the annual report. The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (“Corporate Governance Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) for the year 2006.

Model Code for Securities Transactions by Directors of Listed Issuers

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

Auditors’ Remuneration

The Audit Committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor. During the year under review, the Group is required to pay an aggregate of approximately US\$245,000 to the external auditors for their services including audit and non-audit services.

Directors’ and Auditors’ Responsibilities for Accounts

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

遵守上市規則的最佳應用守則及企業管治常規守則

董事認為，本公司在本年報所涉及會計期間一直遵守當時上市規則附錄14所載的最佳應用守則。本公司於二零零六年一直遵守聯交所證券上市規則（「上市規則」）附錄14所載企業管治常規守則（「企業管治守則」）所有守則條文。

上市發行人董事進行證券交易的標準守則

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

核數師薪酬

本公司審核委員會負責考慮聘請核數師及審核核數師所進行之任何非核數之職能。於回顧年度內，本集團需支付約共245,000美元予核數師之服務，包括核數及非核數之服務。

董事及核數師對賬目之責任

董事對賬目之責任及核數師對股東之責任載於第55及56頁。

Report of the Directors

董事會報告

The directors of the Company ("Directors") present their report and the audited accounts for the year ended 31 December, 2006.

本公司董事(「董事」)謹此呈報截至二零零六年十二月三十一日止年度的董事會報告及經審核賬目。

Principal Activities

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the production of fermentation-based amino acids, food additive products and cassava starch based industrial products. Details of the principal activities of its subsidiaries are set out in Note 9 to the accounts.

主要業務

本公司為投資控股公司，其附屬公司主要從事以發酵技術生產氨基酸產品、食品添加劑及木薯澱粉工業產品。其附屬公司主要業務的詳情載列於賬目附註九。

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

該等業務於回顧年度並無重大轉變。

Results and Appropriations

The results of the Group for the year ended 31 December, 2006 are set out in the consolidated income statement on page 60.

業績及分派

本集團截至二零零六年十二月三十一日止年度的業績載於第60頁的綜合收益表。

An interim dividend of 0.200 US cents (1.560 HK cents) per share was declared and paid to the shareholders during the year under review. The directors recommend the declaration and payment of a final dividend of 0.158 US cents (1,232 HK cents) per share for the year ended 31 December, 2006. Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the final dividend will be paid in cash on or about 5 June 2007 to the shareholders whose names appear on the register of members of the Company on 15 May 2007.

於回顧年度已宣派中期股息每股0.200美仙(1.560港仙)。董事建議宣派發截至二零零六年十二月三十一止年度末期股息每股0.158美仙(1,232港仙)。倘若在本公司應屆股東週年大會獲得股東批准，則末期股息將約於二零零七年六月五日以現金派發予二零零七年五月十五日名列本公司股東名冊之股東。

Share Capital

Details of the movements in the share capital of the Company are set out in Note 15 to the accounts.

股本

本公司股本變動的詳情載於賬目附註十五。

Distributable Reserves

As at 31 December, 2006, the Company's share premium reserve of approximately US\$194,098,000 (subject to the Cayman Companies Law and the articles of association of the Company) and retained earnings of approximately US\$10,915,000 were available for distribution to the Company's shareholders.

可供分派儲備

本公司於二零零六年十二月三十一日有股份溢價賬約194,098,000美元(須符合開曼群島公司法及本公司組織章程細則的規定)及保留盈利約10,915,000美元可供分派予本公司股東。

Purchase, Sale or Redemption of Securities

During the year ended 31 December, 2006, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

購買、出售或贖回證券

本公司及其附屬公司於截至二零零六年十二月三十一日止年度內概無購買、出售或贖回本公司任何股份。

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in Note 16 to the accounts.

Property, Plant and Equipment

Details of movements in the Group's property, plant and equipment during the year are set out in Note 7 to the accounts.

Major Customers and Suppliers

During the year, the five largest customers of the Group accounted for approximately 35% of the Group's consolidated turnover. In addition, the five largest suppliers of the Group accounted for approximately 61% of the Group's consolidated purchases for the year. Sales to the Group's largest customer and purchases from the Group's largest supplier accounted for less than 15% and 23% of the Group's consolidated sales and consolidated purchases respectively.

Directors

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

Executive Directors

Yang, Tou-Hsiung
Yang, Cheng
Yang, Kun-Hsiang
Yang, Chen-Wen
Wang, Joel J.

Non-executive Directors

Huang, Ching-Jung
Lam, Tuan (resigned on 31 May 2006)
Chou, Sze-Cheng (appointed on 31 May 2006)

Independent Non-executive Directors

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

According to Article 87(1) of the Company's articles of association, Mr Yang, Tou-Hsiung, Mr Yang, Cheng and Mr Yang Kun-Hsiang will retire by rotation at the forthcoming annual general meeting of the Company. According to Article 86(3) of the Company's articles of association, Mr. Chou, Sze-Cheng, who was appointed by the Board as a non-executive Director on 31 May 2006, will held office until the forthcoming annual general meeting and shall then be eligible for re-election. All such Directors being eligible, offer themselves for re-election.

Biographical Details of Directors and Senior Management

Brief biographical details of the directors and senior management are set out on pages 32 to 35.

儲備

本集團及本公司於本年度的儲備變動載於賬目附註16。

物業、廠房及設備

本集團物業、廠房及設備於本年度變動的詳情載於賬目附註7。

主要客戶及供應商

於本年度，本集團五大客戶佔本集團綜合營業額約35%。此外，本年度本集團五大供應商佔本集團綜合採購額約61%。本集團來自最大客戶的銷售及最大供應商的採購分別佔本集團綜合銷售及綜合採購少於15%及23%以下。

董事

於回顧年度及截至本報告日期在任的董事如下：

執行董事

楊頭雄
楊正
楊坤祥
楊辰文
王肇樹

非執行董事

黃景榮
林俊（於二零零六年五月三十一日辭任）
周賜程（於二零零六年五月三十一日獲委任）

獨立非執行董事

趙培宏
莊淑芬
柯俊禎

根據本公司之組織章程細則第87(1)條，楊頭雄先生、楊正先生及楊坤祥先生將於本公司應屆股東週年大會上輪席退任。根據本公司之組織章程細則第86(3)條，於二零零六年五月三十一日獲董事會委任為非執行董事的周賜程先生的任期將直至應屆股東週年大會為止，並符合資格重選連任。所有該等董事符合資格及願意重選連任。

董事及高級管理層履歷

董事及高級管理層的簡歷詳載於第32至35頁。

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December, 2006, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "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 were 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:—

董事於股份、相關股份及債券之權益及淡倉

於二零零六年十二月三十一日，本公司各董事及最高行政人員於本公司或其任何相聯法團（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)根據香港聯合交易所有限公司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如下：—

Name 姓名	Number of shares in which interested (other than under equity derivatives) 擁有權益之股份數目 (股本衍生工具除外)	Interests in shares 於股份中之權益		Total number of shares 股份總數	Percentage of issued shares 佔已發行 股份百分比
		Number of shares in which interested under physically settled equity derivatives 透過實物結算股本 衍生工具擁有 權益之股份數目 (Note 2) (附註2)			
Mr. YANG, Tou-Hsiung 楊頭雄先生	169,730,196 (Note 1) (附註1)	4,500,000		174,230,196	11.44%
Mr. YANG, Chen-Wen 楊辰文先生	—	4,500,000		4,500,000	0.30%
Mr. YANG, Cheng 楊正先生	—	4,500,000		4,500,000	0.30%
Mr. YANG, Kun-Hsiang 楊坤祥先生	—	4,500,000		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%

Notes:

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

附註：

1. 楊頭雄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份數目 ***
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	169,730,196 *	—
* 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 169,730,196 shares.			* 楊頭雄先生有權行使或控制行使King International Limited（「King International」）超過三分之一的投票權，而King International為持有該批169,730,196股股份之持有人。
** Mr. YANG, Tou-Hsiung is interested in 4,500,000 Shares pursuant to the options granted to him on 13 June, 2003 under the Pre-IPO Share Option Scheme. The exercise price under the options is HK\$0.801 and the exercise period is 13 June, 2004 to 12 June, 2008.			** 楊頭雄先生根據首次公開售股前購股權計劃於二零零三年六月十三日獲授的購股權擁有4,500,000股股份的權益。該等購股權的行使價為0.801港元，行使期由二零零四年六月十三日至二零零八年六月十二日止。
*** These derivatives are unlisted.			*** 該等衍生工具均為非上市。
2. Various interests of the Directors and chief executive of the Company pursuant to physically settled equity derivatives are through share options granted pursuant to the Pre-IPO Share Option Scheme. The exercise price under the options is HK\$0.801 and the exercise period is 13 June 2004 to 12 June 2008.			2. 本公司董事及最高行政人員根據實物結算股本衍生工具擁有之各項權益乃透過本集團首次公開發售前購股權計劃授出之購股權擁有。該等購股權之行使價為0.801港元，行使期由二零零四年六月十三日至二零零八年六月十二日止。

Report of the Directors (continued)

董事會報告 (續)

Save as disclosed above, as at 31 December, 2006, none of the Directors or chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the 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 the Company and the Stock Exchange.

Share Option Schemes

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

Options to subscribe for 29,770,000 shares had been granted to the Directors and employees of the Group on 13 June, 2003 under the Pre-IPO Share Option Scheme. No further options can be, or have been, issued under the Pre-IPO Share Option Scheme from 27 June, 2003, the date of listing of the shares on the Stock Exchange. No options have been granted under the Post-IPO Share Option Scheme as at 31 December, 2006.

除上文所披露外，於二零零六年十二月三十一日，概無董事或本公司最高行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中擁有或被視為擁有(a)根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所之任何權益或淡倉（包括彼等根據證券及期貨條例有關條文被當作或視為擁有之權益及淡倉）；或(b)根據證券及期貨條例第352節須記入有關條文所述之登記冊內之權益或淡倉；或(c)根據上市規則所載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或淡倉。

購股權計劃

二零零三年六月十三日，股東已批准首次公開售股前購股權計劃及首次公開發售後購股權計劃。據此，董事可酌情向本集團的任何僱員（包括任何執行董事）授出購股權，根據該兩項購股權計劃的條款及條件認購本公司的股份。

二零零三年六月十三日，已根據首次公開售股前購股權計劃向董事及本集團僱員授出可認購29,770,000股股份之購股權。自二零零三年六月二十七日（即股份於聯交所上市之日）起，再不可亦再無根據首次公開售股前購股權計劃授出購股權。於二零零六年十二月三十一日，概無根據首次公開售股前購股計劃授出購股權。

Details of the share options outstanding as at 31 December, 2006 which have been granted to the Directors of the Group under the Pre-IPO Share Option Scheme are as follows:

以下是根據首次公開售股前購股權計劃向董事授出，而於二零零六年十二月三十一日尚未行使之購股權詳情：

Directors/Employees 董事／僱員	Number of options 購股權數目			Held as at 31 December, 2006 於二零零六年 十二月 三十一日持有	Exercise price 行使價	Date of grant 授出日期	Exercise period 行使期
	Held as at 1 January, 2006 於二零零六年 一月一日持有	Granted during the period 期內授出	Exercised during the period 期內行使				
Mr. YANG, Tou-Hsiung 楊頭雄先生	4,500,000	—	—	4,500,000	HK\$0.801 0.801港元	13 June, 2003 二零零三年 六月十三日	13 June, 2004 to 12 June, 2008 二零零四年六月十三日至 二零零八年六月十二日
Mr. YANG, Chen-Wen 楊辰文先生	4,500,000	—	—	4,500,000	HK\$0.801 0.801港元	13 June, 2003 二零零三年 六月十三日	13 June, 2004 to 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

Report of the Directors (continued)

董事會報告 (續)

Directors' Service Contracts

Each of Mr. Yang, Tou-Hsiung, Mr. Yang, Cheng, Mr. Yang, Kun-Hsiang, Mr. Yang, Chen-Wen and Mr. Wang, Joel J. has entered into a service agreement with the Company for an initial period of three years. Such service agreements may continue thereafter unless terminated by not less than three months' notice in writing served by either party following the expiration of the end of the initial term or at any time thereafter.

Each of Mr. Huang, Ching-Jung, Mr. Chao, Pei-Hong and Ms. Chuang, Shu-Fen has entered into a service agreement with the Company for an initial term of one year. Such service agreements may continue thereafter unless terminated by one month's notice in writing served by either party following the expiration of the end of the initial term or at any time thereafter.

Mr. Chou, Sze-Cheng has entered into a service contract with the Company for a term commencing on 31 May 2006 ("Commencement Date") and shall continue until the year falling on the third year from the Commencement Date or the annual general meeting of the Company to be held in the third year from the Commencement Date, whichever is earlier or otherwise terminated by the giving of one month's notice in writing thereof by either party to the other.

Mr. Ko, Jim-Chen has not entered into service contract with the Company, and has no fixed term of service with the Company but will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company.

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

Directors' Interests in Contracts

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

董事服務合約

楊頭雄先生、楊正先生、楊坤祥先生、楊辰文先生及王肇樹先生已分別與本公司訂立初步為期三年之服務協議，該等服務協議可於其後繼續生效，除非其中一方於初步年期屆滿後或於其後任何時間發出不少於三個月書面通知終止服務協議。

黃景榮先生、趙培宏先生及莊淑芬女士已分別與本公司訂立初步為期一年之服務協議，該等服務協議可於其後繼續生效，除非其中一方於初步年期屆滿後或於其後任何時間發出不少於一個月書面通知終止服務協議。

周賜程先生已與本公司訂立服務合約，年期由二零零六年五月三十一日（「開始日期」）起開始，並將繼續生效，直至由開始日期後計滿三年之年度或開始日期起計第三年內將舉行之本公司股東週年大會（以較早者為準）為止，或除非其中一方向另一方發出一個月書面通知終止合約。

柯俊禎先生並無與本公司訂立服務合約，與本公司亦無訂立固定服務年期，惟將根據本公司組織章程細則於股東週年大會上輪席退任及重選連任。

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

董事所擁有之合約權益

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

Connected Transactions

For the year ended 31 December, 2006, the Company and its subsidiaries entered into the following transactions with Taiwan Vedan Enterprise Corporation ("Taiwan Vedan"), its subsidiaries and its related companies, which constituted continuing connected transactions as defined in the Listing Rules:

關連交易

截至二零零六年十二月三十一日止年度，本公司及其附屬公司與台灣味丹企業股份有限公司(「台灣味丹」)、其附屬公司及其關連公司進行下列交易，而該等交易屬於上市規則所界定之持續關連交易：

		Note 附註	US\$'000 千美元
A.	Sale of goods to – Taiwan Vedan Enterprise Corporation ("Taiwan Vedan")	向下列公司銷售貨品 – 台灣味丹企業股份有限公司 (「台灣味丹」)	(i) 4,085
B.	Technological support fee paid to Tung Hai and Taiwan Vedan	向東海及台灣味丹支付技術支援費	(ii) 2,422
C.	Technological support fee received from Taiwan Vedan	收取台灣味丹技術支援費用	(ii) 20
D.	Commission income received from Taiwan Vedan in connection with the Agency Agreement	就代理協議收取台灣味丹的佣金收入	(ii) 73

Notes:

註：

- (i) In the opinion of the directors of the Company, sales to related parties were conducted in the normal course of business at prices and terms no less favourable than those charged to and contracted with other third party customers of the Group.
- (ii) In the opinion of the directors of the Company, the transactions were carried out in the ordinary course of business and the fees are charged in accordance with the terms of underlying agreements.

