

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, 2004.

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 31 to the accounts.

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December, 2004 are set out in the consolidated profit and loss account on page 54.

An interim dividend of 0.506 US cent (3.947 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 0.453 US cent (3.53 HK cents) per share for the year ended 31 December, 2004. Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the final dividend will be paid in cash on or about 1 June, 2005 to the shareholders whose names appear on the register of members of the Company on 13 May, 2005.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in Note 22 to the accounts.

During the year, 11,270,000 share options (2003: nil) were exercised at HK\$0.801 each, yielding a proceeds of approximately US\$1,157,000.

本公司董事(「董事」)謹此呈報截至二零零四年十二月三十一日止年度的經審核賬目。

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、生化產品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31。

該等業務於回顧年度並無重大轉變。

業績及分派

本集團截至二零零四年十二月三十一日止年度的業績載於第54頁的綜合損益賬。

於回顧年度已宣派中期股息每股0.506美仙(3.947港仙)。董事建議宣派發截至二零零四年十二月三十一日止年度末期股息每股0.453美仙(3.53港仙)。倘若在本公司應屆股東周年大會獲得股東批准，則末期股息將約於二零零五年六月一日以現金派發予二零零五年五月十三日名列本公司股東名冊之股東。

股本

本公司股本變動的詳情載於賬目附註22。

於本年度，11,270,000份購股權(二零零三年：無)以每份0.801港元獲行使，所得款項約1,157,000美元。

DISTRIBUTABLE RESERVES

As at 31 December, 2004, the Company's share premium reserve of approximately US\$194,098,000 (subject to the Cayman Companies Law and the article of association of the Company) and retained earnings of approximately US\$12,865,000 were available for distribution to the Company's shareholders.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December, 2004, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in Note 23 to the accounts.

FIXED ASSETS

Details of movements in the Group's fixed assets during the year are set out in Note 13 to the accounts.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for approximately 42% of the Group's consolidated turnover. In addition, the five largest suppliers of the Group accounted for approximately 45% 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 18% and 19% of the Group's consolidated sales and consolidated purchases respectively.

可供分派儲備

本公司於二零零四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12,865,000美元可供分派予本公司股東。

購買、出售或贖回證券

本公司及其附屬公司於截至二零零四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。

儲備

本集團及本公司於本年度的儲備變動載於賬目附註23。

固定資產

本集團固定資產於本年度變動的詳情載於賬目附註13。

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42%。此外，本年度本集團五大供應商佔本集團綜合採購額約45%。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的18%及19%以下。

Report of the Directors (continued)

董事會報告 (續)

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

Independent Non-executive Directors

Chao, Pei-Hong
Chuang, Shu-Fen
Ko, Jim-Chen (appointed on 27 September, 2004)

According to Article 87(1) of the Company's articles of association, Mr. Yang, Chen-Wen, Mr. Wang, Joel J. and Mr. Huang, Ching-Jung retire by rotation and being eligible, offer themselves for re-election.

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

獨立非執行董事

趙培宏
莊淑芬
柯俊禎 (於二零零四年九月二十七日獲委任)

根據本公司之組織章程細則第87(1)條，楊辰文先生、王肇樹先生及黃景榮先生輪席退任，惟彼等符合資格及願意重選連任。

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December, 2004, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

董事於股份、相關股份及債券之權益及淡倉

於二零零四年十二月三十一日，根據證券及期貨條例（「證券及期貨條例」）第352條規定所設立登記冊的紀錄，董事及本公司最高行政人員於本公司及其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中擁有的權益及淡倉，或根據上市公司董事進行證券交易的標準守則須知會本公司及聯交所的權益及淡倉如下：

