

Notes to the Condensed Consolidated Accounts

簡明綜合賬目附註

For the six months ended 30 June 2004 截至二零零四年六月三十日止六個月

1. Basis of preparation and accounting policies

These unaudited condensed consolidated accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, "Interim Financial Reporting," issued by the Hong Kong Society of Accountants.

These condensed accounts should be read in conjunction with the 2003 annual accounts.

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the preparation of the accounts for the year ended 31 December 2003.

2. Turnover and revenue

The Group is principally engaged in the manufacture and sale of fermentation-based food additives and biochemical products and cassava starch-based industrial products including modified starch, glucose syrup, Monosodium Glutamate ("MSG"), soda and acid, and beverages. Revenues recognised during the period are as follows:

1. 編製基準及會計政策

該等未經審核簡明綜合賬目乃根據香港會計師公會頒佈之會計實務準則（「會計準則」）第25號「中期財務申報」編製。

該等簡明賬目應與二零零三年年報一併閱覽。

編製該等中期賬目所採用之會計政策及方法與編製截至二零零三年十二月三十一日止年度之賬目所採用者一致。

2. 營業額及收益

本集團主要從事發酵食品添加劑、生化產品及木薯澱粉產品，包括化工澱粉、葡萄糖漿、味精、梳打、酸及飲料之製造及銷售。於有關期間內之經確認收益如下：

		Six months ended 30 June 截至六月三十日止六個月	
		2004 US\$'000 千美元	2003 US\$'000 千美元
Turnover	營業額		
Sale of goods	貨品銷售	109,439	94,756
Other revenues	其他收益		
Net (loss)/income from sale of electricity	出售電力淨(虧損)/收入	(80)	284
Interest income	利息收入	162	47
Sale of scrap materials	廢料銷售	83	120
		165	451
Total revenues	總收益	109,604	95,207

Notes to the Condensed Consolidated Accounts (continued)

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For the six months ended 30 June 2004 截至二零零四年六月三十日止六個月

3. Operating profit

Operating profit is stated after crediting and charging the following:

		Six months ended 30 June 截至六月三十日止六個月	
		2004 US\$'000 千美元	2003 US\$'000 千美元
Crediting	計入		
Net exchange gains	滙兌收益淨額	–	40
Charging	扣除		
Cost of inventories	存貨成本	72,065	70,792
Amortisation of goodwill (included in administrative expenses)	商譽攤銷 (已計入行政開支)	54	54
Depreciation on fixed assets	固定資產折舊		
– Owned fixed assets	– 自置固定資產	11,717	11,574
– Leased fixed assets	– 租賃之固定資產	–	631
Operating leases in respect of land and buildings	有關土地及樓宇之 經營租賃	51	40
Loss on disposal of fixed assets	出售固定資產虧損	374	24
Net exchange losses	滙兌差額	195	–
Staff costs	員工成本	6,242	3,206

3. 經營盈利

經營盈利在計入及扣除下列各項後列示：

4. Taxation

Taxation charged to the consolidated profit and loss accounts represents:

		Six months ended 30 June 截至六月三十日止六個月	
		2004 US\$'000 千美元	2003 US\$'000 千美元
Enterprise income tax (note (a))	企業所得稅(附註(a))	3,068	1,282
Deferred taxation (note 12)	遞延稅項(附註12)	493	456
		3,561	1,738

4. 稅項

綜合損益表內的稅項包括：

Notes to the Condensed Consolidated Accounts (continued)

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For the six months ended 30 June 2004 截至二零零四年六月三十日止六個月

4. Taxation (continued)

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

		Six months ended 30 June 截至六月三十日止六個月	
		2004 US\$'000 千美元	2003 US\$'000 千美元
Profit before taxation	除稅前盈利	19,238	11,665
Calculated at taxation rate of 15% (2003: 15%)	以稅率15%(二零零三年: 15%)計算	2,886	1,750
Expenses not deductible for tax purposes	不可扣減之評稅開支	675	27
Utilisation of previously unrecognised tax losses	使用以往未確認之稅項虧損	-	(39)
Taxation charge	稅項支出	3,561	1,738

4. 稅項 (續)

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

(a) 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 15% to 20%, as stipulated in the respective subsidiaries' investment licenses.