- (i) 本公司董事認為向有關連人士銷售乃在日常業務中進行，且價格及條款不遜於本集團與其他第三者客戶交易所支付及訂立的價格及條款。
- (ii) 本公司董事認為該等交易乃在日常業務中進行，並且根據相關協議的條款收費。

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

就上述持續關連交易而言，本公司已獲香港聯合交易所有限公司授出有條件豁免嚴格遵守上市規則。

For the year ended 31 December, 2006, the Company and its subsidiaries entered into various transactions with Shandong Xue Hua Bio-chemical Co., Ltd. ("Xue Hua"), which constituted connected transactions or continuing connected transactions as defined in the Listing Rules. The Directors are of the view that such transactions will provide cost benefits to the Group for its GA (acronym as "glutamic acid") and MSG (acronym as "monosodium glutamate") manufacturing businesses.

截至二零零六年十二月三十一日止年度，本公司及其附屬公司與山東雪花生物化工股份有限公司(「雪花」)訂立若干交易，構成關連交易及持續關連交易(定義見上市規則)。董事認為，該等交易將為本集團的谷氨酸及味精製造業務帶來成本效益。

Report of the Directors (continued)

董事會報告(續)

On 22 December, 2005, Ordino Investments Pte Ltd ("Ordino"), a wholly-owned subsidiary of the Company and Xue Hua entered into a joint venture contract to set up a joint venture company, Shandong Vedan Snowflake Enterprise Co., Ltd. ("JV Company") in the PRC. Upon the establishment of the JV Company, the JV Company becomes a 70% non wholly-owned subsidiary of the Company, and Xue Hua, which holds 30% of the equity interest in the JV Company, becomes a connected person of the Company under Chapter 14A of the Listing Rules.

於二零零五年十二月二十二日，本公司全資附屬公司Ordino Investments Pte Ltd(「Ordino」)與雪花訂立合營協議，在中國成立聯營公司山東味丹雪花廠(「聯營公司」)。成立聯營公司後，聯營公司成為本公司擁有70%權益之非全資附屬公司，雪花則持有聯營公司30%股權，根據上市規則第14A章，成為本公司之關連人士。

Set out below is a table summarising the non-exempt continuing connected transactions with Xue Hua as at 31 December 2006 which are subject to the reporting requirements under Chapter 14A of the Listing Rules:

下表概述截至二零零六年十二月三十一日與雪花之間須遵守上市規則第14A章申報規定之不獲豁免持續關連交易：

		Note 附註	US\$'000 千美元
E.	Provision of certain technology services by Ordino to Xue Hua	Ordino向雪花提供若干技術服務	(i) 1,345
F.	Supply of certain raw materials by Xue Hua to the JV Company	雪花向聯營公司供應若干原材料	(ii) 11,354

Notes:

附註：

- (i) On 22 December 2005, Ordino and Xue Hua entered into an agreement in respect of the provision of certain technology services by Ordino to Xue Hua ("Technology Services Agreement") during the term of the Technology Services Agreement.
- (ii) On 28 December, 2005, Ordino, Xue Hua and the JV Company entered into an agreement ("Raw Materials Purchase Agreement") in respect of the supply of certain raw materials ("Raw Materials") by Xue Hua to the JV Company.

- (i) 於二零零五年十二月二十二日，Ordino與雪花就有關技術服務協議期內由Ordino向雪花提供若干技術服務而訂立一項協議(「技術服務協議」)。
- (ii) 於二零零五年十二月二十八日，Ordino、雪花及聯營公司就有關雪花向聯營公司供應若干原材料(「原材料」)訂立一項協議(「原材料採購協議」)。

Under the Raw Materials Purchase Agreement, Xue Hua will guarantee to the JV Company that in the event of the GA products produced by the JV Company utilising the Raw Materials reaching 25,000 tonnes per annum, the lower of (a) the average profit before tax for each tonne of such GA products will be not less than RMB450; or (b) the annual profit before tax for such GA products produced will reach RMB11,470,000, and Xue Hua will reimburse the shortfall to the JV Company, up to a maximum term of 5 years and an amount of RMB71,420,000 (which includes the service fees payable by Xue Hua to Ordino under the Technology Services Agreement) or RMB60,570,000 (which excludes the service fees payable under the Technology Services Agreement).

Pursuant to the Raw Materials Purchase Agreement, Xue Hua is entitled to claim reasonable damages from the JV Company in case of the JV Company sells products to the Group at a price level lower than the then average selling price available from Xue Hua of a comparable product.

The annual aggregate amount of the Raw Materials to be purchased by the JV Company from Xue Hua will not exceed the maximum cap of RMB120,000,000 for each of the three financial years ending 31 December 2008.

根據原材料採購協議，雪花將向聯營公司作出擔保，倘聯營公司利用該等原材料所生產之GA產品每年超過25,000噸，則(以下較低者)(a)平均每噸該等GA產品之除稅前溢利將不會低於人民幣450元；或(b)所生產之該等GA產品全年除稅前溢利將達致人民幣11,470,000元，否則雪花將向聯營公司補償差額，最多為期五年，最高金額人民幣71,402,000元(包括雪花根據技術服務協議應付Ordino之服務費)或人民幣60,570,000元(不包括根據技術服務協議應付之服務費)。

根據原材料採購協議，倘聯營公司向本集團出售產品，而價格低於雪花相若產品當時之平均售價，則雪花有權向聯營公司申索合理賠償。

於截至二零零八年十二月三十一日止三個財政年度各年，聯營公司向雪花採購原材料之全年總金額將不會超過上限人民幣120,000,000元。

Report of the Directors (continued)

董事會報告 (續)

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

本公司董事(包括獨立非執行董事)已審閱上述關連交易，並確認：

- (a) the connected transactions were:
 - (i) entered into in the ordinary and usual course of business;
 - (ii) conducted on normal commercial terms; which were no less favourable than those available to or from independent third parties; and
 - (iii) fair and reasonable so far as the shareholders are connected;
- (b) the aggregate amount of sales to Taiwan Vedan did not exceed the cap amount of US\$12 million for the financial year ended 31 December, 2006.
- (c) the aggregate amount for each type of the above mentioned transactions (except for transactons A, E and F) has not exceeded the higher of HK\$10,000,000 or 3% of the net tangible asset value of the Group as at 31 December, 2003.
- (d) the aggregate amount for transaction E has not exceeded the relevant caps disclosed in previous announcements.

- (a) 該關連交易：
 - (i) 於一般日常業務中進行；
 - (ii) 按不遜於與獨立第三者交易之一般商業條款進行；及
 - (iii) 就股東而言屬公平合理。
- (b) 銷售予台灣味丹之總額並無超過截至二零零六年十二月三十一日止財政年度上限12,000,000美元。
- (c) 上述各類關連交易之總值(A、E及F交易除外)並無超過10,000,000港元或本集團於二零零三年十二月三十一日之有形資產淨值3%兩者之較高者。
- (d) E交易之總值並無超過過往公佈所披露之有關上限。

Pre-emptive Rights

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

優先購買權

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

Substantial Shareholders' Interests and Short Positions in Shares

So far as was known to any Director or chief executive of the Company, as at 31 December, 2006, other than the interests and short positions of the Directors or chief executive of the Company as disclosed above, the following persons had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

主要股東權益及股份之淡倉

據本公司董事及最高行政人員所知，於二零零六年十二月三十一日，除上文所披露本公司董事或最高行政人員的權益及淡倉外，以下人士擁有根據證券及期貨條例第XV部第2及第3分部之條文須向本公司披露的權益及淡倉，或列入本公司根據證券及期貨條例第336條所存置登記冊的權益或淡倉：

Name 名稱	Number of shares in which interested (other than under equity derivatives) 擁有權益之股份數目 (股本衍生工具除外)	Percentage of issued shares 佔已發行股份 百分比
Billion Power Limited	460,237,609 (Note 1) (附註1)	30.22%
Taiwan Vedan 台灣味丹	460,237,609 (Note 1) (附註1)	30.22%
King International	169,730,196 (Note 2) (附註2)	11.15%
Nordea 1 Sicor FE Value Fund	80,836,000 (Note 3) (附註3)	5.31%

Notes:

附註：

1. Taiwan Vedan is entitled to exercise or control the exercise of more than one third of the voting power of Billion Power and is therefore taken to be interested in these 460,237,609 Shares held by Billion Power.
2. The capacity of King International in holding the 169,730,196 Shares was as beneficial owner.
3. The capacity of Nordea 1 Sicor FE Value Fund in holding the 80,836,000 Shares was as beneficial owner.

1. 台灣味丹有權行使或控制行使Billion Power 超過三分之一之投票權，故台灣味丹被視為擁有Billion Power所持有該460,237,609股股份之權益。
2. King International乃以實益持有人身份持有169,730,196股股份。
3. Nordea 1 Sicor FE Value Fund乃以實益持有人身份持有80,836,000股股份。

Report of the Directors (continued)

董事會報告 (續)

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

Directors' Interests in Competing Business

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

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

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

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

除上文所披露者外，據本公司董事或最高行政人員所知，概無任何人士（並非本公司董事或最高行政人員）於本公司之股份或相關股份擁有根據證券及期貨條例第XV部第2及第3分部之條文須向本公司及聯交所披露之權益或淡倉，或直接或間接擁有附有權利於任何情況下在本集團任何其他成員公司之股東大會上投票之任何類別股本面值5%或以上權益或持有該等股本之購股權。

董事於競爭業務之權益

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

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

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

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

Auditors

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

By Order of the Board

Yang, Kun-Hsiang

Director and Chief Executive Officer

20 March 2007

核數師

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

承董事會命

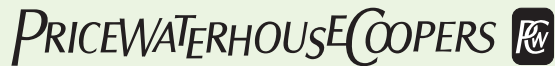
楊坤祥

董事兼行政總裁

二零零七年三月二十日

Independent Auditor's Report

獨立核數師報告



羅兵咸永道會計師事務所

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

**TO THE SHAREHOLDERS OF
VEDAN INTERNATIONAL (HOLDINGS) LIMITED**
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Vedan International (Holdings) Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 57 to 116, which comprise the consolidated and Company balance sheets as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

致味丹國際(控股)有限公司股東
(於開曼群島註冊成立之有限公司)

本核數師(以下簡稱「我們」)已審核味丹國際(控股)有限公司(「貴公司」)及其子公司(以下合稱「集團」)載於第57頁至第116頁的綜合財務報表，當中包括於二零零六年十二月三十一日之綜合資產負債表及資產負債表、截至該日止年度的綜合收益表、綜合權益變動表及綜合現金流量表，以及主要會計政策概要及其他附註解釋。

董事就財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定編製及真實而公平地列報該等綜合財務報表。這責任包括設計、實施及維護與編製真實而公平地列報財務報表有關的內部控制，以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述；選擇和應用適當的會計政策；及按情況下作出合理之會計估算。

核數師的責任

我們的責任是根據我們的審核，對該等財務報表作出意見，並僅向整體股東報告，除此以外本報告別無其他目的。我們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。

我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等財務報表是否不存有任何重大錯誤陳述。

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2006 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 March 2007

審核涉及執执行程序以獲取有關財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作的會計估計的合理性，以及評價財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映公司及集團於二零零六年十二月三十一日的事務狀況及集團截至該日止年度的利潤和現金流量，並已按照香港公司條例的披露規定妥為編製。

羅兵咸永道會計師事務所
香港執業會計師

香港，二零零七年三月二十日

Consolidated Balance Sheet

As at 31 December 2006

綜合資產負債表

二零零六年十二月三十一日

		Note 附註	2006 US\$'000 千美元	2005 US\$'000 千美元
ASSETS	資產			
Non-current assets	非流動資產			
Land use rights	土地使用權	6	6,038	5,583
Property, plant and equipment	物業、廠房及設備	7	211,688	216,187
Intangible assets	無形資產	8	18,127	19,241
Held-to-maturity financial assets	持有至到期之金融資產	11	3,361	3,361
			239,214	244,372
Current assets	流動資產			
Trade receivables	應收貿易賬款	12	38,150	35,829
Inventories	存貨	13	65,520	51,993
Prepayments and other receivables	預付款項及其他應收款項		6,312	6,287
Tax recoverable	可收回稅項		980	1,272
Cash and cash equivalents	現金及現金等價物	14	17,282	27,987
Due from a minority shareholder	應收一位少數股東款項		—	3,600
			128,244	126,968
Total assets	資產總值		367,458	371,340
EQUITY	權益			
Capital and reserves attributable to the Company's equity holders	本公司股權持有人應佔資本及儲備			
Share capital	股本	15	15,228	15,228
Reserves	儲備			
– Proposed final dividend	– 建議末期股息	16, 25	2,432	1,708
– Others	– 其他	16	222,602	216,119
			240,262	233,055
Minority interest	少數股東權益		3,722	3,600
Total equity	權益總額		243,984	236,655

The notes on pages 63 to 116 are an integral part of these consolidated financial statements.

載於第63至116頁的附註乃構成綜合財務報表的一部份。

Consolidated Balance Sheet (continued)

As at 31 December 2006

綜合資產負債表(續)

二零零六年十二月三十一日

	Note 附註	2006 US\$'000 千美元	2005 US\$'000 千美元
LIABILITIES	負債		
Non-current liabilities	非流動負債		
Long-term bank borrowings	長期銀行貸款 18	21,336	29,706
Deferred income tax	遞延所得稅 19	11,449	12,026
Long-term payable to a related party	應付有關連人士之長期款項 33(c)	11,023	12,560
Post-employment obligations	離職後責任	870	821
		44,678	55,113
Current liabilities	流動負債		
Trade payables	應付貿易賬款 17	17,116	18,520
Accruals and other payables	應計費用及其他應付款項	9,376	10,757
Due to a related party	應付有關連人士款項 33(c)	258	274
Short-term bank borrowings	短期銀行貸款		
– Secured	– 有抵押 18	4,421	500
– Unsecured	– 無抵押 18	36,399	41,101
Current portion of long-term bank borrowings	長期銀行借款的即期部份 18	11,162	8,346
Taxation payable	應付稅項	64	74
		78,796	79,572
Total liabilities	負債總額	123,474	134,685
Total equity and liabilities	權益及負債總額	367,458	371,340
Net current assets	流動資產淨值	49,448	47,396
Total assets less current liabilities	總資產減流動負債	288,662	291,768

YANG, Kun-Hsiang

楊坤祥

Director & Chief Executive Officer

董事兼行政總裁

WANG, Joel J

王肇樹

Director

董事

The notes on pages 63 to 116 are an integral part of these consolidated financial statements.