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		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	Total number of shares 股份總數	
Mr. YANG, Tou-Hsiung 楊頭雄先生	424,325,488 (Note 1) (附註1)	4,500,000 (Note 3) (附註3)	428,825,488	28.16%
Mr. YANG, Chen-Wen 楊辰文先生	424,325,488 (Note 2) (附註2)	4,500,000 (Note 3) (附註3)	428,825,488	28.16%
Mr. YANG, Cheng 楊正先生	–	4,500,000 (Note 3) (附註3)	4,500,000	0.30%
Mr. YANG, Kun-Hsiang 楊坤祥先生	–	4,500,000 (Note 3) (附註3)	4,500,000	0.30%

Report of the Directors (continued)

董事會報告 (續)

Name 姓名	Number of shares in which interested (other than under equity derivatives) 擁有權益之股份數目 (股本衍生工具除外)	Interests in shares 於股份中之權益		Total number of shares 股份總數	Percentage of issued shares 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			
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. LAM, Tuan 林俊先生	–	500,000 (Note 3) (附註3)		500,000	0.03%
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:

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		82,897,246*	–
Others 其他		341,428,242**	–

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

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

*** Mr. YANG, Tou-Hsiung is interested in 4,500,000 shares pursuant to the options granted to him on 13 June, 2003 under the Pre-IPO Share Option Scheme. The exercise price under the options is HK\$0.801 and the exercise period is 13 June, 2004 to 12 June, 2008.

**** These derivatives are unlisted.

附註：

1. 楊頭雄先生以下列身份持有股份權益：

	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	82,897,246*	–
Others 其他	341,428,242**	–

* 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82,897,246 股股份之持有人。

** 楊頭雄先生有權行使或控制行使King International 超過三分之一的投票權，而King International 為持有 Royal Trust全部已發行及尚未行使單位共40% 的持有人，楊頭雄先生則被視為擁有Royal Trust 透過其受託人DBS Trustees Limited 持有該批341,428,242 股股份的權益。該等341,428,242 股股份包括Concord Worldwide Holdings Ltd. (「Concord Worldwide」) 及High Capital Investments Limited (「High Capital」) 各自根據證券及期貨條件第317條持有之62,172,933 股股份及DBS Trustee Limited 作為Royal Trust 受託人持有的217,082,376 股股份。

*** 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。

**** 該等衍生工具均為非上市。

Report of the Directors (continued)

董事會報告 (續)

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

Capacity 身份		Number of shares 股份數目	Number of shares through physically settled equity derivatives **** 透過實物結算股本衍生 工具持有之股份數目 ****
Beneficial owner 實益擁有人		–	4,500,000 ***
Interest of company controlled by him 於楊辰文先生控制之 公司擁有權益		62,172,933*	–
Others 其他		362,152,555**	–

* Mr. YANG, Chen-Wen is entitled to exercise or control the exercise of one-third of the voting power of High Capital and High Capital is the holder of such 62,172,933 shares.

** Mr. YANG, Chen-Wen is entitled to exercise or control the exercise of one-third of the voting power of High Capital, which is the holder of 30 per cent. of all the issued and outstanding units in the Royal Trust and is taken to be interested in the 362,152,555 shares in which DBS Trustee Limited as trustee of the Royal Trust is interested. These 362,152,555 shares include 62,172,933 shares held by Concord Worldwide, 82,897,246 shares held by King International pursuant to section 317 of the SFO and 217,082,396 shares held by DBS Trustee Limited as trustee of the Royal Trust.

*** Mr. YANG, Chen-Wen is interested in 4,500,000 shares pursuant to the options granted to him on 13 June, 2003 under the Pre-IPO Share Option Scheme. The exercise price under the options is HK\$0.801 and the exercise period is 13 June, 2004 to 12 June, 2008.

**** These derivatives are unlisted.

3. Various interests of the Directors and chief executive pursuant to physically settled equity derivatives are through share options granted pursuant to the Pre-IPO Share Option Scheme. Details are shown on pages 41 to 42.

Save as disclosed above, as at 31 December, 2004, none of the Directors and chief executive of the Company nor their respective associates had 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).