(ii) People's Republic of China (the "PRC")

EIT is provided on the basis of the statutory profit for financial reporting purposes, adjusted for income and expenses items which are not assessable or deductible for income tax purposes. The applicable EIT rate for the Group's operation in the PRC range from 18% to 27%.

(a) 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，並為所得稅中不用課稅或不可扣減之收支項目而調整。本集團在越南的業務的適用企業所得稅率介乎15%至20%之間，按附屬公司之各自投資許可證所規定。

(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，並為所得稅中不用課稅或不可扣減之收支項目而調整。本集團在中國的業務的適用企業所得稅率為18%至27%。

Notes to the Condensed Consolidated Accounts (continued)

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For the six months ended 30 June 2004 截至二零零四年六月三十日止六個月

4. Taxation (continued)

(a) Enterprise income tax ("EIT") (continued)

(iii) Singapore/Hong Kong

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

(b) Value-added tax ("VAT")

The subsidiaries registered and operate in Vietnam and the PRC are subject to output VAT on the sales or transfer of goods. The applicable output VAT rates for the Group's operations in Vietnam range from 5% to 10%. The applicable output VAT rate for the Group's operations in the PRC is 17%. Input VAT paid on purchases of raw materials (excluding fixed assets) can be used to offset the output VAT levied on sales to determine the net VAT payable. VAT on exports is exempt.

5. Dividends

4. 稅項 (續)

(a) 企業所得稅 (續)

(iii) 新加坡／香港

由於本集團於本期間並無產生自或源自新加坡／香港之應課稅盈利，故並無就新加坡／香港利得稅作出撥備。

(b) 增值稅

於越南及中國註冊及經營之附屬公司須就銷售或轉讓貨品繳納銷項增值稅。本集團在越南的業務的適用銷項增值稅率介乎5%至10%之間。本集團在中國的業務之適用銷項增值稅率為17%。於採購原材料(不包括固定資產)時繳納之進項增值稅可用作抵銷因銷售而須繳納之銷項增值稅，以釐定應付之增值稅淨額。出口增值稅已獲豁免。

5. 股息

		Six months ended 30 June 截至六月三十日止六個月	
		2004 US\$'000 千美元	2003 US\$'000 千美元
2003 Final dividend of 0.555 US cents (2002 Final dividend: 0.666 US cents) per ordinary share, paid	已付二零零三年末期股息 每股普通股0.555美仙 (二零零二年末期股息：0.666美仙)	8,395	5,762
Preference dividend – redeemable convertible cumulative preference shares ("RCCPS")	優先股股息 — 可贖回 可換股累計優先股	–	344
		8,395	6,106
2004 Interim dividend of 0.506 US cents (2003 Interim dividend: 0.321 US cents) per ordinary share, proposed	建議派發二零零四年中期股息 每股普通股0.506美仙 (二零零三年中期股息：0.321美仙)	7,650	4,852
		16,045	10,958

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For the six months ended 30 June 2004 截至二零零四年六月三十日止六個月

6. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of US\$15,677,000 (2003: US\$9,927,000) less preference dividends of Nil (2003: US\$344,000).

The basic earnings per share is based on the weighted average number of 1,511,472,000 (2003: 1,017,740,417) ordinary shares in issue during the period. In determining the weighted average number of ordinary shares in issue for the six months ended 30 June 2003, a total of 1,017,740,417 ordinary shares were deemed to be in issue since 1 January 2003 after taking into consideration of the capitalisation issue on 27 June 2003.