載於第63至116頁的附註乃構成綜合財務報表的一部份。

Balance Sheet

As at 31 December 2006

資產負債表

二零零六年十二月三十一日

	Note 附註	2006 US\$'000 千美元	2005 US\$'000 千美元
ASSETS	資產		
Non-current assets	非流動資產		
Investment in subsidiaries, at cost	對附屬公司投資(按成本)	170,390	170,390
Long-term loan to a subsidiary	給予一間附屬公司之長期貸款	—	12,000
Intangible assets	無形資產	9,873	11,082
		180,263	193,472
Current assets	流動資產		
Due from subsidiaries	應收附屬公司款項	60,525	43,755
Prepayments and other receivables	預付款項及其他應收款項	94	268
Cash and cash equivalents	現金及現金價物	825	2,653
		61,444	46,676
Total assets	資產總值	241,707	240,148
Capital and reserves attributable to the Company's equity holders	本公司股權持有人應佔資本及儲備		
Share capital	股本	15,228	15,228
Reserves	儲備		
— Proposed final dividend	— 建議末期股息	2,432	1,708
— Others	— 其他	202,577	195,327
Total equity	權益總額	220,237	212,263
LIABILITIES	負債		
Non-current liabilities	非流動負債		
Long-term payable to a related party	應付有關連人士之長期款項	11,023	12,560
Current liabilities	流動負債		
Accruals and other payables	應計費用及其他應付款項	1,835	1,925
Short-term bank borrowings – unsecured	短期銀行借款 – 無抵押	8,612	13,400
		10,447	15,325
Total liabilities	負債總額	21,470	27,885
Total equity and liabilities	權益及負債總額	241,707	240,148
Net current assets	流動資產淨值	50,997	31,351
Total assets less current liabilities	總資產減流動負債	231,260	224,823

YANG, Kun-Hsiang

楊坤祥

Director & Chief Executive Officer

董事兼行政總裁

WANG, Joel J

王肇樹

Director

董事

The notes on pages 63 to 116 are an integral part of these consolidated financial statements.

載於第63至116頁的附註乃構成綜合財務報表的一部份。

Consolidated Income Statement

For the year ended 31 December 2006

綜合收益表

截至二零零六年十二月三十一日止年度

		Note 附註	2006 US\$'000 千美元	2005 US\$'000 千美元
Turnover	營業額	20	290,695	257,904
Cost of sales	銷售成本	21	(237,222)	(213,460)
Gross profit	毛利		53,473	44,444
Other gains – net	其他收益淨額	20	2,188	2,907
Selling and distribution expenses	銷售及分銷開支	21	(16,058)	(15,555)
Administrative expenses	行政開支	21	(19,010)	(17,584)
Operating profit	經營盈利		20,593	14,212
Finance costs	融資成本	22	(5,831)	(3,972)
Profit before income tax	未計所得稅前盈利		14,762	10,240
Income tax expense	所得稅開支	23	(3,827)	(2,293)
Profit for the year	本年度盈利		10,935	7,947
Attributable to:	以下項目應佔：			
– equity holders of the Company	– 本公司股權持有人		10,915	7,947
– minority shareholder	– 少數股東權益		20	–
			10,935	7,947
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in US cents per share)	於年內本公司股權持有人應佔盈利的每股盈利（以每股美仙計）			
Basic earnings per share	每股基本盈利	26	0.72	0.52
Diluted earnings per share	每股攤薄盈利	26	0.72	0.52
Dividends	股息	25	5,458	4,768

The notes on pages 63 to 116 are an integral part of these consolidated financial statements.

載於第63至116頁的附註乃構成綜合財務報表的一部份。

Consolidated Statement of Changes in Equity

For the year ended 31 December 2006

綜合權益變動表

截至二零零六年十二月三十一日止年度

		Share capital 股本 US\$'000 千美元	Share premium 股份溢價 US\$'000 千美元	Exchange reserve 匯兌儲備 US\$'000 千美元	Merger reserve 合併儲備 US\$'000 千美元	Retained earnings 保留盈利 US\$'000 千美元	Minority interest 少數股東 權益 US\$'000 千美元	Total 總計 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 year	本年度盈利	–	–	–	–	7,947	–	7,947
Dividends	股息	–	–	–	–	(9,955)	–	(9,955)
Contribution from a minority shareholder	少數股東出資	–	–	–	–	–	3,600	3,600
Exchange translation differences	匯兌差額	–	–	542	–	–	–	542
At 31 December 2005 and at 1 January 2006	二零零五年十二月 三十一日及 於二零零六年 一月一日	15,228	47,358	4,170	79,994	86,305	3,600	236,655
Profit for the year	本年度盈利	–	–	–	–	10,915	20	10,935
Dividends	股息	–	–	–	–	(4,734)	–	(4,734)
Exchange translation differences	匯兌差額	–	–	1,026	–	–	102	1,128
At 31 December 2006	二零零六年 十二月三十一日	15,228	47,358	5,196	79,994	92,486	3,722	243,984

The notes on pages 63 to 116 are an integral part of these consolidated financial statements.

載於第63至116頁的附註乃構成綜合財務報表的一部份。

Consolidated Cash Flow Statement

For the year ended 31 December 2006

綜合現金流量表

截至二零零六年十二月三十一日止年度

		Note 附註	2006 US\$'000 千美元	2005 US\$'000 千美元
Cash flows from operating activities	經營業務現金流量			
Cash generated from operations	業務產生的現金	30	30,126	30,300
Interest paid	已付利息		(5,103)	(3,501)
Income taxes paid	已付所得稅		(4,122)	(3,917)
Net cash generated from operating activities	經營業務產生的現金流入淨額		20,901	22,882
Cash flows from investing activities	投資活動產生的現金			
Purchase of property, plant and equipment	收購物業、廠房及設備	7	(21,997)	(20,978)
Acquisition of land use rights from Shanghai Vedan Foods Co. Ltd. ("Shanghai Vedan Foods")	收購上海味丹食品有限公司(「上海味丹食品」)的土地使用權		—	(5,377)
Purchase of land use rights	收購土地使用權		(394)	—
Purchase of held-to-maturity financial assets	購入持有至到期之金融資產		—	(3,170)
Acquisition of a subsidiary	收購一間附屬公司		—	(1,412)
Interest received from held-to-maturity financial assets	已收持有至到期之金融資產之利息		251	—
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	30	23	21
Net cash used in investing activities	投資活動所用現金淨額		(22,117)	(30,916)
Cash flows from financing activities	融資活動產生的現金流量			
Dividends paid	已付股息		(4,734)	(9,955)
Contribution from a minority shareholder	少數股東出資		3,600	—
Net change in short-term bank borrowings	短期銀行借款淨變動		(781)	8,705
New long-term bank borrowings raised	新增長期銀行借款		2,792	12,308
Repayment of long-term bank borrowings	償還長期銀行借款		(8,346)	(8,235)
Repayment of long term payable to Vedan Enterprise Corporation ("Taiwan Vedan")	償還結欠味丹企業股份有限公司(「台灣味丹」)的長期退付款		(2,123)	—
Net cash (used in)/generated from financing activities	融資活動所用／(所得)現金淨額		(9,592)	2,823
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額		(10,808)	(5,211)
Exchange gains on cash and cash equivalents	現金及現金等價物的匯兌收物		103	6
Cash and cash equivalents at 1 January	一月一日的現金及現金等價物		27,987	33,192
Cash and cash equivalents at 31 December	十二月三十一日的現金及現金等價物		17,282	27,987
Analysis of balance of cash and cash equivalents:	現金及現金等價物的結餘分析：			
Bank balances and cash	銀行結餘及現金		17,282	27,987

The notes on pages 63 to 116 are an integral part of these consolidated financial statements.

載於第63至116頁的附註乃構成綜合財務報表的一部份。

Notes to the Consolidated Financial Statements

財務報表附註

1. General information

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

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Century Yard, Cricket Square, Hutchins Drive, George Town P.O. Box 2681 GT, Grand Cayman, British West Indies.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in US dollars (US\$), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 20 March 2007.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

1. 一般資料

味丹國際(控股)有限公司及其附屬公司(統稱「本集團」)生產及銷售各種發酵食品添加劑、生化產品及木薯澱粉工業用品，包括化工澱粉、葡萄糖糖漿、味精、梳打、酸及飲料。味丹國際的產品銷售予越南及其他東盟國家、中國、日本、台灣以及一些歐洲國家的食品分銷商、國際貿易公司，以及食品、紙類加工、紡織和化學產品生產商。

本公司為一家在開曼群島註冊成立之有限公司，其註冊辦事處之地址為Hutchins Drive, George Town P.O. Box 2681 GT, Grand Cayman, British West Indies。

本公司擁有香港聯合交易所第一上市地位。

除另有列明外，此等綜合財務報表以美元呈列。此等綜合財務報表已於二零零七年三月二十日獲董事會批准。

2. 主要會計政策概要

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

2.1 編製基準

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

2. Summary of significant accounting policies (continued)**2.1 Basis of preparation (continued)**

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) Standards, amendments and interpretations effective in 2006

- HKAS 19 (Amendment), Employee Benefits, is mandatory for the Group's accounting periods beginning on or after 1 January 2006. It introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment does not have material impact to the consolidated financial statements.

- HKAS 39 and IFRS 4 Amendment – Financial Guarantee

The adoption of HKAS 39 Amendment does not have material impact to the financial statements of the Company and is not relevant to the consolidated financial statements.

2. 主要會計政策概要(續)**2.1 編製基準(續)**

編製符合香港財務報告準則的財務報表需要運用若干重要的會計估計，亦同時需要管理層在採用本集團的會計政策過程中作出判斷。在綜合財務報表中涉及高度判斷或複雜程度的範疇，或有重要假設及估計的範疇於附註4披露。

(a) 於二零零六年生效之會計準則、修訂及詮釋

- 本集團必須在二零零六年一月一日或之後開始的會計期間採納香港會計準則19(修訂)「僱員福利」。此項準則引入對精算盈虧的另一確認方法。該準則可能對多重僱主計劃實施額外的確認規定，適用於沒有充足資料可應用界定福利會計法時採用。此項準則亦加入了新的披露規定。由於本集團並無打算更改精算盈虧確認之會計政策，同時亦沒有參與任何多重僱主計劃，採納此修訂對綜合財務報表並無重大影響。

- 香港會計準則第39號及國際財務報告準則第4號(修訂)－財務擔保合約

應用香港會計準則第39號並無對本公司之財務報表產生重大影響，同時亦與綜合財務報表無關。

2. Summary of significant accounting policies (continued)**2.1 Basis of preparation (continued)****(b) Interpretations to existing standards that are not yet effective and have not been early adopted by the Group**

The following interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 May 2006 or later periods that the Group has not early adopted:

- HKFRS 7, Financial instruments: Disclosures, and the complementary Amendment to HKAS 1, Presentation of Financial Statements – Capital Disclosures (effective for annual periods beginning on or after 1 January 2007). HKFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the Group's financial instruments.
- HK(IFRIC)-Int 8, Scope of HKFRS 2 (effective for annual periods beginning on or after 1 May 2006). HK(IFRIC)-Int 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of HKFRS 2. The Group will apply HK(IFRIC)-Int 8 from 1 January 2007, but it is not expected to have any impact on the Group's consolidated financial statements; and

2. 主要會計政策概要(續)**2.1 編製基準(續)****(b) 有關仍未生效且本集團並無提早採納的對現有準則的詮釋以下為已公佈對現有準則的詮釋，本集團必須在二零零六年五月一日或之後開始的會計期間或較後期間採納，但本集團並無提早採納：**

- 香港財務準則7「金融工具：披露」，及香港會計準則1「財務報表的呈報－資本披露」的補充修訂（由二零零七年一月一日或之後開始的會計期間生效）。香港財務準則7引入了有關金融工具的新披露規定。此項準則對本集團金融工具的分類和估值並無任何影響。
- 香港(國際財務報告詮釋委員會)－詮釋第8號：財務準則第2號之範圍（於二零零六年五月一日或於之後開始的會計期間生效）。香港(國際財務報告詮釋委員會)－詮釋第8號釐定有關發行資產工具而產生的交易資金，如所收取的可識別代價低於已發行的資產工具之公平值，該項交易將被包括於財務準則第2號之計算範圍內。集團將於二零零七年一月一日開始採納香港(國際財務報告詮釋委員會)－詮釋第8號，預料對集團的綜合財務報表並無重大影響；及

2. Summary of significant accounting policies (continued)**2.1 Basis of preparation (continued)**

(b) *Interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)*

- HK(IFRIC)-Int 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). HK(IFRIC)-Int 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply HK(IFRIC)-Int 10 from 1 January 2007, but it is not expected to have any impact on the Group's financial statements.

(c) *Standards, amendments and interpretations effective in 2006 but not relevant for the Group's operations*

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the Group's operations:

- HKAS 21 Amendment – Net Investment in a Foreign Operation;
- HKAS 39 Amendment – Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- HKAS 39 Amendment – The Fair Value Option;
- HKFRS 6, Exploration for and Evaluation of Mineral Resources;

2. 主要會計政策概要（續）**2.1 編製基準（續）**

(b) *有關仍未生效且本集團並無提早採納的對現有準則的詮釋（續）*

- 香港（國際財務報告詮釋委員會）－詮釋10「中期財務報告和減值」（由二零零六年十一月一日或之後開始的會計期間生效）。香港（國際財務報告詮釋委員會）－詮釋10禁止在中期期間確認按成本值列賬的商譽、權益工具的投資和財務資產投資的減值虧損，在之後的結算日撥回。本集團將由二零零七年一月一日起應用香港（國際財務報告詮釋委員會）－詮釋10，但預期不會對本集團的綜合財務報表有任何影響。

(c) *於二零零六年生效但與本集團營運無關之會計準則、修訂及詮釋*

以下準則、修訂和詮釋必須在二零零六年一月一日或之後開始的會計期間採納，但與本集團的營運無關：

- 香港會計準則21修訂－對國外經營的投資淨額；
- 香港會計準則39修訂－預測內部交易的現金流量對沖會計法；
- 香港會計準則39修訂－公平值期權；
- 香港財務準則6－礦產資源的開採和評估；

2. Summary of significant accounting policies (continued)**2.1 Basis of preparation (continued)**

(c) *Standards, amendments and interpretations effective in 2006 but not relevant for the Group's operations (continued)*

- HKFRS 1 Amendment – First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources;
- HK(IFRIC)-Int 4, Determining whether an Arrangement contains a Lease;
- HK(IFRIC)-Int 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds; and
- HK(IFRIC)-Int 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment.