2. 楊辰文先生以下列身份持有股份權益：

Capacity 身份		Number of shares 股份數目	Number of shares through physically settled equity derivatives **** 透過實物結算股本衍生 工具持有之股份數目 ****
Beneficial owner 實益擁有人		–	4,500,000 ***
Interest of company controlled by him 於楊辰文先生控制之 公司擁有權益		62,172,933*	–
Others 其他		362,152,555**	–

* 楊辰文先生有權行使或控制行使High Capital 三分之一之投票權，而High Capital 為持有該批62,172,933 股股份的持有人。

** 楊辰文先生有權行使或控制行使High Capital 三分之一之投票權，而High Capital 為持有Royal Trust 全部已發行及尚未行使單位共30% 的持有人，楊辰文先生則被視為擁有Royal Trust 透過其受託人DBS Trustees Limited 持有該批362,152,555 股股份的權益。該等362,152,555 股股份包括Concord Worldwide 根據證券及期貨條件第317條持有的62,172,933 股股份、King International 持有的82,897,246 股股份及DBS Trustee Limited 作為Royal Trust 受託人持有的217,082,396 股股份。

*** 楊辰文先生根據首次公開招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。

**** 該等衍生工具均為非上市。

3. 董事及最高行政人員依據實物交收股本衍生工具享有的各項權益乃透過首次公開招股前購股權計劃下授出的購股權獲得。詳情載於第41至42頁。

除上文所披露者外，於二零零四年十二月三十一日，本公司董事及最高行政人員及彼等各自的聯繫人概無於本公司及其任何相聯法團(定義見證券及期貨條例第XV 部)的股份、相關股份及債券的權益或淡倉。

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.

Details of the share options outstanding as at 31 December, 2004 which have been granted to the Directors and 24 employees of the Group under the Pre-IPO Share Option Scheme are as follows:

Directors/ Employees 董事/僱員	Number of options 購股權數目			Held as at 31 December, 2004 於二零零四年 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, 2004 於二零零四年 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 2 June, 2008 二零零四年六月十三日至 二零零八年六月二日
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

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。

以下是根據首次公開售股前購股權計劃向董事及本集團24名僱員授出，而於二零零四年十二月三十一日尚未行使之購股權詳情：

Report of the Directors (continued)

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Directors/ Employees 董事/僱員	Number of options 購股權數目			Held as at 31 December, 2004 於二零零四年 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, 2004 於二零零四年 一月一日持有	Granted during the period 期內授出	Exercised during the period 期內行使				
Mr. YANG, 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
Mr. WANG, Joel J. 王肇樹先生	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. HUANG, Ching-Jung 黃景榮先生	500,000	-	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. LAM, Tuan 林俊先生	500,000	-	-	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. CHAO, Pei-Hong 趙培宏先生	500,000	-	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
Ms. CHUANG, Shu-Fen 莊淑芬女士	500,000	-	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
24 employees 24名僱員	5,270,000	-	5,270,000	-	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

DIRECTORS' SERVICE CONTRACTS

The Company entered into separate service agreements ("Service Agreements") with each of the directors of the Company for an initial period of three year. 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.

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.

CONNECTED TRANSACTIONS

For the year ended 31 December, 2004, 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 connected transactions as defined in the Listing Rules and related party transactions under the Hong Kong Statement of Standard Accounting Practice No. 20 "Related Party Disclosures":

		Note 附註	US\$'000 千美元
Sale of goods to	向下列公司銷售貨品	(i)	
– Taiwan Vedan Enterprise Corporation ("Taiwan Vedan")	– 台灣味丹企業股份有限公司 (「台灣味丹」)		7,548
– Shanghai Vedan Foods Company Limited ("Shanghai Vedan Foods")	– 上海味丹食品有限公司 (「上海味丹食品」)		3,028
Trademark license fee paid to Tung Hai Fermentation Industrial Co. Ltd. ("Tung Hai")	向東海醱酵工業股份有限公司 (「東海」) 支付商標許可費	(ii)	1,840
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)	1,832