The calculation of diluted earnings per share is based on the Group's profit attributable to shareholders of US\$15,677,000 (2003: US\$9,927,000). The diluted earnings per share for the six months ended 30 June 2004 is based on 1,541,242,000 ordinary shares which is the weighted average number of ordinary shares of 1,511,472,000 plus the weighted average number of ordinary shares deemed to be issued at no consideration as if all outstanding pre-IPO share options had been exercised. The diluted earnings per share for the six months ended 30 June 2003 is based on 1,158,338,276 ordinary shares which is the weighted average number of ordinary shares of 1,017,740,417, after taking into consideration of the effect of the capitalisation issue on 27 June 2003, plus (i) the weighted average number of ordinary shares deemed to be issued as if all outstanding RCCPS had been converted into ordinary shares and (ii) the weighted average number of ordinary shares deemed to be issued at no consideration as if all outstanding pre-IPO share options had been exercised.

6. 每股盈利

每股基本盈利乃以本集團的股東應佔盈利15,677,000美元(二零零三年: 9,927,000美元)扣除優先股股息零美元(二零零三年: 344,000美元)後計算。

每股基本盈利乃根據期內已發行普通股的加權平均數1,511,472,000股(二零零三年: 1,017,740,417股)計算。在釐定截至二零零三年六月三十日止六個月已發行普通股的加權平均數時, 乃計及於二零零三年六月二十七日進行的資本化發行後, 合共1,017,740,417股普通股視為二零零三年一月一日起已發行。

每股攤薄盈利乃根據股東應佔盈利15,677,000美元(二零零三年: 9,927,000美元)計算。截至二零零四年六月三十日止六個月之每股攤薄盈利乃根據1,541,242,000股普通股計算, 即普通股加權平均數1,511,472,000股, 加上假設所有尚未行使之首次公開售股前購股權已獲行使而視作以無償方式發行之普通股加權平均數。截至二零零三年六月三十日止六個月之每股攤薄盈利乃根據1,158,338,276股普通股, 即1,017,740,417股普通股之加權平均數, 計及於二零零三年六月二十七日進行之資本化發行之影響後, 加上(i)假設所有未贖回的可贖回可轉換累計優先股已兌換為普通股而被視作已發行普通股之加權平均數, 以及(ii)假設所有尚未贖回首次公開招股購股權已獲行使而被視作以無償方式發行之普通股之加權平均數。

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For the six months ended 30 June 2004 截至二零零四年六月三十日止六個月

7. Capital expenditure

		Intangible assets 無形資產 US\$'000 千美元	Fixed assets 固定資產 US\$'000 千美元
Opening net book amount as at 1 January 2004	於二零零四年一月一日 承前的賬面淨值	838	203,233
Additions	添置	-	2,713
Disposals	出售	-	(374)
Amortisation/depreciation charge	攤銷/折舊費用	(54)	(11,717)
Closing net book amount as at 30 June 2004	於二零零四年六月三十日 結轉的賬面淨值	784	193,855

7. 資本支出

8. Trade receivables

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

8. 應收貿易賬款

應收貿易賬款之信貸期從貨到付款至120天不等，應收貿易賬款之賬齡分析如下：

		As at 30 June 於 六月三十日 2004 US\$'000 千美元	As at 31 December 於 十二月三十一日 2003 US\$'000 千美元
Current	即期	17,717	17,784
30- 90 days	30 — 90天	9,598	4,994
90- 180 days	90 — 180天	361	1,560
180- 360 days	180 — 360天	318	746
		27,994	25,084

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9. Prepayments and other receivables

Included in prepayments and other receivables as at 30 June 2004 is a deposit of US\$5 million paid to Shanghai Vedan Foods Company Limited ("Shanghai Vedan Foods") in connection with the Business Acquisition Agreement dated 6 May 2004. Details of which are set out in note 16(c).