2.2 Consolidation

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

(a) Subsidiaries

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

2. 主要會計政策概要(續)**2.1 編製基準(續)**

(c) 於二零零六年生效但與本集團營運無關之會計準則、修訂及詮釋(續)

- 香港財務準則1及6修訂「首次採納香港財務報告準則」及「礦產資源的開採和評估」；
- 香港(國際財務報告詮釋委員會)－詮釋4－釐定一項安排是否包含租賃；
- 香港(國際財務報告詮釋委員會)－詮釋5－對拆卸、復原及環境復修基金權益的權利；及
- 香港(國際財務報告詮釋委員會)－詮釋6－參予特殊市場－電氣及電子設備廢料－產生的負債。

2.2 綜合

綜合財務報表包括本公司及其附屬公司截至十二月三十一日止的財務報表。

(a) 附屬公司

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

2. Summary of significant accounting policies (continued)**2.2 Consolidation (continued)****(a) Subsidiaries (continued)**

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (Note 2.6). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.7). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

2. 主要會計政策概要（續）**2.2 綜合（續）****(a) 附屬公司（續）**

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

本集團採用收購會計法為本集團所收購之附屬公司列賬。收購成本為於交易當日所獲資產之公平值、所發行之股權工具及所產生或承擔之負債，加上直接歸屬予收購事項之成本。在商業合併過程中所收購之可辨別資產、所承擔之負債及或然負債，均於收購當日按其公平值作出初步計量，而毋須計及任何少數股東權益。收購成本超出本集團應佔所收購之可辨別淨資產之差額乃列作商譽（附註2.6）。倘收購成本低於所收購附屬公司淨資產之公平值，則有關差額將直接在損益表內確認。

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

於本公司之資產負債表內，於附屬公司之投資乃按成本值扣除減值虧損列賬（附註2.7）。附屬公司之業績乃由本公司按已收及應收股息列賬。

2. Summary of significant accounting policies (continued)**2.29 Consolidation (continued)****(b) Transactions and minority interests**

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

2.3 Segment reporting

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

2.4 Foreign currency translation**(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in US dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

2. 主要會計政策概要(續)**2.2 綜合(續)****(b) 與少數股東之交易**

本集團採用之會計政策，將與少數股東之交易作為與本集團以外各方進行之交易處理。向少數股東出售所獲盈虧計入收益表。自少數股東採購所獲商譽，則為所付代價與所收購有關附屬公司淨資產賬面值之相關份額的差額。

2.3 分部報告

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

2.4 外幣換算**(a) 功能及呈報貨幣**

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

(b) 交易及結餘

外幣交易均按交易當日之現行匯率換算為功能貨幣。因上述交易結算及按年終匯率兌換以外幣計值之貨幣資產及負債而產生之匯兌損益，均於損益表內確認，惟於股權內遞延作為合資格現金流量的對沖或合資格淨投資的對沖除外。

2. Summary of significant accounting policies (continued)**2.4 Foreign currency translation (continued)****(b) Transactions and balances (continued)**

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale reserve in equity.

(c) Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

2. 主要會計政策概要(續)**2.4 外幣換算(續)****(b) 交易及結餘(續)**

以外幣計值並分類為可供出售之貨幣證券，其公平值的改變可分為該證券攤銷成本變動之匯兌差額及該證券帳面值之變動。攤銷成本變動之匯兌差額在收益表確認而帳面值之改變在權益中確認。

非貨幣金融資產及負債項目之匯兌差異，均列報為公平值收益或虧損的一部分。非貨幣金融資產及負債項目(例如透過損益按公平值列值之股票)之匯兌差異，均列報為公平值收益或虧損的一部分。至於非貨幣項目之匯兌差異，如歸類為可供出售金融資產之股票等，均列入權益之可供出售儲備內。

(c) 集團公司

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

- 每項資產負債表之資產及負債均按照該資產負債表結算日之匯率折算為呈報貨幣；

2. Summary of significant accounting policies (continued)**2.4 Foreign currency translation (continued)****(c) Group companies (continued)**

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

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

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

2.5 Property, plant and equipment

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

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

2. 主要會計政策概要(續)**2.4 外幣換算(續)****(c) 集團公司(續)**

- 每項損益表之收入及支出均按照平均匯率折算為呈報貨幣，但若此平均匯率未能合理地反映各交易日之匯率所帶來之累積影響，則按照交易日之匯率折算此等收入和支出；及
- 所有匯兌差異均確認為權益之個分項。

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

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

2.5 物業、廠房及設備

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

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

2. Summary of significant accounting policies (continued)**2.5 Property, plant and equipment (continued)**

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

– Properties	20-50 years
– Plant and machinery	10-20 years
– Office equipment and other fixed assets	5-8 years
– Motor Vehicles	5-8 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains – net, in the income statements.

Construction-in-progress, comprising capital expenditure on buildings and plant where the construction work has not been completed, is carried at cost less accumulated impairment losses. No depreciation is provided for construction-in-progress until they are completed and ready for their intended use.

2.6 Intangible assets**(a) Goodwill**

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

2. 主要會計政策概要(續)**2.5 物業、廠房及設備(續)**

物業、廠房及設備的折舊乃利用直線法在其可使用年期將其成本攤銷至其餘值如下：

– 物業	20-50年
– 廠房及機器	10-20年
– 辦公室設備及 其他固定資產	5-8年
– 汽車	5-8年

資產之餘值及可使用年期均於各結算日予以審閱及調整(如適用)。

倘資產賬面值較估計的可收回款額為大，則資產的賬面值將立刻被撇減至其可收回款額(附註2.7)。

出售之盈虧均透過將所得款項與賬面值作比較而釐定，並列入綜合損益表內。

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

2.6 無形資產**(a) 商譽**

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

2. Summary of significant accounting policies (continued)**2.6 Intangible assets (continued)****(a) Goodwill (continued)**

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which it operates (Note 2.7).

(b) Trademarks and brand names

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

2.7 Impairment of investments in subsidiaries and non-financial assets

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

2.8 Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and held-to-maturity financial assets. The classification depends on the purposes for which the financial assets were acquired. Management determine the classification of its financial assets at initial recognition.

2. 主要會計政策概要(續)**2.6 無形資產(續)****(a) 商譽(續)**

為進行減值測試，商譽乃分配至賺取現金單位。有關商譽乃分配至預期會因產生商譽之業務合併而受惠之賺取現金單位或賺取現金單位組別中。本集團將商譽分配至其業務所在國家之各個業務分類中(附註2.7)。

(b) 商標及品牌

收購的商標及品牌乃按歷史成本呈列。商標及品牌具有有限可使用年期，並按成本減累計攤入賬。攤銷乃利用直線法計算，以將商標及品牌成本分配於彼等之十年估計可使用年期。

2.7 附屬公司投資及非金融資產之減值

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

2.8 金融資產

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

2. Summary of significant accounting policies (continued)**2.8 Financial assets (continued)****(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet (Note 2.10).

(ii) Held-to-maturity financial assets

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

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

2.9 Inventories

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

Spare parts and consumables are included within inventories and stated at cost, using the weighted average method.

2. 主要會計政策概要(續)**2.8 金融資產(續)****(i) 貸款及應收款項**

貸款及應收款項為附帶固定或可釐定付款，在活躍市場並無報價之非衍生性質金融資產。彼等均列入流動資產，惟到期日超過由結算日後起計十二個月者除外。彼等均歸類為非流動資產。貸款及應收款項以貿易應收賬款及其他應收款項於資產負債表中列賬(附註2.10)。

(ii) 持有至到期之投資

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

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

2.9 存貨

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

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

2. Summary of significant accounting policies (continued)**2.10 Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling and marketing costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the income statement.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. 主要會計政策概要(續)**2.10 貿易及其他應收款項**

貿易及其他應收款項初期按公平價值確認，其後以實際利息法按攤銷成本扣除減值撥備計算。貿易及其他應收款項之減值撥備於出現客觀證據表明本集團無法按應收款之原有條款收回所有金額時確定。債務人出現嚴重財政困難、債務人可能會破產或進行財務重組，以及拖欠或未能償還借款，均被視為貿易應收款項被減值之跡象。撥備之金額為資產賬面值與估計未來現金流量之現值(按實際利率折現計算)間之差額。此損失會透過減值準備賬在資產之賬面值內扣除並於損益賬內確認為銷售及市場推廣開支。當應收貿易賬款無法收回時，該款項會於應收貿易賬款減值準備賬中對銷。其後收回已對銷的款項會用作扣除收益表內的銷售及市場推廣開支。

2.11 現金及現金等價物

現金及現金等價物包括現金、銀行之通知存款、原到期日為三個月內的其他短期高度流動投資及銀行透支。銀行透支於資產負債表內以流動負債之借款中列示。

2.12 股本

已發行股份列示為權益。

因發行新股份或購股權而產生的直接相關新增成本，乃以所得款項的扣減(扣除稅項)於權益中列賬。

2.13 應付賬款

應付賬款初始按公平值確認，而其後則採用實際利率法按已攤銷成本計量。

2. Summary of significant accounting policies (continued)**2.14 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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

2.15 Deferred income tax

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

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

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

2. 主要會計政策概要(續)**2.14 借款**

借款初期以公平價值扣除交易成本後確認。借款其後按攤銷成本列賬；所得款項(扣除交易成本)與贖回價值間之任何差額則於借款期內使用實際利息法於損益表內確認。

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

2.15 遞延所得稅

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

遞延所得稅資產乃就有可能將未來應課稅盈利與可動用之暫時差異抵銷而確認。

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

2 Summary of significant accounting policies (continued)**2.16 Employee benefits****(a) Pension obligations**

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of services and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by management using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income statement immediately.

Past-service costs are recognised immediately as income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

2. 主要會計政策概要(續)**2.16 僱員福利****(a) 退休金責任**

集團公司營運多個退休金計劃。此等計劃經由定期精算的計算，一般透過向保險公司或受託管理基金付款而注資。本集團設有界定福利和界定供款兩種計劃。界定福利計劃是一項釐定員工在退休時可收取一定金額的退休計劃，通常視乎年齡、服務年資和薪酬補償等一個或多個因素而定。

在資產負債表內就有關界定福利退休計劃而確認的負債，為結算日界定福利責任的現值減計劃資產的公平值，同時調整未經確認精算盈虧和過往服務成本。界定福利責任每年由管理層利用預計單位貸記法計算。界定福利責任的現值利用將用以支付福利的貨幣為單位計值且到期日與有關之退休負債的年期近似的高質素債券的利率，將估計未來現金流出量貼現計算。

根據經驗而調整的精算盈虧以及精算假設的變動即時計入或扣除自損益表。

過往服務成本即時確認為收入，除非對退休計劃的修改要視乎在某特定期間(歸屬期)僱員是否仍然維持服務。在此情況下，過往服務成本按歸屬期以直線法攤銷。

2. Summary of significant accounting policies (continued)**2.16 Employee benefits (continued)****(a) Pension obligations (continued)**

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, return and discounts and after eliminating sales within the Group.

2. 主要會計政策概要（續）**2.16 僱員福利（續）****(a) 退休金責任（續）**

對於界定供款計劃，本集團以強制性、合約性或自願性方式向公開或私人管理的退休保險計劃供款。本集團作出供款後，即無進一步付款責任。供款在應付時確認為僱員福利費用。預付供款就可得現金退款或削減未來供款時確認為資產。

(b) 終止服務權益

當本集團在僱員正常退休日期前終止其聘用，或當僱員接受自願遣散以換取有關福利時，終止服務權益即須支付。本集團在可證明承諾如下時確認終止服務權益：根據一項詳細的正式計劃終止現有僱員的僱用（沒有撤回的可能）；或因為提出一項要約以鼓勵自願遣散而提供的終止服務權益。在結算日後超過12個月支付的福利貼現為現值。

(c) 分享溢利及花紅計劃

本集團根據一條公式（考慮本公司股東應佔溢利並經若干調整後），就花紅及分享溢利確認負債及開支。本集團於合約規定或過往慣例產生推定責任時確認撥備。

2.17 收益確認

收益包括在本集團日常業務進程中銷售貨物而收取或應收代價的公平值。呈列之收益已扣除增值稅、退貨及折扣及減去本集團內部之銷售。

2. Summary of significant accounting policies (continued)**2.17 Revenue recognition (continued)**

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sale of goods is recognized when a Group entity has delivered products to the customer, the customer has accepted that products and full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Sales are recorded based on the price specified in the sales contracts, net returns at the time of sale and sales rebates.

(b) Sales of electricity

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

(c) Interest income

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

2. 主要會計政策概要(續)**2.17 收益確認(續)**

當收入金額能可靠地衡量、未來經濟利益可能流入有關的實體、以及符合下文所述本集團的有關業務的特定條件時，本集團將確認收入。除非有關銷售的所有或然情況已經解決，否則收入金額不被視為可以可靠地衡量。本集團以其過往業績作為估計的依據，並會考慮客戶類別、交易類別及各項安排的具體情況。

(a) 銷售貨物

產品銷售收入於本集團實體已付運產品予客戶，客戶已接受產品及完全具有對銷售產品的渠道和價格的酌情權，且沒有未履行責任可影響客戶接納產品。

待貨物運送至特定地點、報廢和損失風險轉移至客戶、而且客戶已按照銷售合約接納產品或接納條款已失效或本集團具客觀證據顯示接納的所有準則已達成後，貨物交收方告完成。

銷售按銷售合約指明的價格、銷售時的淨退貨和銷售回扣予以記錄。

(b) 售電

售電所得收益按照年內儀錶記錄的售電單位確認入賬。

(c) 利息收入

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

2. Summary of significant accounting policies (continued)**2.17 Revenue recognition (continued)***(d) Technology support income*

The Group renders technology support pursuant to a technology support agreement. Revenue is recognised when the conditions attaching to the technology support agreement have been fulfilled.

(e) Dividend income

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

2.18 Leases (as the lessee for operating leases)

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

2.19 Dividend distribution

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

3 Financial risk management**3.1 Financial risk factors**

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

(a) Foreign exchange risk

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

2. 主要會計政策概要(續)**2.17 收益確認(續)***(d) 技術支援收入*

本集團根據技術支援協議提供技術支援。收入乃於技術支援協議附帶條件獲履行時確認。

(e) 股息收入

在確立收取股息款項時，股息收入予以確認。

2.18 租賃(作為經營租約之承租人)

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

2.19 分派股息

分派予公司股東的股息在獲得公司股東或董事通過的會計期內，作為負債於集團的財務報表中確認。在結算日後提議或宣派的股息將作為結算日後事項，而不會於結算日確認為負債。

3. 財務風險管理**3.1 財務風險因素**

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

(a) 外匯風險

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

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

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

(c) Liquidity risk

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

(d) Cash flow interest-rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. The Group has not hedged its cash flow interest-rate risk.