董事服務合約

本公司與本公司各董事已分別訂立服務協議 (「服務協議」)，初步為期三年。該等服務協議屆滿後繼續有效，直至任何一方在初步有效期屆滿後或其後隨時發出不少於三個月通知而終止。

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權益。

關連交易

截至二零零四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關連交易，亦屬於香港會計實務準則第20號「有關連人士披露」所界定之有關連人士交易：

Report of the Directors (continued)

董事會報告 (續)

		Note 附註	US\$'000 千美元
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)	167
Interest income and commission income received from Taiwan Vedan in connection with the bidding of sugar Importation quota in Taiwan and to transfer the quota Awarded to Taiwan Vedan upon successful bidding	競投台灣食糖進口配額及在成功中標後將所獲配額轉讓予台灣味丹的利息及佣金收入	(iii)	28
Acquisition of MSG business from Shanghai Vedan Foods	收購上海味丹食品的味精業務	(iv)	6,259
Acquisition of ancillary facilities from Shanghai Vedan Foods	收購上海味丹食品的附屬設施	(iv)	1,036

Notes:

- (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.
- (iii) 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. In the opinion of the directors of the Company, the transaction was carried out in accordance with the terms of the agreement and at terms no less favourable than those charged to and contracted with other third party. During the year, 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.
- (iv) 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 consideration of approximately US\$6.3 million and approximately US\$11.1 million respectively.

註：

- (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。
- (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) 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。本公司董事認為該交易乃根據協議的條款進行，且條款不遜於本集團與其他第三者交易所支付及訂約的條款。年內，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。
- (iv) 於二零零四年五月六日，本集團就收購上海味丹食品的現有味精業務、若干土地及樓宇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，代價分別約為6,300,000美元及11,100,000美元。

The Business Acquisition Agreement was completed on 15 August, 2004 and the consideration of approximately US\$6.3 million has been paid.

The acquisition of ancillary facilities under the Immovable Assets Acquisition Agreement was completed and the consideration of approximately US\$1.0 million has been paid. However, as at 31 December, 2004, the acquisition of land and buildings under the Immovable Assets Acquisition Agreement has not yet completed, subject to the issuance of the land use right certificate and property ownership certificate from the relevant government authorities. As such, the Group has not yet paid the remaining consideration payable of approximately US\$10.1 million. In addition, Shanghai Vedan Foods has agreed to allow the Group to use the land and buildings under the Immovable Assets Acquisition Agreement rent free until the title of the land and buildings is passed to the Group.

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 connected transactions above mentioned.

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

- (a) the connected transaction 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, 2004.
- (c) the aggregate amount for each type of the above mentioned transactions (except for sales to Taiwan Vedan) 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.

業務收購協議已於二零零四年八月十五日完成，並已支付約6,300,000美元的代價。

不動產收購協議項下的配套設施收購已完成，並已支付約1,000,000美元的代價。然而，於二零零四年十二月三十一日，不動產收購協議項下的土地及樓宇收購尚未完成，須待有關政府當局發出土地使用權證及物業擁有權證。因此，本集團尚未支付餘下應付代價約10,100,000美元。此外，上海味丹食品已同意讓本集團在免租情況下使用不動產收購協議項下的土地及樓宇，直至本集團獲得該等土地及樓宇的擁有權為止。

本公司已獲香港聯合交易所有限公司授出有條件豁免，豁免就上述關連交易嚴格遵守上市規則之規定。

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) 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二零零四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(台灣味丹之銷售除外)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。

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.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSABLE UNDER THE SFO

So far as is known to any Directors or chief executive of the Company, as at 31 December, 2004, other than the interests and short positions of the Directors or chief executive of the Company as disclosed above, the following persons had interests or short positions 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:

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。

股東根據證券及期貨條例須予披露之權益及淡倉

據本公司董事及最高行政人員所知，於二零零四年十二月三十一日，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%
DBS Trustee Limited	424,325,488 (Note 2) (附註2)	27.86%
DBS Bank Ltd. ("DBS Bank")	424,325,488 (Note 3) (附註3)	27.86%

Report of the Directors (continued)

董事會報告 (續)

Name 名稱	Number of shares in which interested (other than under equity derivatives) 擁有權益之股份數目 (股本衍生工具除外)	Percentage of issued shares 佔已發行股份 百分比
King International	424,325,488 (Note 4) (附註4)	27.86%
Concord Worldwide	424,325,488 (Note 5) (附註5)	27.86%
High Capital	424,325,488 (Note 6) (附註6)	27.86%
J.P. Morgan Chase & Co.	87,064,000 (Note 7) (附註7)	5.61%
Nordea 1 Sicor FE Value Fund	80,836,000	5.21%
Cathay United Bank 國泰世華銀行	176,000,000 (Note 8) (附註8)	11.55%
Entie Commercial Bank 安泰商業銀行	176,000,000 (Note 8) (附註8)	11.55%
Fuhwa Commercial Bank 復華商業銀行	176,000,000 (Note 8) (附註8)	11.55%
Sunny Bank 陽信銀行	176,000,000 (Note 8) (附註8)	11.55%

Report of the Directors (continued)

董事會報告 (續)

Name 名稱	Number of shares in which interested (other than under equity derivatives) 擁有權益之股份數目 (股本衍生工具除外)	Percentage of issued shares 佔已發行股份 百分比
Taichung Commercial Bank 台中商業銀行	176,000,000 (Note 8) (附註8)	11.55%
Taishin International Bank Co., Ltd. 台新國際商業銀行	176,000,000 (Note 8) (附註8)	11.55%
Taiwan Cooperative Bank 合作金庫銀行	176,000,000 (Note 8) (附註8)	11.55%
The Farmers Bank of China 中國農民銀行	176,000,000 (Note 8) (附註8)	11.55%

Notes:

- 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.
- Of these 424,325,488 shares, 217,082,376 shares are held by DBS Trustee Limited as trustee of the Royal Trust and the remaining 82,897,246, 62,172,933 and 62,172,933 shares are held by King International, Concord Worldwide and High Capital respectively, each of which is party to an agreement under section 317(1)(a) of the SFO with DBS Trustee Limited.
- Of these 424,325,488 shares, 217,082,376 shares are held by DBS Trustee Limited as trustee of the Royal Trust and DBS Bank is entitled to exercise or control the exercise of more than one-third of the voting power of DBS Trustee Limited and the remaining 82,897,246, 62,172,933 and 62,172,933 shares are held by King International, Concord Worldwide and High Capital respectively, each of which is party to an agreement under section 317 of the SFO with DBS Trustee Limited.

附註：

- 台灣味丹有權行使或控制行使Billion Power 超過三分之一的投票權，故台灣味丹被視為擁有Billion Power 所持有該批460,237,609股股份的權益。
- 該批424,325,488股股份其中217,082,376股由DBS Trustee Limited 以Royal Trust 受託人的身份持有，而其餘82,897,246股、62,172,933股及62,172,933股分別由King International、Concord Worldwide 以及High Capital 持有。根據證券及期貨條例第317(1)(a)條，以上均為與DBS Trustee Limited 訂立協議之各方。
- 該批424,325,488股股份其中，217,082,376股由DBS Trustee Limited 以Royal Trust 受託人的身份持有，而DBS Bank 有權行使或控制行使DBS Trustee Limited 超過三分之一的投票權，其餘82,897,246股、62,172,933股及62,172,933股分別由King International、Concord Worldwide 以及High Capital 持有。根據證券及期貨條例第317條，以上均為與DBS Trustee Limited 訂立協議之各方。