10. Trade payables

The ageing analysis of trade payables is as follows:

		As at 30 June 於 六月三十日 2004 US\$'000 千美元	As at 31 December 於 十二月三十一日 2003 US\$'000 千美元
Current	即期	10,758	5,882
30– 90 days	30 — 90天	1,452	1,170
90– 180 days	90 — 180天	4	144
180– 360 days	180 — 360天	48	1,809
		12,262	9,005

11. Long-term liabilities

Long-term bank loans– secured 長期銀行貸款— 有抵押
Current portion of long-term liabilities 長期負債之即期部份

19,532 24,273

9. 預付款項及其他應收款項

於二零零四年六月三十日，計入預付款項及其他應收款項為支付予上海味丹食品有限公司（「上海味丹食品」）之按金5,000,000美元，有關按金乃關於日期為二零零四年五月六日的業務收購協議。該協議之詳情載於附註16(c)。

10. 應付貿易賬款

應付貿易賬款之賬齡分析如下：

11. 長期負債

	As at 30 June 於 六月三十日 2004 US\$'000 千美元	As at 31 December 於 十二月三十一日 2003 US\$'000 千美元
Long-term bank loans– secured	28,686	33,754
Current portion of long-term liabilities	(9,154)	(9,481)
	19,532	24,273

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11. Long-term liabilities (continued)

At 30 June 2004, the Group's bank loans were repayable as follows:

		As at 30 June 於 六月三十日 2004 US\$'000 千美元	As at 31 December 於 十二月三十一日 2003 US\$'000 千美元
Within one year	一年內	9,154	9,481
In the second year	第二年	8,536	9,480
In the third to fifth year	第三年至第五年	10,996	14,585
After the fifth year	第五年後	-	208
		28,686	33,754

12. Deferred taxation

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

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

		Six months ended 30 June 截至六月三十日 止六個月 2004 US\$'000 千美元	Year ended 31 December 截至 十二月三十一日 止年度 2003 US\$'000 千美元
At 1 January	於一月一日	11,580	10,770
Deferred taxation charged to profit and loss account	於損益賬扣除的 遞延稅項	493	810
At the end of the period/year	於期/年末	12,073	11,580
Provided for in respect of:	於下列事項撥備：		
Accelerated depreciation allowances	加速折舊免稅額	12,590	12,098
Other temporary differences	其他暫時差額	(517)	(518)
		12,073	11,580

11. 長期負債 (續)

於二零零四年六月三十日，本集團之銀行貸款之還款期如下：

12. 遞延稅項

遞延稅項乃根據負債法以本集團營運所在國家當時的主要稅率就所有暫時差額計算。

遞延稅項負債變動如下：

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12. Deferred taxation (continued)

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

		Accelerated tax depreciation	
		加速稅項折舊	
		Six months ended 30 June	Year ended 31 December
		截至六月三十日止六個月 2004	截至十二月三十一日止年度 2003
		US\$'000	US\$'000
		千美元	千美元
Deferred tax liabilities	遞延稅項負債		
At 1 January	於一月一日	12,098	11,135
Charged to profit and loss account	於損益賬扣除	492	963
At 30 June/31 December	於六月三十日/十二月三十一日	12,590	12,098

12. 遞延稅項 (續)

本期/年度遞延稅項資產及負債(未抵銷相同徵稅司法權區的結餘)的變動如下:

		Other temporary differences	
		其他暫時差額	
		Six months ended 30 June	Year ended 31 December
		截至六月三十日止六個月 2004	截至十二月三十一日止年度 2003
		US\$'000	US\$'000
		千美元	千美元
Deferred tax assets	遞延稅項資產		
At 1 January	於一月一日	(518)	(365)
Credited/(charged) to profit and loss account	在損益賬計入/(扣除)	1	(153)
At 30 June/31 December	於六月三十日/十二月三十一日	(517)	(518)

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13. Share capital

		Authorised Ordinary shares 法定普通股		
		Par value 面值	Number of shares 股份數目	US\$'000 千美元
At 31 December 2003 and at 30 June 2004	於二零零三年十二月三十一日 及二零零四年六月三十日	0.01	10,000,000,000	100,000
		Issue and fully paid Ordinary shares 已發行及繳足普通股		
		Par value 面值	Number of shares 股份數目	US\$'000 千美元
At 31 December 2003 and at 30 June 2004	於二零零三年十二月三十一日 及二零零四年六月三十日	0.01	1,511,472,000	15,115

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.