3.2 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

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

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險

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

(c) 流動資金風險

本集團確保其維持充足現金及信貸額以應付流動資金之需要。

(d) 現金流量利率風險

由於本集團並無巨額之計息資產，故本集團之收入及經營現金流量大致上不受市場利率變動所影響。本集團之利率風險來自長期借款。以不同利率發出的貸款令本集團承受現金流量利率風險。本集團並未為其現金流量利率風險進行對沖。

3.2 公平值估計

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

4. 重要會計估計及判斷

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

4.1 重要會計估計及假設

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

4. Critical accounting estimates and judgements (continued)**4.1 Critical accounting estimates and assumptions (continued)***(a) Estimated impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

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

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

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

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

(d) Current income taxes and deferred income tax

The Group is subject to income taxes in the PRC, Vietnam and Taiwan. Significant judgement is required in determining the amount of the provision for taxation. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

4. 重要會計估計及判斷（續）**4.1 重要會計估計及假設（續）***(a) 商譽減值的估計*

本集團每年均按照附註2.7所述的會計政策的規定，為商譽進行減值評估。而賺取現金單位的可收回金額，則按照使用價值計算。計算過程中須採用對未來營運狀況作出估算。

(b) 物業、廠房及設備、土地使用權和無形資產的估計減值

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

(c) 物業、廠房及設備和無形資產的使用年限

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

(d) 當期所得稅及遞延所得稅

本集團須繳納中國、越南及台灣的所得稅。對於確定稅項撥備的金額，本集團須作出重大判斷。在正常業務過程中，交易及計算均難以明確作出最終的稅務釐定。本集團須估計未來會否繳納額外稅項，從而確認對預期稅務審核事宜之責任。倘該等事宜之最終稅務結果與起初入賬之金額不同，該等差額將影響稅務釐定期內之所得稅及遞延稅項撥備。

4. Critical accounting estimates and judgements (continued)**4.1 Critical accounting estimates and assumptions (continued)****(d) Current income taxes and deferred income tax (continued)**

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

5. Segmental analysis

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

(a) Business segment

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

(b) Geographical segment

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

4. 重要會計估計及判斷(續)**4.1 重要會計估計及假設(續)****(d) 當期所得稅及遞延所得稅(續)**

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

5. 分部分析

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

(a) 業務分部

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

(b) 地區分部

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

5. Segmental analysis (continued)**(b) Geographical segment (continued)****(i) Segment revenue**

		2006 US\$'000 千美元	2005 US\$'000 千美元
Vietnam	越南	151,419	138,842
The PRC	中國	44,751	38,867
Japan	日本	53,191	52,778
Taiwan	台灣	10,607	3,353
ASEAN member countries (other than Vietnam)	東盟國家(越南除外)	25,158	14,119
Other regions	其他地區	5,569	9,945
		290,695	257,904

(ii) Capital expenditures

		2006 US\$'000 千美元	2005 US\$'000 千美元
Vietnam	越南	8,811	29,951
The PRC	中國	13,540	10,269
Taiwan	台灣	40	—
		22,391	40,220

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

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

5. 分部分析（續）**(b) 地區分部（續）****(i) 分部收益****(ii) 資本開支**

資本開支乃根據資產所在地而分配。

資本開支包括對土地使用權、物業、廠房及設備及無形資產的添置，包括通過業務合併進行收購的添置。

5. Segmental analysis (continued)**(b) Geographical segment (continued)****(iii) Total assets**

		2006 US\$'000 千美元	2005 US\$'000 千美元
Vietnam	越南	308,925	298,818
The PRC	中國	56,728	58,425
Hong Kong	香港	763	12,461
Taiwan	台灣	173	1,571
Singapore	新加坡	869	65
		367,458	371,340

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

資產總值乃根據資產所在地而分配。

6. Land use rights

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

		2006 US\$'000 千美元	2005 US\$'000 千美元
Held outside Hong Kong	在香港以外持有		
Leases of between 10 and 50 years	租約由十年至五十年	6,038	5,583

		2006 US\$'000 千美元	2005 US\$'000 千美元
Opening	期初	5,583	225
Additions	增加	394	5,376
Exchange difference	匯兌差額	186	6
Amortisation of prepaid operating lease payment	營業租約預繳費用的攤銷	(125)	(24)
		6,038	5,583

In respect of the Group's land use rights, Mao Tai Foods (Xiamen) Co. Ltd ("Xiamen Maotai"), Shanghai Vedan Enterprise Co. Ltd ("Shanghai Vedan") and Shandong Vedan Snowflake Enterprise Co., Ltd. ("Shandong Snowflake"), the three subsidiaries operating in the PRC, have been granted the right to use the land by the relevant authorities for 50 years, which expires in 2042, 2055 and 2056 respectively. Bank borrowings are secured on land use right for the carrying amount of US\$388,000 (2005: Nil) (Note 34).

5. 分部分析(續)**(b) 地區分部(續)****(iii) 資產總值****6. 土地使用權**

本集團於土地使用權的權益指營業租約的預繳費用，其賬面淨值分析如下：

就本集團的土地使用權而言，三間於中國經營的附屬公司茂泰食品(廈門)有限公司(「廈門茂泰」)、上海味丹企業有限公司(「上海味丹」)及山東雪花實業有限公司(「山東雪花」)，已獲有關當局授予為期五十年的土地使用權，分別於二零四二年、二零五五年及二零五六年屆滿。銀行借貸以賬面值388,000美元的土地使用權作為抵押(二零零五年：無)(附註34)。

7. Property, plant and equipment

7. 物業、廠房及設備

		Construction in progress 在建工程	Properties 物業	Plant and machinery 廠房	Office equipment and other fixed assets 辦公室 設備及其他 固定資產	Motor vehicles 汽車	Total 合計
At 1 January 2005	二零零五年一月一日						
Cost	成本	6,090	68,033	307,861	27,851	7,778	417,613
Accumulated depreciation	累積折舊	–	(25,093)	(147,336)	(25,745)	(5,590)	(203,764)
Net book amount	賬面淨額	6,090	42,940	160,525	2,106	2,188	213,849
Year ended 31 December 2005	截至二零零五年 十二月三十一日止年度						
Opening net book amount	期初賬面淨額	6,090	42,940	160,525	2,106	2,188	213,849
Exchange differences	匯兌差額	–	101	254	10	9	374
Acquisition of a subsidiary	收購一間附屬公司	–	288	330	15	1	634
Additions	添置	15,355	4,792	162	573	96	20,978
Transfer	轉讓	(15,719)	2,935	11,089	1,657	38	–
Reclassification from inventories	存貨再分類	6,004	–	31	–	–	6,035
Disposals	出售	(101)	–	(302)	(3)	(10)	(416)
Depreciation	折舊	–	(3,385)	(20,484)	(836)	(562)	(25,267)
Closing net book amount	期末賬面淨額	11,629	47,671	151,605	3,522	1,760	216,187
At 31 December 2005	二零零五年十二月三十一日						
Cost	成本	11,629	76,174	318,783	30,054	7,778	444,418
Accumulated depreciation	累積折舊	–	(28,503)	(167,178)	(26,532)	(6,018)	(228,231)
Net book amount	賬面淨額	11,629	47,671	151,605	3,522	1,760	216,187
Year ended 31 December 2006	截至二零零六年 十二月三十一日止年度						
Opening net book amount	期初賬面淨額	11,629	47,671	151,605	3,522	1,760	216,187
Exchange differences	匯兌差異	–	290	319	12	10	631
Additions	添置	8,070	2,017	10,858	526	526	21,997
Transfer	轉讓	(18,703)	3,073	13,444	2,169	17	–
Disposals	出售	–	–	(8)	(48)	(25)	(81)
Depreciation	折舊	–	(3,766)	(21,942)	(812)	(526)	(27,046)
Closing net book amount	期末賬面淨額	996	49,285	154,276	5,369	1,762	211,688
At 31 December 2006	二零零六年十二月三十一日						
Cost	成本	996	81,593	343,495	32,687	8,069	466,840
Accumulated depreciation	累積折舊	–	(32,308)	(189,219)	(27,318)	(6,307)	(255,152)
Net book amount	賬面淨額	996	49,285	154,276	5,369	1,762	211,688

Notes to the Consolidated Financial Statements (continued)

財務報表附註(續)

7. Property, plant and equipment (continued)

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

7. 物業、廠房及設備(續)

本集團以若干物業、廠房及設備作抵押，以取得本集團的短期及長期銀行借貸如下：

		2006 US\$'000 千美元	2005 US\$'000 千美元
Net book value of pledged property, plant and equipment (Note 34)	已抵押物業、廠房及設備賬面淨值(附註34)	41,520	50,341

Depreciation expense of US\$21,060,000 (2005: US\$20,441,000) has been charged in cost of sales, US\$42,000 (2005: US\$52,000) in selling and distribution expenses and US\$760,000 (2005: US\$625,000) in administrative expenses.

折舊支出21,060,000美元(二零零五年：20,441,000美元)、42,000美元(二零零五年：52,000美元)和760,000美元(二零零五年：625,000美元)已分別於銷售成本、銷售及分銷開支以及行政開支中扣除。

8. Intangible assets**8. 無形資產**

		Group 本集團				Company 本公司
		Goodwill 商譽 US\$'000 千美元	Brand name 品牌 US\$'000 千美元	Trademarks 商標 US\$'000 千美元	Total 合計 US\$'000 千美元	Trademarks 商標 US\$'000 千美元
At 1 January 2005	二零零五年一月一日	6,859	—	—	6,859	—
Additions (Note 33(a)(iii))	添置(附註33(a)(iii))	1,142	—	12,089	13,231	12,089
Exchange differences	匯兌差異	158	—	—	158	—
Amortisation for the year	年內攤銷	—	—	(1,007)	(1,007)	(1,007)
At 31 December 2005	二零零五年十二月三十一日	8,159	—	11,082	19,241	11,082
At 1 January 2006	二零零六年一月一日	8,159	—	11,082	19,241	11,082
Transfer from goodwill	轉讓自商譽	(1,142)	1,142	—	—	—
Exchange differences	匯兌差異	209	—	—	209	—
Amortisation for the year	年內攤銷	—	(114)	(1,209)	(1,323)	(1,209)
At 31 December 2006	二零零六年十二月三十一日	7,226	1,028	9,873	18,127	9,873

Amortisation is included in administrative expenses.

攤銷列入行政開支。

8. Intangible assets (continued)**Impairment tests for goodwill**

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

8. 無形資產（續）**商譽減值測試**

本集團因應經營所在國家及業務類別，按所識別之賺取現金單位分配商譽。

		The PRC 中國	Vietnam 越南		Total 合計
		MSG packing 味精及 調味料包裝 US\$'000 千美元	Starch production 澱粉製造 US\$'000 千美元	MSG packing 味精包裝 US\$'000 千美元	
At 31 December 2006	二零零六年十二月三十一日	6,496	—	730	7,226
At 31 December 2005	二零零五年十二月三十一日	6,287	1,142	730	8,159

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

Key assumptions used for value-in-use calculations

Gross margin	13.3% – 14.4%
Growth rate	0.0% – 3.0%
Discount rate	10.4%

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

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

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

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

用以計算使用價值之主要假設：

毛利	13.3%-14.4%
增長率	0.0%-3.0%
折現率	10.4%

該等假設用於分析業務分部內各賺取現金單位。

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

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

9. Investments in subsidiaries

9. 對附屬公司投資

		2006 US\$'000 千美元	2005 US\$'000 千美元
Unlisted shares, at cost	非上市股份(按成本)	170,390	170,390
Long-term loan granted to a subsidiary	授予一間附屬公司長期貸款	—	12,000
		170,390	182,390

The following is a list of the principal subsidiaries at 31 December 2006:

下列為於二零零六年十二月三十一日的主要附屬公司：

Name 名稱	Place/country of incorporation 註冊成立 地點／國家	Principal activities and place of operation 主要業務及 營運地點	Particulars of issued share capital 已發行 股本詳情	Interest held 持有權益
<i>Directly held:</i> 直接持有：				
Winball Investment Limited	British Virgin Islands ("BVI") 英屬處女群島	Investment holding in Hong Kong 在香港投資控股	US\$100 Ordinary shares 100美元普通股	100%
Talent Top Investment Ltd.	BVI 英屬處女群島	Investment holding in Hong Kong 在香港投資控股	US\$100 Ordinary shares 100美元普通股	100%
<i>Indirectly held:</i> 間接持有：				
Burghley Enterprise Pte., Ltd.	Singapore 新加坡	Investment holding in Singapore 在新加坡投資控股	S\$106,067,921 Ordinary shares 106,067,921新加坡元 普通股	100%
Ordino Investments Pte., Ltd.	Singapore 新加坡	Investment holding in Singapore 在新加坡投資控股	S\$34,944,929 Ordinary shares 34,944,929新加坡元 普通股	100%
Vedan (Vietnam) Enterprise Corporation Limited 味丹(越南)股份有限公司	Vietnam 越南	Manufacture and sale of fermentation-based food additives and biochemical products and cassava starch-based industrial products including MSG, GA, modified starch, glucose syrup, soda and acid in Vietnam and for export 在越南製造及銷售發酵食品添加劑、 生化產品及木薯澱粉工業產品， 包括味精、穀氨酸、化工澱粉， 葡萄糖漿、梳打及酸並銷售出口	US\$118,300,000 Legal capital 118,300,000美元 法定股本	100%

9. Investments in subsidiaries (continued)**9. 對附屬公司投資（續）**

Name 名稱	Place/country of incorporation 註冊成立 地點／國家	Principal activities and place of operation 主要業務及 營運地點	Particulars of issued share capital 已發行 股本詳情	Interest held 持有權益
Mao Tai Foods (Xiamen) Co., Ltd. 茂泰食品（廈門）有限公司	PRC 中國	Packaging and sale of MSG and beverages in the PRC 在中國包裝及銷售味精及飲料	US\$20,270,000 Registered capital 20,270,000美元 註冊資本	100%
Orsan Vietnam Co., Ltd.	Vietnam 越南	Packaging and sale of MSG in Vietnam 在越南包裝及銷售味精	US\$1,838,282 Legal capital 1,838,282美元 法定股本	100%
Shandong Vedan Snowflake Enterprise Co., Ltd. ⁽ⁱ⁾ 山東雪花實業有限公司 （「山東雪花」） ⁽ⁱ⁾	PRC 中國	Manufacture and sale of MSG in the PRC 在中國生產及銷售味精	US\$12,000,000 Registered capital 12,000,000美元 註冊資本	70%
Shanghai Vedan Enterprise Co. Ltd. ⁽ⁱ⁾ 上海味丹企業有限公司 ⁽ⁱ⁾	PRC 中國	Packaging and sale of MSG in the PRC 在中國包裝及銷售味精	US\$9,800,000 Registered capital 9,800,000美元 註冊資本	100%
Veyu Enterprise Co., Ltd	Vietnam 越南	Manufacture and sale of cassava starch-based industrial products in Vietnam and for export 在越南製造及銷售木薯澱粉 工業產品並銷售出口	US\$2,300,000 Legal capital 2,300,000美元 法定股本	100%
Xiamen Darong Import & Export Trade Co., Ltd. ⁽ⁱ⁾ 廈門大容進出口貿易有限公司 ⁽ⁱ⁾	PRC 中國	Trading of cassava starch-based industrial products in the PRC 在中國買賣木薯澱粉工業產品	US\$254,000 Registered capital 254,000美元 註冊資本	100%

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

(i) 此等為根據中國法律註冊的中外合資或全外資企業。

10 Due from subsidiaries

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand except for the loan granted to a subsidiary of US\$10,500,000 (2005: US\$12,000,000 which was classified under investments in subsidiaries (Note 9) due to its long term nature) which is interest-free for the period from 1 August 2004 to 31 December 2006 and interest will be charged at SIBOR for the period from 1 January 2007 to 31 July 2007, the date of maturity.