4. King International directly holds 82,897,246 shares and is the holder of 40 per cent. of all the issued and outstanding units in the Royal Trust. Accordingly, King International is taken to be interested in the 341,428,242 shares in which DBS Trustee Limited as trustee of the Royal Trust is interested. These 341,428,242 shares include 62,172,933 shares held by each of Concord Worldwide and High Capital pursuant to section 317 of the SFO and 217,082,376 shares held by DBS Trustee Limited as trustee of the Royal Trust. On 17 December, 2003, 64,000,000 shares were charged and 6,000,000 shares were delivered and placed under the custody to the syndicate of banks in note 8 below in connection with a commercial term loan extended to King International, Concord Worldwide and High Capital.
 5. Concord Worldwide directly holds 62,172,933 shares and is the holder of 30 per cent. of all the issued and outstanding units in the Royal Trust. Accordingly, Concord Worldwide is taken to be interested in the 362,152,555 shares in which DBS Trustee Limited as trustee of the Royal Trust is interested. These 362,152,555 shares include 62,172,933 shares held by High Capital, 82,897,246 shares held by King International pursuant to section 317 of the SFO and 217,082,396 shares held by DBS Trustee Limited as trustee of the Royal Trust. On 17 December, 2003, 48,000,000 shares were charged and 5,000,000 shares were delivered and placed under the custody to the syndicate of banks in note 8 below in connection with a commercial term loan extended to King International, Concord Worldwide and High Capital.
 6. High Capital directly holds 62,172,933 shares and is the holder of 30 per cent. of all the issued and outstanding units in the Royal Trust. Accordingly, High Capital is taken to be interested in the 362,152,555 shares in which DBS Trustee Limited as trustee of the Royal Trust is interested. These 362,152,555 shares include 62,172,933 shares held by Concord Worldwide, 82,897,246 shares held by King International pursuant to section 317 of the SFO and 217,082,396 shares held by DBS Trustee Limited as trustee of the Royal Trust. On 17 December, 2003, 48,000,000 shares were charged and 5,000,000 shares were delivered and placed under the custody to the syndicate of banks in note 8 below in connection with a commercial term loan extended to King International, Concord Worldwide and High Capital.
 7. The capacity of JP Morgan Chase & Co and its associates in holding the 87,064,000 shares was as to 77,024,000 shares as investment manager and as to 10,040,000 shares as approved lending agent.
4. King International 直接持有82,897,246股股份，並為持有Royal Trust 全部已發行及尚未行使單位40%的持有人。因此，King International 被視為擁有DBS Trustee Limited 作為Royal Trust 受託人所持有該批341,428,242股股份的權益。該等341,428,242股股份包括Concord Worldwide 及High Capital 各自根據證券及期貨條例第317條持有之62,172,933股股份及DBS Trustee Limited 作為Royal Trust 受託人持有之217,082,376股股份。於二零零三年十二月十七日，已就King International、Concord Worldwide及High Capital所獲之商業定期貸款將64,000,000股股份抵押及將6,000,000股股份交由下文附註8所述之銀團託管。
 5. Concord Worldwide 直接持有62,172,933股股份，並為持有Royal Trust 全部已發行及尚未行使單位30%的持有人。因此，Concord Worldwide 亦被視為擁有DBS Trustee Limited 作為Royal Trust 受託人所持有該批362,152,555股股份的權益。該批362,152,555股股份其中62,172,933股由High Capital持有，82,897,246股由King International 根據證券及期貨條例第317條持有，而217,082,396股則由DBS Trustee Limited 作為Royal Trust 之受託人持有。於二零零三年十二月十七日，已就King International、Concord Worldwide及High Capital所獲之商業定期貸款將48,000,000股股份抵押及將5,000,000股股份交由下文附註8所述之銀團託管。
 6. High Capital 直接持有62,172,933股股份，並為持有Royal Trust 全部已發行及尚未行使單位30%的持有人。因此，High Capital 亦被視為擁有DBS Trustee Limited 作為Royal Trust 受託人所持有該批362,152,555股股份的權益。該批362,152,555股股份其中62,172,933股由Concord Worldwide 持有，82,897,246股由King International 根據證券及期貨條例第317條持有，而217,082,396股則由DBS Trustee Limited 作為Royal Trust 之受託人持有。於二零零三年十二月十七日，已就King International、Concord Worldwide及High Capital所獲之商業定期貸款將48,000,000股股份抵押及將5,000,000股股份交由下文附註8所述之銀團託管。
 7. JP Morgan Chase & Co及其聯繫人所持有之87,064,000股股份，分別以投資經理身份持有77,024,000股股份及以認可借款代理身份持有10,040,000股股份。