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

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

根據購股權計劃，董事會可酌情向本集團任何董事、僱員、業務夥伴或彼等的信託人授出購股權，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。本公司在本年度並無根據購股權計劃授出任何購股權。

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13. Share capital (continued)

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

Pre-IPO share options outstanding as at 30 June 2004 have the following terms:

		Exercise price 行使價	Number of options 購股權數目
Directors	董事	HK\$0.801港元	24,500,000
Employees	僱員	HK\$0.801港元	5,270,000

No share options were exercised or cancelled during the period.

13. 股本(續)

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

截至二零零四年六月三十日，尚未行使的首次公開售股前購股權的條款如下：

於期內概無行使或註銷購股權。

Notes to the Condensed Consolidated Accounts (continued)

簡明綜合賬目附註 (續)

For the six months ended 30 June 2004 截至二零零四年六月三十日止六個月

14. Segment analysis

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

(a) Business segment

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

(b) Geographical segments

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

14. 分部分析

分部資料就本集團之業務及地理分類而呈報。業務分部資料被選為主要呈報形式，原因是業務分部與本集團經營及財務決策有較密切的關係。

(a) 業務分部

本集團以單一業務進行經營，即生產及銷售各種發酵食品添加劑、生化產品及木薯澱粉工業產品，包括化工澱粉、葡萄糖漿、味精、蘇打、酸及飲料。

(b) 地理分部

以地理分部呈報資料時，以客戶所在地理位置區分分部收入。

		For the six months ended 30 June 截至六月三十日止六個月	
		2004 US\$'000 千美元	2003 US\$'000 千美元
Vietnam	越南	61,142	54,573
The PRC	中國	11,643	8,814
Japan	日本	26,078	23,102
Taiwan	台灣	1,991	3,357
ASEAN countries (other than Vietnam)	東盟國家(越南除外)	4,023	2,516
Other regions	其他地區	4,562	2,394
		109,439	94,756

Notes to the Condensed Consolidated Accounts (continued)

簡明綜合賬目附註 (續)

For the six months ended 30 June 2004 截至二零零四年六月三十日止六個月

15. Commitments

15. 承擔

(a) Capital commitments

(a) 資本承擔

(i) Fixed assets

(i) 固定資產

		As at 30 June 於 六月三十日 2004 US\$'000 千美元	As at 31 December 於 十二月三十一日 2003 US\$'000 千美元
Contracted but not provided for	已訂約但未撥備	14,449	6,273
Authorised but not contracted for	已批准但未訂約	6,189	19,386

(ii) Trademarks

(ii) 商標

Contracted but not provided for (note 17)	已訂約但未撥備(附註17)	16,217	17,143
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(iii) Other commitments

(iii) 其他承擔

Acquisition of MSG business, land and buildings and ancillary facilities from Shanghai Vedan Foods (note 16(c))	向上海味丹食品購入味精業務、土地及樓宇及附屬設施(附註16(c))	12,400	-
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Notes to the Condensed Consolidated Accounts (continued)

簡明綜合賬目附註 (續)

For the six months ended 30 June 2004 截至二零零四年六月三十日止六個月

15. Commitments (continued)

(b) Lease commitments

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

		As at 30 June 於 六月三十日 2004 US\$'000 千美元	As at 31 December 於 十二月三十一日 2003 US\$'000 千美元
Not later than one year	第一年內	83	80
Later than one year and not later than five years	第一年後至第五年內	332	320
Later than five years	第五年後	2,430	2,375
		2,845	2,775

16. Related party transactions

Parties are considered to be related if they have the ability, directly or indirectly, to control the parties or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or where the Group and the parties are subject to common control or common significant influence.