10. 應收附屬公司款項

應收附屬公司款項為無抵押及免息，且於催繳時償還，惟給予附屬公司之貸款10,500,000美元（二零零五年：12,000,000美元，有關款項已分類為附屬公司之投資，此乃由於其長期性質）由二零零四年八月一日至二零零六年十二月三十一日期間為免息貸款，而於二零零七年一月一日至二零零七年七月三十一日（到期日）利息將按新加坡銀行同業拆息計算。

11 Held-to-maturity financial assets

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

11. 持有至到期之金融資產

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

12. Trade receivables

12. 應收貿易賬款

		2006 US\$'000 千美元	2005 US\$'000 千美元
Trade receivables from third parties	應收第三方貿易賬款	37,787	33,542
Trade receivables from related parties (Note 33(c))	應收有關連人士貿易賬款 (附註33(c))	363	2,287
		38,150	35,829

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

應收貿易賬款的信貸期由貨到付現至120天，而應收貿易賬款的賬齡分析如下：

		2006 US\$'000 千美元	2005 US\$'000 千美元
Current	即期	22,634	23,063
30-90 days	30至90天	14,917	11,760
91-180 days	91至180天	458	305
181-365 days	181至365天	141	60
Over 365 days	365天以上	—	641
		38,150	35,829

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

本集團有大量客戶分散世界各地，因此其應收貿易賬款的信貸並不集中。管理層相信除本集團之應收貿易賬款本身已提撥之收賬損失以外，概無其他額外信貸風險。

The Group has recognized a gain of US\$109,000 for the reversal of the impairment of its trade receivables during the year ended 31 December 2006 (2005: a gain of US\$87,000 for the reverse of the impairment of its trade receivables). The amount has been included in administrative expenses in the income statement.

本集團於截至二零零六年十二月三十一日止年度就撥回應收貿易賬款減值確認109,000美元收益(二零零五年：應收貿易賬款減值沖回收益87,000美元)。該款項已包括入損益表的行政開支內。

12. Trade receivables (continued)

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

		2006 US\$'000 千美元	2005 US\$'000 千美元
Vietnam Dong	越南盾	22,148	18,638
US dollar	美元	13,678	12,953
PRC Renminbi	人民幣	2,324	4,238
		38,150	35,829

12. 應收貿易賬款(續)

本集團應收貿易賬款的賬面值按以下貨幣計值：

13. Inventories

		2006 US\$'000 千美元	2005 US\$'000 千美元
Spare parts and consumables	零件及消耗品	2,975	3,228
Raw materials	原料	28,992	31,104
Work-in-progress	在製品	3,781	4,004
Finished products	製成品	29,772	13,657
		65,520	51,993

13. 存貨**14. Cash and cash equivalents**

Bank balances totaling US\$16,437,000 as at 31 December 2006 (2005: US\$25,314,000) were placed with banks in the PRC and Vietnam. The remittance of these funds out of the PRC and Vietnam is subject to the exchange restrictions imposed by the PRC and Vietnamese governments.

The Group's cash and cash equivalents are denominated in the following currencies:

14. 現金及現金等價物

於二零零六年十二月三十一日，銀行結餘合共16,437,000美元(二零零五年：25,314,000美元)已存入中國及越南的銀行。該等資金匯出中國及越南須遵守中國及越南政府的外匯管制措施。

本集團現金及現金等價物按以下貨幣計值：

		Group 本集團		Company 本公司	
		2006 US\$'000 千美元	2005 US\$'000 千美元	2006 US\$'000 千美元	2005 US\$'000 千美元
Vietnam Dong	越南盾	5,276	4,954	—	—
US dollar	美元	7,267	17,973	713	2,163
PRC Renminbi	人民幣	4,627	4,571	—	1
HK dollar	港元	65	349	65	349
Taiwan dollar	台幣	47	140	47	140
		17,282	27,987	825	2,653

15. Share capital

15. 股本

		Authorised ordinary shares 法定普通股		
		Par value US\$ 面值美元	Number of shares 股份數目	US\$'000 千美元
At 31 December 2005 and at 31 December 2006	二零零五年十二月三十一日及 二零零六年十二月三十一日	0.01	10,000,000,000	100,000

		Issued and fully paid ordinary shares 法定普通股		
		Par value US\$ 面值美元	Number of shares 股份數目	US\$'000 千美元
At 31 December 2005 and at 31 December 2006	二零零五年十二月三十一日及 二零零六年十二月三十一日	0.01	1,522,742,000	15,228

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

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

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

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

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

(b) 根據首次公開售股前購股權計劃（「首次公開售股前購股權計劃」），董事會可酌情向本集團及其附屬公司任何董事或僱員授出購股權，賦予彼等權利認購本公司股份。二零零三年六月十三日，董事會根據首次公開售股前購股權計劃分別向本公司董事及本集團僱員授出24,500,000份及5,270,000份購股權。該等購股權自二零零四年六月十三日至二零零八年六月十二日期間可根據首次公開售股前購股權計劃的條款行使。

15. Share capital (continued)**(b) (continued)**

11,270,000 share options were exercised in September 2004. There was no other exercise of share options for the current and previous years. 500,000 share options were cancelled during the year (2005: Nil). Pre-IPO share options outstanding as at 31 December 2006 are as follows:

15. 股本(續)**(b) (續)**

於二零零四年九月，11,270,000份購股權獲行使。於本年度及過往年度，並無購股權行使。於本年度，500,000份購股權被註銷(二零零五年：無)。截至二零零六年十二月三十一日，尚未行使的首次公開售股前購股權的條款如下：

Held by 由以下人士持有	Exercise Price 行使價	Number of options 購股權數目
Directors 董事	HK\$0.801 0.801港元	18,000,000

16. Reserves**(a) Group****16. 儲備****(a) 本集團**

		Share premium 股份溢價 US\$'000 千美元	Exchange reserve 匯兌儲備 US\$'000 千美元	(Note) Merger reserve 合併儲備 (註) US\$'000 千美元	Retained earnings 保留盈利 US\$'000 千美元	Total 合計 US\$'000 千美元
At 1 January 2005	二零零五年一月一日	47,358	3,628	79,994	88,313	219,293
Profit for the year	本年度盈利	-	-	-	7,947	7,947
Dividends	已付股息	-	-	-	(9,955)	(9,955)
Exchange translation differences	匯兌差額	-	542	-	-	542
At 31 December 2005	二零零五年十二月三十一日	47,358	4,170	79,994	86,305	217,827
Representing: 2005 Final dividend proposed Others	即： 建議派付的二零零五年末期股息 其他				1,708 84,597	
Retained earnings as at 31 December 2005	二零零五年十二月三十一日 的保留盈利				86,305	
At 1 January 2006	二零零六年一月一日	47,358	4,170	79,994	86,305	217,827
Profit for the year	本年度盈利	-	-	-	10,915	10,915
Dividends	股息	-	-	-	(4,734)	(4,734)
Exchange translation differences	匯兌差額	-	1,026	-	-	1,026
At 31 December 2006	二零零六年十二月三十一日	47,358	5,196	79,994	92,486	225,034
Representing: 2006 Final dividend proposed Others	即： 建議派付的二零零六年末期股息 其他				2,432 90,054	
Retained earnings as at 31 December 2006	二零零六年十二月三十一日 的保留盈利				92,486	

16. Reserves (continued)**(a) Group (continued)**

Note:

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

(b) Company**16. 儲備(續)****(a) 本集團(續)**

註：

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

(b) 本公司

		Exchange reserve 匯兌儲備 US\$'000 千美元	Share premium 股份溢價 US\$'000 千美元	Retained earnings 保留盈利 US\$'000 千美元	Total 合計 US\$'000 千美元
At 1 January 2005	二零零五年一月一日	10	194,098	12,865	206,973
Profit for the year	本年度盈利	—	—	35	35
Dividends	股息	—	—	(9,955)	(9,955)
Exchange translation differences	匯兌差額	(18)	—	—	(18)
At 31 December 2005	二零零五年十二月三十一日	(8)	194,098	2,945	197,035
Representing:	即：				
2005 Final dividend proposed	建議派付的二零零五年末期股息			1,708	
Others	其他			1,237	
Retained earnings as at 31 December 2005	二零零五年十二月三十一日 的保留盈利			2,945	
At 1 January 2006	二零零六年一月一日	(8)	194,098	2,945	197,035
Profit for the year	本年度盈利	—	—	12,704	12,704
Dividends	股息	—	—	(4,734)	(4,734)
Exchange translation differences	匯兌差額	4	—	—	4
At 31 December 2006	二零零六年十二月三十一日	(4)	194,098	10,915	205,009
Representing:	即：				
2006 Final dividend proposed	建議派付的二零零六年末期股息			2,432	
Others	其他			8,483	
Retained earnings as at 31 December 2006	二零零六年十二月三十一日 的保留盈利			10,915	

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

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

17. Trade payables

The ageing analysis of trade payables is as follows:

		2006 US\$'000 千美元	2005 US\$'000 千美元
Current	即期	15,299	18,161
30-90 days	30至90天	1,804	359
91-180 days	91至180天	9	—
181-365 days	181至365天	4	—
		17,116	18,520

The carrying amounts of the Group's trade payables are denominated in the following currencies:

本集團應付貿易賬款的賬面值按以下貨幣計值：

		2006 US\$'000 千美元	2005 US\$'000 千美元
Vietnam Dong	越南盾	6,684	5,721
US dollar	美元	9,145	11,927
PRC Renminbi	人民幣	1,287	872
		17,116	18,520

18. Bank borrowings**18. 銀行貸款**

		Group 本集團		Company 本公司	
		2006 US\$'000 千美元	2005 US\$'000 千美元	2006 US\$'000 千美元	2005 US\$'000 千美元
Long-term bank borrowings	長期銀行貸款				
– secured (Note 34)	— 有抵押(附註34)	32,498	38,052	—	—
Current portion of long-term bank borrowings	長期銀行貸款之即期部份	(11,162)	(8,346)	—	—
		21,336	29,706	—	—
Short-term bank borrowings	短期銀行貸款				
– secured (Note 34)	— 有抵押(附註34)	4,421	500	—	—
– unsecured	— 無抵押	36,399	41,101	8,612	13,400
		40,820	41,601	8,612	13,400

18. Bank borrowings (continued)

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

18. 銀行貸款(續)

本集團的長期銀行貸款須於以下期間償還：

		Group 本集團		Company 本公司	
		2006 US\$'000 千美元	2005 US\$'000 千美元	2006 US\$'000 千美元	2005 US\$'000 千美元
Within one year	一年	11,162	8,346	—	—
Between 1 and 2 years	一至二年	10,506	10,465	—	—
Between 2 and 5 years	二至五年	10,830	19,241	—	—
		32,498	38,052	—	—

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

受利率變化影響的本集團貸款及約定重新訂價日期如下：

		Within 1 month 一個月內 US\$'000 千美元	1 – 3 months 一至三個月 US\$'000 千美元	3 – 6 months 三至六個月 US\$'000 千美元	6-12 months 六至十二個月 US\$'000 千美元	Total 合計 US\$'000 千美元
At 31 December 2005	二零零五年十二月					
Total borrowings	三十一日貸款總額	30,785	27,825	21,043	—	79,653
At 31 December 2006	二零零六年十二月					
Total borrowings	三十一日貸款總額	31,880	17,811	22,346	1,281	73,318

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

受利率變化影響的本公司貸款及約定重新訂價日期如下：

		Within 1 month 一個月內 US\$'000 千美元	1 – 3 months 一至三個月 US\$'000 千美元	Total 合計 US\$'000 千美元
At 31 December 2005	二零零五年十二月			
Total borrowings	三十一日貸款總額	—	13,400	13,400
At 31 December 2006	二零零六年十二月			
Total borrowings	三十一日貸款總額	5,300	3,312	8,612

18. Bank borrowings (continued)

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

		2006 PRC			2005 PRC	
		US\$ 美元	Renminbi 人民幣	Taiwan dollar 台幣	US\$ 美元	Renminbi 人民幣
Bank borrowings	銀行貸款	7.2%	6.7%	4.6%	5.7%	—

18. 銀行貸款（續）

於結算日期，本集團實際年利率如下：

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

於結算日期，本公司實際年利率如下：

		2006		2005	
		US\$ 美元	Taiwan dollar 台幣	US\$ 美元	Taiwan dollar 台幣
Bank borrowings	銀行貸款	5.3%	4.6%	3.7%	—

The carrying amounts of bank borrowings approximate their fair value.

銀行貸款的賬面金額約為其公平價值。

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

銀行貸款的賬面金額按以下貨幣計值：

		Group 本集團		Company 本公司	
		2006 US\$'000 千美元	2005 US\$'000 千美元	2006 US\$'000 千美元	2005 US\$'000 千美元
US dollar	美元	70,385	79,653	7,600	13,400
PRC Renminbi	人民幣	1,921	—	—	—
Taiwan dollar	台幣	1,012	—	1,012	—
		73,318	79,653	8,612	13,400

19. Deferred income tax

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

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

		2006 US\$'000 千美元	2005 US\$'000 千美元
At 1 January	一月一日	12,026	12,059
Charged to income statements (Note 23)	在損益表扣除(附註23)	(577)	(33)
At 31 December	十二月三十一日	11,449	12,026

Provided for in respect of:

撥備有關於：

		2006 US\$'000 千美元	2005 US\$'000 千美元
Accelerated tax depreciation	加速稅項折舊	12,017	12,700
Other temporary differences	其他暫時差額	(568)	(674)
		11,449	12,026

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

本年度遞延所得稅資產及負債(未抵銷相同徵稅司法權區的結餘前)的變動如下：

Deferred income tax liabilities**遞延所得稅負債**

		Accelerated tax depreciation 加速稅項折舊	
		2006 US\$'000 千美元	2005 US\$'000 千美元
At 1 January	一月一日	12,700	12,831
Credited to income statements	在損益表扣除	(683)	(131)
At 31 December	十二月三十一日	12,017	12,700

19. Deferred income tax (continued)**Deferred income tax assets**

		Other temporary differences 其他暫時差額	
		2006 US\$'000 千美元	2005 US\$'000 千美元
At 1 January	一月一日		
Charged to income statements	扣除損益表	(674)	(772)
		106	98
At 31 December	十二月三十一日	(568)	(674)

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

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

20. Turnover

- (a) The Group manufacture and sell fermentation-based food additives, biochemical products and cassava starch-based industrial products including modified starch, glucose syrup, MSG, soda, acid and beverages. Turnover recognised for the years ended 31 December 2006 and 2005 is US\$290,695,000 and US\$257,904,000 respectively.