8. There was duplication of interest of 176,000,000 shares between Cathay United Bank, Entie Commercial Bank, Fuhwa Commercial Bank, Sunny Bank, Taichung Commercial Bank, Taishin International Bank Co., Ltd., Taiwan Cooperative Bank and The Farmers Bank of China.

Save as disclosed above, as at 31 December, 2004, there was no other person (other than the Directors or chief executive of the Company) who was recorded in the register of the Company as having interests or short positions in the shares or underlying shares of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Pursuant to Rule 8.10 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), the directors, viz Mr. YANG, Tou-Hsiung and Mr. YANG, Cheng are all directors of Taiwan Vedan. Taiwan Vedan Group is principally engaged in the production of food additive products, including MSG products, and beverages in Taiwan, which may compete with the Group's business.

In order to clearly delineate the business activities between the members of Taiwan Vedan on the one part and the Company on the other and to regulate the respective business activities with their own customers, each of Taiwan Vedan and the executive Directors (other than Mr. WANG, Joel J.) and the Company has agreed to give to each other certain non-competition undertakings.

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.

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 Code on Corporate Governance Practices under the new Appendix 14 of the revised Listing Rules is not applicable to the accounting period of the Company ended 31 December, 2004.

8. 該等176,000,000股股份的權益由多方重覆持有，包括國泰世華銀行、安泰商業銀行、復華商業銀行、陽信銀行、台中商業銀行、台新國際商業銀行、合作金庫銀行及中國農民銀行。

除上文所披露者外，於二零零四年十二月三十一日，概無名列本公司登記冊之人士(除本公司董事或最高行政人員以外)於本公司之股份或相關股份中擁有權益或淡倉。

董事於競爭業務之權益

根據聯交所證券上市規則(「上市規則」)第8.10條，董事楊頭雄先生及楊正先生均為台灣味丹之董事。台灣味丹集團主要在台灣從事食品添加劑產品(包括味精產品)及飲料生產業務，可能對本集團業務構成競爭。

為了清楚劃定台灣味丹成員公司與本公司之業務活動，並規範各自與本身客戶之業務，台灣味丹、執行董事(王肇樹先生除外)以及本公司各自同意作出若干不競爭承諾。

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。

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。經修訂上市規則全新附錄14所載的企業管治常規守則並不適用於本公司截至二零零四年十二月三十一日止會計期間。

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.

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.

During the year, the Audit Committee met 2 times to review with senior management and the Company's external auditors, PricewaterhouseCoopers, the audit findings, the accounting principles and practices adopted by the Group, listing rules and statutory compliance, and to discuss internal control, risk management and financial reporting matters.

The Audit Committee has also reviewed the terms and conditions of connected transactions of the Company which took place during the year ended 31 December, 2004.

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

15 March, 2005

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。

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。

於本年度，審核委員會與高級管理層及本公司的外聘核數師羅兵咸永道會計師事務所開會兩次，以審閱審計結果、本集團所採納的會計政策及慣例、上市規則及法定遵從事項，並討論內部監控、風險管理及財務申報事宜。

審核委員會亦已檢討截至二零零四年十二月三十一日止年度本公司所進行關連交易的條款及條件。

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

二零零五年三月十五日