15. 承擔 (續)

(b) 租約承擔

本集團根據土地及樓宇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：

16. 有關連人士交易

倘另一方或多方有能力直接或間接控制另一方或對本集團的財務及經營決策施加重大影響(反之亦然)或本集團與另一方或多方同受一方控制，均被視為有關連人士。

Notes to the Condensed Consolidated Accounts (continued)

簡明綜合賬目附註 (續)

For the six months ended 30 June 2004 截至二零零四年六月三十日止六個月

16. 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:

16. 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：

		For the six months ended 30 June		
		截至六月三十日止六個月		
		2004	2003	
		US\$'000	US\$'000	
		千美元	千美元	
		Note		
		附註		
Sale of goods to	向下列公司銷售貨品	(i)		
– Vedan Enterprise Corporation	– 味丹企業股份有限公司			
("Taiwan Vedan")	(「台灣味丹」)		4,533	26,222
– Shanghai Vedan Foods	– 上海味丹食品		3,464	651
Sale of goods to certain customers in Japan	透過台灣味丹向若干			
through Taiwan Vedan	日本客戶銷售貨品	(ii)	–	23,102
Purchase of raw materials, spare parts and plant	向台灣味丹購買			
and machinery from Taiwan Vedan	原料、零件及機器	(iii)	–	427
Trademark license fee paid to	向東海醱酵工業股份有限公司			
Tung Hai Fermentation Industrial Co Ltd	(「東海」)及台灣味丹支付			
("Tung Hai") and Taiwan Vedan	商標特許費	(iv)	926	788
Technological support fee paid to Tung Hai	向東海及台灣味丹支付技術	(iv)	682	67
and Taiwan Vedan	支援費			
Interest income and commission income received	競投台灣食糖進口配額			
from Taiwan Vedan in connection with the	及在成功中標後將			
bidding of sugar importation quota in Taiwan	所獲配額轉讓予			
and to transfer the quota awarded to	台灣味丹之利息			
Taiwan Vedan upon successful bidding	及佣金收入	(v)	28	–

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

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

Notes to the Condensed Consolidated Accounts (continued)

簡明綜合賬目附註 (續)

For the six months ended 30 June 2004 截至二零零四年六月三十日止六個月

16. Related party transaction (continued)

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

(ii) The amounts represented sales made to certain customers in Japan through Taiwan Vedan up to 30 June 2003. Sales to the customers in Japan were made directly by the Group subsequent to 30 June 2003.

(iii) In the opinion of the directors of the Company, purchases from Taiwan Vedan were conducted in the normal course of business at prices and terms no less favourable than those charged by and contracted with other third party suppliers of the Group.

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

16. 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)

(ii) 該款項指二零零三年六月三十日前透過台灣味丹向若干日本客戶進行的銷售。二零零三年六月三十日後本集團直接向日本客戶銷售貨品。

(iii) 本公司董事認為向台灣味丹採購在日常業務中進行，且價格及條款不遜於本集團與其他第三者交易所支付及訂約的價格及條款。

(iv) 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。

Notes to the Condensed Consolidated Accounts (continued)

簡明綜合賬目附註 (續)

For the six months ended 30 June 2004 截至二零零四年六月三十日止六個月

16. Related party transaction (continued)

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

(v) The Group entered into an agreement with Taiwan Vedan on 14 November 2003 for a period of seven months in connection with the bidding of sugar import quota in Taiwan. Pursuant to the agreement, the Group agreed to take part in the bidding of sugar import quota in Taiwan on 21 November 2003 for and on behalf of Taiwan Vedan and upon obtaining successful bid, and agreed to transfer the quota of 10,262 metric tones awarded to the Group to Taiwan Vedan before 15 May 2004. Taiwan Vedan agreed to pay to the Group an amount equal to the bidding price of approximately US\$1 million plus 1.5 per cent commission (including tax) and interest expenses at 3 per cent per annum. In the opinion of the directors of the Company, the basis of the consideration is determined by reference to the bidding price of sugar which is in line with the market price of similar quotas and the price payable by Taiwan Vedan to the Group is no less favourable than payment made by Taiwan Vedan to independent third party. In addition, in the opinion of the directors of the Company, the commission has been determined in accordance with the normal market rate in Taiwan charged by other bidders in similar bidding transactions.

During the period, Taiwan Vedan has settled the bidding price and interest and commission to the Group upon the successful bid was obtained and the transfer of the quota awarded to Taiwan Vedan.

