

Chairman's Statement

In the first half of 2007, despite the relatively stable material prices, MSG continued to face international price competition. Nevertheless, by placing priority emphasis on boosting profit before turnover and exerting its best in maintaining selling price of its products, controlling costs and enhancing production efficiency, both the Group's turnover and profit grew, the former moderately and the latter rather notably.

The Group's turnover for the first half of 2007 increased by 3.7% against the last corresponding period, while profit leaped a remarkable 32.1%. All core products delivered satisfactory performance, with GA, modified starch and specialty chemicals reporting particularly strong growth in sales of 20%, 51.9% and 15.7% respectively. Geographically, the Group's major markets, including Vietnam, China and ASEAN countries, reported sales growth by approximately 3.7%, 20% and 14% respectively compared with the last corresponding period, while the Japan market shrank due to drop in lysine sales.

Sales in China increased substantially in the first half year. However, with corn price increasing, Shandong Vedan Snowflake Enterprise Co., Ltd. had to shoulder increased material costs for GA and MSG, which suppressed its profit. As for the Group's Shanghai plant, it had begun to see the fruits of its two years' efforts to develop modified starch products. The Group has set up a distribution network for the products and started to register returns. The management believes the business has huge potential with demand for processed food rising among consumers in China.

Carbohydrate sourcing is critical to the sustainable growth of the Group in the years to come. Apart from focusing on gaining access to more raw material sources in the first half year, the Group also brought in a batch of experienced professionals to join its management team in May this year. Among them are agricultural gurus from the Taiwan International Cooperation and Development Fund with doctorate and master's degrees who have worked with overseas counterparts on different projects. These professionals have assisted the Group in expanding the scope of the sugar beet trial cultivation in Vietnam and introduced sweet Sorghum bicolor, which boasts exceptional cost effectiveness as a raw material, to the Group, thus giving the Group more complementary raw material choices and bigger cost competitiveness. The management is convinced that the Group will be able to effectively control the quantities and prices of main raw materials in the foreseeable future, which will translate into tangible gain for the Group in terms of production cost and profit.

主席報告書

味丹國際在2007年上半年的營運，雖然原料價格已較穩定，但國際味精價格的競爭仍相當激烈，然而，集團仍秉持獲利優先為原則，努力地維持產品售價、控制成本與提升生產效率，致使營收雖然相較去年同期僅略有增加，但獲利卻有明顯幅度的成長。

集團2007年上半年之營收雖較2006年同期僅提升3.7%，盈利卻大幅增長32.1%。集團主要產品的業務多有不錯的表現，尤其是谷氨酸、變性澱粉及特用化學品的銷售各有20%、51.9%、15.7%顯著的增加。以區域市場來看，相較去年同期、除日本市場因賴氨酸銷售減少而衰退外，集團在各主要市場，越南、中國與東盟國家等主要市場的業績都較去年約有3.7%、20%與14%的成長。

中國市場在上半年整體的銷售成績有明顯的增長。但因國內玉米價格高漲，致使山東味丹雪花廠所生產的谷氨酸及味精之原料成本上揚，獲利受到壓縮。雖然如此，上海廠所生產的食品用變性澱粉在近兩年來的耕耘，逐漸開花結果，銷售網路與業績已漸漸拓展開來。經營層相信以中國消費市場對食品加工的需求，此業務在中國市場將有大幅成長的潛力。

鑑於糖質原料的掌控，將是決定集團未來永續發展成功與否的重要關鍵指標之一。除在上半年持續致力於掌握更多糖源供應之主軸外，今年五月份已引進一批學有專精農業高級幹部加入經營團隊，是中華民國國際合作發展基金會團長級、具博士、碩士學位，曾派駐國外主導農業合作開發多年經驗的農業專業人員，這一批專精的農業幹部，除延續擴大越南試種植熱帶甜菜之面積外，並已引進低成本、高效率之甜高粱，已收成一次，效果比預期好，再加上河靜木薯澱粉廠，將使集團的原料更多元化，對原料來源與成本更具有互補性與競爭力。經營層相信在不久的將來，集團即可掌控原料的數量與主導原料的價格，對生產成本與獲利將逐漸顯現實質效益。

Chairman's Statement

Outlook for the second half year

After Vietnam's formal accession to the World Trade Organization early this year, her economy has been thriving. In addition to continuing to develop existing products and ride on our established distribution network and well-recognized brand in Vietnam and ASEAN countries to realize fully our strengths in production and sales, we will also seize opportunities in relation to new product development. Armed with strong core competence, we will explore and develop different high value-added products to prepare the Group for taking its business to the next level.

In the China market, the Group will seek to fortify the distribution network of its plants in Shanghai, Xiamen and Shandong, and step up expansion of modified starch business which is expected to bring more revenue in the coming half year. Heeding the overall business environment in the PRC, the Group expects to complete moving the MSG facilities from Xiamen to Shandong in the second half year, so as to strengthen and perfect the plant's overall fermentation and production capacities. Provided that raw material supplies are going to stay stable and at low cost, the Shandong plant is going to become a major base of the Group for growing its business and sales in the China market.

The Group has been attentive regarding R&D direction and execution. It has continuously reported good progress in new product development and improving the efficiency of different production processes. Apart from the efforts of its own R&D team, the Group is also negotiating with some advanced international bio-chemical companies on projects in relation to development of new products or innovative production technology. Our hope is to constantly improve product technology and production efficiency and create more high value-added products to enrich our diverse offerings.

Our staff at all levels will actively and carefully implement the Group's plans. We are confident that, as our technological capabilities improve and we continue to push forward our business strategies, our profit will continue to grow. At the same time, 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.

By order of the Board
Yang, Tou-Hsiung
Chairman

Hong Kong, 20 September 2007

主席報告書

展望下半年

越南於今年初正式加入世界貿易組織(WTO)，各項經濟活動正蓬勃展開。集團對此除積極耕耘我們現有的各項產品，藉由在越南與東盟國家已穩固的行銷網絡及品牌知名度，鞏固並發揮產銷的優勢外，將更積極地接洽相關的新產品與商機，利用既有的核心基礎，以期開拓更廣、更高附加價值的新產品，為集團事業能再創新另一個高峰而佈局。

2007年下半年在中國市場之開展，除持續耕耘上海廠、廈門廠與山東廠各項產品於當地市場的通路經營外，將更加強食品應用變性澱粉業務的拓展，預計下半年將可增添更高的營業成績。同時，因應中國載體的環境，在下半年由廈門廠遷往山東廠的味精製設備將裝置完成，以強化山東廠整體之醱酵與精製的運轉產能，如能輔以充分且低成本原料價格的配合時，將使山東廠成為集團在中國市場拓展與產銷的重要據點。

集團也相當重視研發的方向與執行，無論是開發各種新產品或改善各項製程的效率，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，也正與數家國際性先進之生化公司，洽談開發新產品或創新的製程技術，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。

集團各級同仁將繼續以積極的態度與審慎的做法來落實各項計劃；我們也有信心，在各項技術提升與業務策略的推展下，集團的盈利將逐步回升。但更進一步地，集團也將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。

承董事會命
 主席
楊頭雄

香港，二零零七年九月二十日