(b) Other gains-net**19. 營業額**

- (a) 本集團製造及銷售發酵食品添加劑、生化產品及木薯澱粉產品，包括化工澱粉、葡萄糖漿、味精、梳打、酸及飲料。截至二零零六年及二零零五年十二月三十一日止年度的經確認營業額分別為290,695,000美元及257,904,000美元。

(b) 其他收益淨值

		2006 US\$'000 千美元	2005 US\$'000 千美元
Net exchange gain	外匯收益淨值	38	73
Net loss from sale of electricity	出售電力淨虧損	(94)	(175)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	(58)	(395)
Sale of scrap materials	廢料銷售	334	406
Interest income from held-to-maturity financial assets	持有至到期之金融資產的利息收入	251	189
Operating lease rental income	經營租約租金收入	—	264
Tax refund on reinvestment	再投資的退回稅項	—	1,231
Technology support income	技術支援收入	941	—
Others	其他	776	1,314
		2,188	2,907

21. Expenses by nature

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

21. 按性質分類的開支

銷售成本、售賣及分銷開支及行政開支所包括的開支分析如下：

		2006 US\$'000 千美元	2005 US\$'000 千美元
Changes in inventories of finished goods and work in progress	製成品和在製品存貨變動	15,892	2,361
Raw materials and consumables used	已用原料和消耗品	190,941	186,171
Amortisation of trademarks	商標攤銷	1,209	1,007
Amortisation of land use rights	土地使用權攤銷	125	24
Auditors' remuneration	核數師酬金	256	208
Depreciation on property, plant and equipment	物業、廠房及設備折舊	27,046	25,267
Operating leases expenses in respect of leasehold land	有關租賃土地經營租約的開支	125	119
Employee benefit expenses (Note 27)	僱員福利開支(附註27)	15,799	13,420
Other expenses	其他開支	20,897	18,022
Total cost of sales, selling and distribution expenses and administrative expenses	銷售成本、售賣及分銷開支及行政開支總額	272,290	246,599

22. Finance costs**22. 融資成本**

		2006 US\$'000 千美元	2005 US\$'000 千美元
Interest expense on bank borrowings	銀行貸款利息開支	5,498	3,806
Amortisation of discount on long-term payable to a related party	長期應付 — 有關連人士的折讓攤銷	585	471
Interest income	利息收入	(252)	(305)
		5,831	3,972

23. Taxation

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

		2006 US\$'000 千美元	2005 US\$'000 千美元
Enterprise income tax ("EIT")	企業所得稅(「企業所得稅」)	4,004	2,326
Under provision of income tax in previous years	過往年度所得稅撥備不足	264	—
Deferred income tax (Note 19)	遞延所得稅(附註19)	(577)	(33)
Withholding tax	預扣稅	136	—
		3,827	2,293

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

本集團未計所得稅前盈利的所得稅與倘若採用本集團主要附屬公司一味丹(越南)股份有限公司(「越南味丹」)的適用稅率而計算的理論稅款的差額如下：

		2006 US\$'000 千美元	2005 US\$'000 千美元
Profit before taxation	除稅前盈利	14,762	10,240
Calculated at taxation rate of 15% (2005: 15%)	按稅率15%計算 (二零零五年：15%)	2,214	1,536
Income not subject to income tax	毋須繳納所得稅之收入	(136)	—
Expenses not deductible for tax purposes	不可扣減的評稅開支	1,251	1,102
Under provision of income tax in previous years	過往年度撥備不足	264	—
Tax losses for which no deferred income tax asset was recognised	無確認遞延所得稅資產的稅損	98	—
Utilisation of previously unrecognised tax losses	使用以前未確認的稅損	—	(345)
Taxation charge	稅項支出	3,691	2,293

Deferred income tax assets are recognised in respect of tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of US\$2,210,000 (2005: US\$2,150,000) to carry forward against future taxable income. These tax losses will expire from one to five years.

遞延所得稅資產乃因應相關稅務利益可透過未來應課稅溢利變現而就所結轉的稅損作確認。本集團有未確認稅損2,210,000美元(二零零五年：2,150,000美元)可結轉以抵銷未來應課稅收入。該等稅損將於一年至五年間到期。

23. Taxation (continued)**Enterprise income tax ("EIT")****(i) Vietnam**

EIT is provided on the basis of the statutory profit for financial reporting purposes, adjusted for income and expenses items which are not assessable or deductible for income tax purposes. The applicable EIT rates for the Group's operation in Vietnam range from 10% to 25%, as stipulated in the respective subsidiaries' investment licenses.

(ii) The PRC

EIT is provided on the basis of the statutory profit for financial reporting purposes, adjusted for income and expenses items which are not assessable or deductible for income tax purposes. The applicable EIT rate for the Group's operation in the PRC range from 18% to 33%.

Xiamen Maotai, Shanghai Vedan and Shandong Snowflake are entitled to full exemption from EIT for the first two years and 50% reduction in EIT for the next three years, commencing from the first profitable year after offsetting all unexpired tax losses carried forward from the previous years. Shanghai Vedan and Shandong Snowflake have already triggered their first profitable year.

(iii) Singapore/Hong Kong

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

(iv) Taiwan

EIT is provided on the basis of the statutory profit for financial reporting purposes, adjusted for income and expenses items which are not assessable or deductible for income tax purposes. The applicable EIT rate for the Group's operation in Taiwan is 25%.

23. 稅項(續)**企業所得稅****(i) 越南**

企業所得稅按財務申報的法定盈利計算，且就所得稅的毋須課稅或不可扣減的收支項目作出調整。本集團在越南的業務相關企業所得稅率介乎10%至25%，按附屬公司各自的投資許可證所規定。

(ii) 中華人民共和國(「中國」)

企業所得稅按財務申報的法定盈利計算，且就所得稅的毋須課稅或不可扣減的收支項目作出調整。本集團在中國的業務相關企業所得稅率介乎18%至33%。

廈門茂泰、上海味丹、山東雪花自抵銷過往年度結轉之所有未到期稅項虧損後之首個獲利年度起，於首兩年有權享有企業所得稅全數豁免，並於其後三年獲寬減50%企業所得稅。上海味丹及山東雪花已開始其首個獲利年度。

(iii) 新加坡／香港

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

(iv) 台灣

企業所得稅按財務申報的法定盈利計算，且就所得稅的毋須課稅或不可扣減的收支項目作出調整。本集團在台灣業務相關企業所得稅率為25%。

24. Profit attributable to shareholders

The profit attributable to shareholders is dealt with in the consolidated financial statements of the Company to the extent of US\$12,704,000 (2005: US\$35,000).

24. 股東應佔盈利

計入本公司綜合財務報表的股東應佔盈利為12,704,000美元(二零零五年: 35,000美元)。

25. Dividends**25. 股息**

		2006 US\$'000 千美元	2005 US\$'000 千美元
2006 Interim dividend of 0.200 US cents (2005: 0.201 US cents) per ordinary share, paid	已付二零零六年中期股息 每股普通股0.200美仙 (二零零五年：0.201美仙)	3,026	3,060
2006 Final dividend of 0.158 US cents (2005: 0.112 US cents) per ordinary share, proposed	建議派發二零零六年末期股息 每股普通股0.158美仙 (二零零五年：0.112美仙)	2,432	1,708
		5,458	4,768

26. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of US\$10,915,000 (2005: US\$7,947,000) by 1,522,742,000 (2005: 1,522,742,000) ordinary shares in issue during the period (Note 15).

26. 每股盈利

每股基本盈利按本公司股權持有人應佔盈利10,915,000美元(二零零五年: 7,947,000美元)除以年內已發行普通股1,522,742,000(二零零五年: 1,522,742,000股)計算(附註15)。

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

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

26. Earnings per share (continued)**26. 每股盈利(續)**

		2006 US\$'000 千美元	2005 US\$'000 千美元
Profit attributable to equity holders of the Company	本公司股權持有人應佔盈利	10,915	7,947
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數(以千計)	1,522,742	1,522,742
Adjustments for outstanding share options (thousands)	尚未行使購股權調整(以千計)	2,431	5,701
Weighted average number of ordinary shares for diluted earnings per share (thousands)	每股攤薄盈利之已發行普通股加權平均數(以千計)	1,525,173	1,528,443
Diluted earnings per share (US cents per share)	每股攤薄盈利(每股美仙)	0.72	0.52

27. Employee benefit expenses (including directors' remuneration)**27. 僱員成本(包括董事薪酬)**

		2006 US\$'000 千美元	2005 US\$'000 千美元
Wages, basic salaries and allowances	工資、底薪及津貼	13,266	11,468
Bonuses	花紅	917	557
Pension costs – defined contribution plans	退休金成本 – 定額供款計劃	796	654
Other employee benefits	其他僱員福利	820	741
		15,799	13,420

28. Employee retirement benefits

As stipulated by rules and regulations in the PRC, the Group contributes to state-sponsored defined contribution retirement plans for its employees in Xiamen, Shandong and Shanghai, the PRC. The Group contributes to the plans at rates ranging from 8% to 22% of the basic salaries predetermined by local governments. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees. For the year ended 31 December 2006, the Group has contributed approximately US\$153,000 (2005: US\$115,000) to the aforesaid state-sponsored retirement plans.

As stipulated by rules and regulation in Vietnam, the Group contributes to stated-sponsored employees' social insurance scheme for its employees in Vietnam. The Group contributes to the scheme at a rate of 15% of the employee's salary. The state-sponsored social insurance scheme is responsible for the entire obligations payable to retired employees. For the year ended 31 December 2006, the Group has contributed approximately US\$539,000 (2005: US\$415,000) to the aforesaid state-sponsored social insurance scheme.

29. Emoluments of directors and senior management

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

		2006 US\$'000 千美元	2005 US\$'000 千美元
Fees	袍金	—	—
Basic salaries and allowances	底薪及津貼	1,421	1,418
Discretionary bonuses	酌情發放的花紅	873	523
		2,294	1,941

28. 僱員退休福利

根據中國的規則及法例，本集團為中國廈門、山東及上海僱員向國家營辦的定額供款退休計劃作出供款。本集團對該等計劃的供款率為當地政府指定底薪的8%至22%。國家營辦的退休計劃負責向退休僱員支付所有退休福利。截至二零零六年十二月三十一日止年度，本集團向上述國家營辦的退休計劃供款約153,000美元(二零零五年：115,000美元)。

根據越南的規則及法例，本集團為越南僱員向國家營辦的僱員社會保險計劃作出供款。本集團按僱員薪金的15%向計劃作出供款。國家營辦的社會保險計劃負責為退休僱員提供所有保障。截至二零零六年十二月三十一日止年度，本集團向上述國家營辦的社會保險計劃供款約539,000美元(二零零五年：415,000美元)。

29. 董事及高級管理層的薪酬

- (a) 本年度本集團向本公司董事已付及應付的薪酬總額如下：

29. Emoluments of directors and senior management (continued)**(a) (continued)**

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

29. 董事及高級管理層的薪酬(續)**(a) (續)**

本公司董事的薪酬介乎以下範圍：

		Number of directors 董事數目	
		2006	2005
Nil to HK\$1,000,000 (approximately US\$128,000)	零至1,000,000港元 (約128,000美元)	6	5
HK\$1,000,001 to HK\$2,500,000 (approximately US\$128,001 to US\$320,000)	1,000,001港元至2,500,000港元 (約128,001美元至 320,000美元)	2	2
HK\$2,500,001 to HK\$3,000,000 (approximately US\$320,001 to US\$384,000)	2,500,001港元至3,000,000港元 (約320,001美元至 384,000美元)	1	2
HK\$3,500,001 to HK\$4,000,000 (approximately US\$448,001 to US\$513,000)	3,500,001港元至4,000,000港元 (約448,001美元至 513,000美元)	1	—
HK\$5,000,001 to HK\$5,500,000 (approximately US\$641,001 to US\$705,000)	5,000,001港元至5,500,000港元 (約641,001美元至 705,000美元)	—	1
HK\$7,000,001 to HK\$7,500,000 (approximately US\$897,001 to US\$960,000)	7,000,001港元至7,500,000港元 (約897,001美元至 960,000美元)	1	—
		11	10

None of the directors of the Company waived any emoluments during the year (2005: Nil).

本年度本公司董事並無放棄任何薪酬(二零零五年：無)。

29. Emoluments of directors and senior management (continued)

(a) (continued)

The remuneration of the directors of the Company for the year ended 31 December 2006 is set out below:

29. 董事及高級管理層的薪酬（續）

(a) （續）

截至二零零六年十二月三十一日止年度本公司董事的薪酬載列如下：

Name of Director 董事姓名		Fees 袍金 US\$'000 千美元	Salary 薪金 US\$'000 千美元	Discretionary bonuses 酌情發放花紅 US\$'000 千美元	Other benefits(i) 其他福利(i) US\$'000 千美元	Total 合計 US\$'000 千美元
Executive Director	執行董事：					
Mr. Yang, Tou-Hsiung	楊頭雄先生	—	363	583	13	959
Mr. Yang, Cheng	楊正先生	—	200	250	13	463
Mr. Yang, Kun-Hsiang	楊坤祥先生	—	312	20	13	345
Mr. Yang, Chen-Wen	楊辰文先生	—	201	10	13	224
Mr. Wang, Joel J.	王肇樹先生	—	219	10	13	242
Non-executive Director	非執行董事：					
Mr. Chou, Szu-Cheng (Note (ii))	周賜程先生 (附註(ii))	—	—	—	9	9
Mr. Huang, Ching-Jung	黃景榮先生	—	—	—	13	13
Mr. Lam, Tuan (Note (ii))	林俊先生 (附註(ii))	—	—	—	3	3
Independent non-executive Director	獨立非執行董事：					
Mr. Chao, Pei-Hong	趙培宏先生	—	—	—	12	12
Ms. Chuang, Shu-Fen	莊淑芬女士	—	—	—	12	12
Mr. Ko, Jim-Chen	柯俊禎先生	—	—	—	12	12
Total	合計	—	1,295	873	126	2,294

29. Emoluments of directors and senior management (continued)

(a) (continued)

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

29. 董事及高級管理層的薪酬(續)

(a) (續)

截至二零零五年十二月三十一日止年度本公司董事的薪酬載列如下：

Name of Director 董事姓名		Fees 袍金 US\$'000 千美元	Salary 薪金 US\$'000 千美元	Discretionary bonuses 酌情發放花紅 US\$'000 千美元	Other benefits(i) 其他福利(i) US\$'000 千美元	Total 合計 US\$'000 千美元
Executive Director	執行董事：					
Mr. Yang, Tou-Hsiung	楊頭雄先生	—	363	314	13	690
Mr. Yang, Cheng	楊正先生	—	200	157	13	370
Mr. Yang, Kun-Hsiang	楊坤祥先生	—	312	24	13	349
Mr. Yang, Chen-Wen	楊辰文先生	—	200	14	13	227
Mr. Wang, Joel J.	王肇樹先生	—	217	14	13	244
Non-executive Director	非執行董事：					
Mr. Huang, Ching-Jung	黃景榮先生	—	—	—	13	13
Mr. Lam, Tuan	林俊先生	—	—	—	12	12
Independent non-executive Director	獨立非執行董事：					
Mr. Chao, Pei-Hong	趙培宏先生	—	—	—	12	12
Ms. Chuang, Shu-Fen	莊淑芬女士	—	—	—	12	12
Mr. Ko, Jim-Chen	柯俊禎先生	—	—	—	12	12
Total	合計	—	1,292	523	126	1,941

Notes:

- (i) Other benefits include travelling allowance.
- (ii) Mr. Chou, Szu-Cheong was appointed as non-executive director of the Company while Mr. Lam, Tuan resigned during the year.