16. 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)

(v) 本集團與台灣味丹於二零零三年十一月十四日訂立為期七個月有關競投台灣食糖進口配額的協議。根據該協議，本集團同意於二零零三年十一月二十一日代表台灣味丹參與競投台灣的食糖進口配額，並且於二零零四年五月十五日前將本集團所獲10,262公噸的食糖配額轉讓予台灣味丹。台灣味丹則同意向本集團支付相等於競投價約1,000,000美元加1.5%的佣金(連稅)，及按年利率3厘計算的利息開支。本公司董事認為代價乃參考與同類配額市價相同的食糖競投價格而釐定，而台灣味丹向本集團應付的價格將不遜於台灣味丹向獨立第三者作出的付款。此外，本公司董事認為佣金乃根據其他同類競投交易的競投人士所收取的台灣一般市價而釐定

於期內，台灣味丹於成功競投及將配額轉讓予台灣味丹後清償競投價、利息及佣金。

Notes to the Condensed Consolidated Accounts (continued)

簡明綜合賬目附註 (續)

For the six months ended 30 June 2004 截至二零零四年六月三十日止六個月

16. Related party transaction (continued)

(b) Balances with related parties

As at 30 June 2004, the Group had the following significant balances with related parties.

		As at 30 June 於 六月三十日 2004 US\$'000 千美元	As at 31 December 於 十二月三十一日 2003 US\$'000 千美元
Due from related parties	應收有關連人士款項		
– Bosen	– Bosen	10	10
– Shanghai Vedan Foods	– 上海味丹食品	1,868	1,875
– Taiwan Vedan	– 台灣味丹	4,170	3,205
– Tung Hai (note (ii))	– 東海(附註(ii))	–	828
		6,048	5,918
Due to related parties	應付有關連人士款項		
– Taiwan Vedan	– 台灣味丹	2,485	1,374
– Tung Hai	– 東海	155	38
– Mr. YANG Cheng, an executive director of the Company	– 本公司之執行董事楊正先生	82	82
– Mr. YANG Tou Hsiung, an executive director of the Company	– 本公司之執行董事楊頭雄先生	79	79
– A close family member of certain executive directors of the Company	– 本公司若干位執行董事的一位近親家屬成員	265	265
		3,066	1,838

16. 有關連人士交易 (續)

(b) 有關連人士之結餘

於二零零四年六月三十日，本集團與有關連人士有以下重大結餘：

Notes to the Condensed Consolidated Accounts (continued)

簡明綜合賬目附註 (續)

For the six months ended 30 June 2004 截至二零零四年六月三十日止六個月

16. Related party transaction (continued)

(b) Balances with related parties (continued)

Notes:

- (i) All balances with related parties are unsecured, interest free and have no fixed terms of repayment except for the trade balances with Shanghai Vedan Foods and Taiwan Vedan which are repayable within their trade credit terms.
 - (ii) The balance due from Tung Hai as at 31 December 2003 represented a prepayment of the trademark licence fee for the year ending 31 December 2004.
- (c) On 6 May 2004, the Group entered into two agreements, namely the Business Acquisition Agreement and the Immovable Assets Acquisition Agreement, with Shanghai Vedan Foods in connection with the acquisition of the existing MSG business and certain land and buildings and ancillary facilities of Shanghai Vedan Foods for a total cash consideration of approximately US\$17.4 million. Pursuant to the Business Acquisition Agreement, the Group has paid US\$5 million to Shanghai Vedan Foods in May 2004. As at 30 June 2004, the aforesaid agreements have not yet completed. On 15 August 2004, the Business Acquisition Agreement entered into between the Group and Shanghai Vedan Foods was completed.

17. Trademarks

The Group's products are marketed under certain brand names, which were originally developed by Taiwan Vedan and Tung Hai. The Group's rights to use these trademarks were governed by a number of licence agreements (the "Licence Agreements") entered into between the Group and Taiwan Vedan and Tung Hai, respectively, in 2001 and 2002.

16. 有關連人士交易 (續)

(b) 有關連人士之結餘 (續)

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，惟上海味丹食品及台灣味丹的貿易結餘須在信貸期內償還。
 - (ii) 於二零零三年十二月三十一日之應收東海的結餘即預付截至二零零四年十二月三十一日止年度的商標特許費。
- (c) 於二零零四年五月六日，本集團就收購上海味丹之現有味精業務、土地及配套設施訂立兩項協議，分別為業務收購協議及不動產收購協議，現金總代價約為17,400,000美元。根據業務收購協議，本集團已於二零零四年五月向上海味丹支付5,000,000美元。於二零零四年六月三十日，上述協議尚未完成。於二零零四年八月十五日，本集團與上海味丹食品訂立之業務收購協議已告完成。

17. 商標

本集團產品以若干商標發售，而該等商標原來由台灣味丹及東海開發。本集團使用該等商標的權利由多項本集團與台灣味丹及東海分別於二零零一年及二零零二年訂立的特許權協議（「特許權協議」）規範。

Notes to the Condensed Consolidated Accounts (continued)

簡明綜合賬目附註 (續)

For the six months ended 30 June 2004 截至二零零四年六月三十日止六個月

17. Trademarks (continued)

On 13 June 2003, the Company entered into a trademark licence agreement (the "Trademark Licence Agreement") with Taiwan Vedan and Tung Hai. Pursuant to the Trademark Licence Agreement, in consideration of the Company agreeing to pay US\$1 to Taiwan Vedan and Tung Hai, each of Taiwan Vedan and Tung Hai has agreed to grant to the group the exclusive licences to use each of the trademarks registered in the name of Taiwan Vedan and Tung Hai in Vietnam, the PRC and the ASEAN countries for a period commencing from the 27 June 2003 to such date on which the assignment of each of such relevant trademarks having been registered and becoming effective in the country of registration of such trademark pursuant to the Trademark Assignment Agreement (which will be discussed in details in the following paragraphs).

On 13 June 2003, the Company entered into a trademark assignment agreement (the "Trademark Assignment Agreement") with Taiwan Vedan and Tung Hai, pursuant to which each of Taiwan Vedan and Tung Hai has agreed to assign to the Company absolutely all its entire right, title and interest in and to the trademarks registered in the name of Taiwan Vedan and Tung Hai in Vietnam, the PRC and certain ASEAN countries.

In consideration of the assignment of the trademarks under the Trademark Assignment Agreement, the Company agreed to pay to Taiwan Vedan (for itself and for Tung Hai), a sum of US\$18 million, under a pre-determined payment schedule.

As at the date of approval of these interim accounts, the Company is in the course of applying for registration of the assignment of these trademarks in Vietnam, the PRC and certain ASEAN countries. Upon completion of the registration of these trademarks, the then acquisition cost of these trademarks will be recognised as intangible assets accordingly.

17. 商標 (續)

二零零三年六月十三日，本公司與台灣味丹及東海訂立商標特許權協議（「商標特許權協議」）。本公司同意向台灣味丹及東海支付1美元，而台灣味丹及東海各自同意給予本集團獨家特許權，可使用台灣味丹及東海在越南、中國及東盟國家註冊的各項商標，自二零零三年六月二十七日起直至根據商標轉讓協議（下文另有詳述）將有關商標在註冊國家註冊及生效為止。

二零零三年六月十三日，本公司與台灣味丹及東海訂立商標轉讓協議（「商標轉讓協議」），台灣味丹及東海各自同意向本公司轉讓以台灣味丹及東海名義在越南、中國及若干東盟國家註冊商標的全部權利、擁有權及權益。

由於根據商標轉讓協議獲得轉讓商標，本公司同意按預定付款時間表向台灣味丹（代表本身及東海）支付18,000,000美元。

截至賬目批准日期，本公司正申請在越南、中國及若干東盟國家註冊該等商標的轉讓。當商標完成註冊後，該等商標當時的收購成本將確認為無形資產。