附註：

- (i) 其他福利包括差旅津貼。
- (ii) 於本年度周賜程獲委任為本公司獨立非執行董事，而林俊先生辭任。

29. Emoluments of directors and senior management (continued)

- (b) The five individuals whose emoluments were the highest in the Group for both years were also directors and their emoluments are reflected in the analysis presented above.
- (c) During the year, no emoluments have been paid to the directors of the Company or the five highest paid individuals of the Group as an inducement to join or as compensation for loss of office.

Details of the share options outstanding as at 31 December 2006 which have been granted to the Directors of the Group under the Pre-IPO Share Option Scheme are as follows:

29. 董事及高級管理層的薪酬(續)

- (b) 本集團兩個年度內最高薪酬的五位人士均為董事，彼等的酬金已載於上文分析內。
- (c) 本年度並無向本公司董事或本集團五位最高薪酬人士支付酬金，作為招攬加入本集團的獎勵或離職補償。

於二零零六年十二月三十一日根據首次公開售股前購股權計劃授予董事而尚未行使的購股權詳情如下：

Directors 董事	Number of options Held as at 31 December 2005 and 31 December 2006 購股權數目		Exercise price 行使價	Date of grant 授出日期	Exercise period 行使期間
	二零零五年三十一日及 二零零六年十二月三十一日持有				
Mr. YANG, Tou-Hsiung 楊頭雄先生	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		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		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		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

30. Cash generated from operations**30. 經營業務所得現金**

		2006 US\$'000 千美元	2005 US\$'000 千美元
Profit before income tax	未計所得稅前盈利	14,762	10,240
Adjustments for:	就以下項目調整：		
Finance costs – net (Note 22)	融資成本淨額(附註22)	5,246	3,501
Interest received from held-to-maturity financial assets	已收持有至到期金融資產的利息	(251)	(191)
Amortisation of discount on long-term payable to a related party	長期應付 — 有關連人士的折讓攤銷	585	471
Depreciation of property, plant and equipment (Note 7)	物業、廠房及設備折舊(附註7)	27,046	25,267
Amortisation of trademarks and brand name (Note 8)	商標及品牌攤銷(附註8)	1,323	1,007
Amortisation of land use rights (Note 6)	土地使用權攤銷(附註6)	125	24
Loss on disposal of property, plant and equipment (see below)	出售物業、廠房及設備虧損(見下文)	58	395
		48,894	40,714
Change in working capital (excluding the effects of acquisition and exchange difference on consolidation)	營運資金變動(未計收購影響及綜合產生的匯兌差異)		
– Inventories	– 存貨	(13,527)	(12,715)
– Trade receivables, prepayments and other receivables	– 應收貿易賬款、預付款項及其他應收款項	(2,346)	(3,680)
– Trade payables, accruals and other payables	– 應付貿易賬款、應計費用及其他應付款項	(2,879)	5,900
– Amounts due to related parties	– 應付有關連人士款項	(16)	81
Cash generated from operations	經營業務所得現金	30,126	30,300

30. Cash generated from operations (continued)

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

		2006 US\$'000 千美元	2005 US\$'000 千美元
Net book amount (Note 7)	賬面淨值(附註7)	81	416
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	(58)	(395)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	23	21

30. 經營業務所得現金(續)

在現金流量表內，出售物業、廠房及設備所得款項如下：

31. Commitments**(a) Capital commitments for property, plant and equipment**

		2006 US\$'000 千美元	2005 US\$'000 千美元
Contracted but not provided for	已訂約但未撥備	211	12,836
Authorised but not contracted for	已授權但未訂約	14,823	34,751

31. 承擔**(a) 物業、廠房及設備的資本承擔****(b) Lease commitments**

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

		2006 US\$'000 千美元	2005 US\$'000 千美元
Not later than one year	第一年內	118	109
Later than one year and not later than five years	第二至第五年內	466	436
Later than five years	第五年後	3,299	3,107
		3,883	3,652

(b) 租約承擔

本集團根據土地的不可撤銷經營租約而須於未來支付的最低租約承擔總額如下：

32. Contingent liabilities

As at 31 December 2006, the Company has given guarantees for bank borrowings of subsidiaries amounting to US\$172,404,000 (2005: US\$93,000,000) of which US\$116,341,000 has not been utilised.

32. 或然負債

於二零零六年十二月三十一日，本公司為附屬公司提供銀行借貸之擔保達172,404,000美元（二零零五年：93,000,000美元），其中116,341,000美元尚未動用。

33. Related party transactions

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

33. 有關連人士交易

(a) 在本集團日常業務中與有關連人士進行的重大交易如下：

	Note 附註	2006 US\$'000 千美元	2005 US\$'000 千美元
Sale of goods to Taiwan Vedan	(i)	4,085	9,801
Trademark license fee paid to Tung Hai Fermentation Industrial Co. Ltd. ("Tung Hai")	(ii)	—	289
Technological support fee paid to Tung Hai and Taiwan Vedan	(ii)	2,422	2,604
Technological support fee received from Taiwan Vedan		20	80
Acquisition of land use right and properties from Shanghai Vedan Foods		—	5,377
Commission income from Taiwan Vedan in connection with Agency Agreement	(ii)	73	104
Assignment of trademarks from Tung Hai and Taiwan Vedan	(iii)	—	12,089

33. Related party transactions (continued)

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

Notes:

- (i) In the opinion of the directors of the Company, sales to the related party were conducted in the normal course of business at prices and terms no less favourable than those charged to and contracted with other third party customers of the Group.
- (ii) In the opinion of the directors of the Company, the transactions were carried out in the ordinary course of business and the fees are charged in accordance with the terms of underlying agreements.
- (iii) On 13 June 2003, the Company entered into a trademark assignment agreement with Taiwan Vedan and Tung Hai, pursuant to which each of Taiwan Vedan and Tung Hai agree 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 member 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.

(b) Key management compensation**33. 有關連人士交易（續）**

- (a) 在本集團日常業務中與有關連人士進行的重大交易如下：（續）

附註：

- (i) 本公司董事認為向有關連人士銷售是在日常業務中進行，且價格及條款不遜於本集團與其他第三者客戶交易所支付及訂立的價格及條款。
- (ii) 本公司董事認為該等交易在日常業務中進行，並且根據相關協議的條款收費。
- (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項商標轉讓協議。據此，台灣味丹及東海各自同意向本公司轉讓彼等各自以台灣味丹及東海名義於越南、中國及若干東盟國家註冊之商標中之全部權利、所有權及權益。

於二零零五年，大致上已完成該等商標之所有權轉讓及註冊事宜，故該等商標乃披露認為無形資產。

(b) 主要管理人員酬金

	2006 US\$'000 千美元	2005 US\$'000 千美元
Salaries and other short-term employee benefits	2,233	1,880
薪金及其他短期員工福利		

33. Related party transactions (continued)**(c) Balances with related parties**

As at 31 December 2006, the Group had the following significant balances with related parties:

	Note 附註	2006 US\$'000 千美元	2005 US\$'000 千美元
Current:			
Trade receivable from related parties (Note 12)	(i)		
– Shanghai Vedan Foods		4	633
– Taiwan Vedan		359	1,654
		363	2,287
Due to Taiwan Vedan	(i)	258	274
Non-current:			
Due to Taiwan Vedan in connection with assignment of trademarks	(ii)	11,023	12,560

Notes:

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

33. 有關連人士交易(續)**(c) 有關連人士的結餘**

於二零零六年十二月三十一日，本集團與有關連人士有以下重大結餘。

附註：

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

34. Banking facilities

The Group's bank borrowings of US\$36,919,000 (2005: US\$38,552,000) as at 31 December 2006 were secured by:

- (i) legal charges over certain of the Group's property, plant and equipments and land use rights with the net book value of approximately US\$41,908,000 (2005: US\$50,341,000); and
- (ii) corporate guarantee provided by the Company.

34. 銀行信貸

本集團於二零零六年十二月三十一日的銀行借貸36,919,000美元（二零零五年：38,552,000美元）以下列各項作為抵押：

- (i) 本集團賬面淨值約41,908,000美元（二零零五年50,341,000美元）的若干物業、廠房及設備和土地使用權的法定抵押；及
- (ii) 本公司提供的公司擔保。

Five Year Financial Summary

五年財務概要

Consolidated Results For The years ended 31 December

截至十二月三十一日止年度綜合業績

		2006 US\$'000 千美元	2005 US\$'000 千美元	2004 US\$'000 千美元	2003 US\$'000 千美元	2002 US\$'000 千美元
Consolidated Result Turnover	綜合業績 營業額	290,695	257,904	224,976	203,797	182,790
Profit before taxation	除稅前盈利	14,762	10,240	29,887	26,194	19,469
Taxation	稅項	(3,827)	(2,293)	(5,553)	(4,115)	(3,060)
Profit for the year and attributable to equity holders of the Company	本年度盈利及本公司股權持有人應佔盈利	10,915	7,947	24,334	22,079	16,409

Consolidated Assets And Liabilities As at 31 December

於十二月三十一日綜合資產及負債

		2006 US\$'000 千美元	2005 US\$'000 千美元	Restated 經重列 2004 US\$'000 千美元	2003 US\$'000 千美元	2002 US\$'000 千美元
Assets and liabilities	資產及負債					
Total assets	資產總額	367,458	371,340	337,269	313,033	318,739
Total liabilities	負債總額	(123,474)	(134,685)	(102,748)	(87,910)	(148,349)
Total equity	權益總額	243,984	236,655	234,521	225,123	170,390

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

附註：截至二零零四年十二月三十一日止年度的若干比較數字經已重列，以反映採納新訂／經修訂香港財務報告準則。截至二零零二年及二零零三年十二月三十一日止二個年度的比較數字並無重列，因董事認為這會導致不必要的延誤及費用。

Shareholder Information

股東資料

Listing : Main Board of
The Stock Exchange of
Hong Kong Limited ("HKEx")

Stock Code

HKEx : 2317
Access to Bloomberg : 2317 HK Equity
Access to Reuters : 2317.HK
Board Lot : 4,000
Par Value : US\$0.01
Trading Currency : HKD

上市 : 於香港聯合交易所有限
公司主板上市(「聯交所」)

股份代號

聯交所 : 2317
彭博版面 : 2317 HK Equity
路透社版面 : 2317.HK
買賣單位 : 4,000
面值 : 0.01 美元
交易貨幣 : 港元

Financial Calendar 2006

Financial year ended 31 December, 2006
Full year results announced 20 March, 2007
Register of members closed 22–25 May, 2007

Annual general meeting 15 May, 2007
Despatch of dividend warrants on or about
5 June 2007
Interim results to be announced In the 4th week of
August, 2007*

* subject to change

Final Dividend

The board recommends the payment of a final dividend of 0.158 US cents per share in respect of the year ended 31 December, 2006. Subject to shareholders' par approval, the final dividend will be paid in cash to shareholders whose names appear on the register of members of the Company on 25 May, 2007.

Dividend warrants will be despatched to shareholders on or about 5 June, 2007.

The register of members will be closed from 22–25 May, 2007, both dates inclusive. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars not later than 21 May, 2007.

二零零六年財務行事曆

全年業績結算 二零零六年十二月三十一日
全年業績公佈 二零零七年三月二十日
股份暫停登記 二零零七年五月二十二日
至二十五日
股東週年大會 二零零七年五月十五日
寄發股息單 約／在二零零七年
六月五日
中期業績公佈 二零零七年八月
第四個星期*

* 有待確定

末期股息

董事會建議派發截至二零零六年十二月三十一日止年度之末期股息每股0.158美仙。待股東批准後，末期股息將以現金派付予二零零七年五月二十五日名列本公司股東名冊之股東。

股息單將於二零零七年六月五日或該日前後寄予股東。

本公司將於二零零七年五月二十二至二十五日(首尾兩日包括在內)暫停辦理股份過戶登記手續。股東如欲獲取擬派之末期股息，須於二零零七年五月二十一日前將所有填妥之過戶表格連同有關股票送交本公司之香港股份過戶登記分處。

Shareholder Information (continued)

股東資料 (續)

Shareholder Services

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

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

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

股東服務

任何有關股份過戶及登記之查詢，請聯絡本公司之香港股份過戶登記分處：

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

持有本公司股票之人士，若更改地址，請盡快通知本公司之香港股份過戶登記分處。

The Group has been professional and truthful in maintaining optimum contact and all-round communication with investors. The approach enables it to collect information and valuable opinions from investors and disclose in a timely manner the Group's business strategies and directions. In doing so, the Group hopes to perfect corporate governance and strengthen investor confidence.

During the year under review, the management team met with investors regularly in Hong Kong and proactively provided investors with the latest information about the Group and its business to help them make the best investment decisions.

Since listed on the Stock Exchange of Hong Kong, the Group has organized interim and annual results announcement investor presentations in Hong Kong during which key management personnel would explain to investors the Group's latest operational situations and development focus.

During the year under review, the Group held a number of investor meetings and teleconferences with international investment institutions such as JP Morgan, Credit Suisse, Value Partners, CLSA, Manulife Assets Management and Mega Capital in Hong Kong, Taiwan and Singapore.

The Group maintains close relationship with both local and overseas investors. During the year, it had arranged for more than 60 Taiwanese investors to visit its Vietnam manufacturing plant. It was invited by the Hong Kong Exchanges and Clearing Limited to join an investor conference held in Taiwan, which served as a platform for the Group to expand its investor base.

Apart meetings with investors, the Group's annual reports, interim reports and announcements are also available on its website. Investors thus have full access to the latest information of the Group on the website which is also an effective channel of communication with the investor community. The Company website address is: <http://www.vedaninternational.com>

Vedan welcomes all opinions and suggestions from investors. The e-mail address of our investor relations department is vdi@vedaninternational.com. For enquiries relating to investor relations, please contact:

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

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

集團一直以來均以專業及坦誠的態度與投資者保持充分及良好的溝通，以便收集更多訊息及寶貴意見，並在適當時候，披露有關集團的業務策略及發展方向，期望在企業管治上力臻完善，鞏固投資者的信心。

於回顧年度內，集團管理層均定期來港與投資者會面，並積極及主動向投資者發佈最新資訊及業務消息，讓投資者作出最佳的投資決定。

於香港聯交所上市至今，每當公佈中期業績及全年業績時，集團的主要管理層均會出席在香港舉行的投資者簡報會，解釋集團最新的業務情況及發展方向。

於回顧年度內，集團曾與多家國際知名的投資機構如摩根士丹利、瑞信、惠理基金、里昂證券、宏利資產管理、兆豐資本等分別在香港、台灣及新加坡舉行了多次投資者會議及電話會議。

集團積極與海內／外投資者保持緊密聯繫。於回顧期內，集團安排逾六十多名台灣投資者前往越南參觀廠房，並獲香港交易所邀請出席於台灣舉行之投資者會議，以擴闊投資者基礎。

此外，集團的年報、中期業績報告及通告均上載至集團網站，此舉不但可讓投資者充分掌握集團的最新資訊，也可利用網站與投資者保持溝通。公司網址為：<http://www.vedaninternational.com>。

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

縱橫財經公關顧問有限公司
香港金鐘夏慤道18號海富中心第1期
29樓A室

電話：(852) 2527 0490
傳真：(852) 2804 2789



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中國福建省廈門市同安區同集北路568號
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