

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 2003.

Group Reorganisation

The Company was incorporated in the Cayman Islands on 3 September 2002 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to a group reorganisation to rationalise the structure of the Company and its subsidiaries (“Group”) in preparation for the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the holding company of the companies now comprising the Group on 26 December 2002. Details of the group reorganisation are set out in the Company’s prospectus dated 17 June 2003 (“Prospectus”).

The shares of the Company have been listed on the Stock Exchange since 27 June 2003.

Principal Activities

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in Note 30 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 2003 are set out in the consolidated profit and loss account on page 58.

An interim dividend of 0.321 US cent (2.504 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 0.555 US cent (4.329 HK cents) per share for the year ended 31 December 2003. 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 2004 to the shareholders whose names appear on the register of members of the Company on 17 May 2004.

本公司董事（「董事」）謹此呈報截至二零零三年十二月三十一日止年度的經審核賬目。

集團重組

本公司於二零零二年九月三日根據開曼群島法例第22章公司法（一九六一年第3號法案，已合併及修訂）在開曼群島註冊成立為受豁免有限公司。

為籌備本公司股份在香港聯合交易所有限公司（「聯交所」）主板上市，本公司及其附屬公司（「本集團」）進行集團重組以合理安排本集團之架構，結果本公司於二零零二年十二月二十六日成為本集團屬下各公司之控股公司。有關重組之詳情載於本公司二零零三年六月十七日發出的招股章程（「招股章程」）。

本公司股份自二零零三年六月二十七日起已在聯交所上市。

主要業務

本公司為投資控股公司，而各附屬公司的主要業務載列於賬目附註30。

該等業務於回顧年度並無重大轉變。

業績及分派

本集團截至二零零三年十二月三十一日止年度的業績載於第58頁的綜合損益賬。

於回顧年度已宣派中期股息每股0.321美仙（2.504港仙）。董事建議宣佈及派發截至二零零三年十二月三十一日止年度末期股息每股0.555美仙（4.329港仙）。倘若在應屆股東周年大會獲得股東批准，則末期股息將約於二零零四年六月一日以現金派發予二零零四年五月十七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 22 to the accounts.

On 27 June 2003, 466,000,000 shares were issued and allotted in connection with the following transactions:

- (i) 307,416,000 shares of US\$0.01 each were issued to the public at a premium of approximately US\$0.1041 each for cash totalling US\$35,077,000. The excess of the issue price over the par value of the shares were credited to the share premium account of the Company.
- (ii) 158,584,000 shares of US\$0.01 each were issued, allotted at par and credited as fully paid by way of the capitalisation of a sum of US\$1,585,840 out of the credit of the share premium account of the Company.

On 14 July 2003, 55,472,000 ordinary shares of US\$0.01 each were allotted and issued at a premium of approximately US\$0.1041 each for cash totalling US\$6,329,000 to certain investors pursuant to the exercise of the over-allotment option granted to the underwriters in relation to the above-mentioned placement in full by DBS Asia Capital Limited on behalf of the underwriters. The excess of the issue price over the par value of the shares was credited to the share premium account of the Company.

Distributable reserves

As at 31 December 2003, the Company's share premium reserve of approximately US\$193,054,000 (subject to Section 34 of the Cayman Companies Law and the article of association of the Company) and retained earnings of approximately US\$14,915,000 were available for distribution to the Company's shareholders.

股本

本公司股本變動之詳情載於賬目附註22。

二零零三年六月二十七日，由於以下交易而發行及配發466,000,000股股份：

- (i) 按溢價約0.1041美元向公眾發行307,416,000股每股面值0.01美元的股份，收取現金合共35,077,000美元。發行價高於股份面值之數額計入本公司的股份溢價賬。
- (ii) 將本公司股份溢價賬其中1,585,840美元撥作資本，按面值入賬繳足股本而發行及配發158,584,000股每股面值0.01美元的股份。

二零零三年七月十四日，由於星展亞洲融資有限公司代表包銷商全面行使因進行配售而給予包銷商的超額配股權，按溢價約1.041美元向若干投資者配發及發行55,472,000股每股面值0.01美元的普通股，收取現金合共6,329,000美元。發行價高於股份面值之數額計入本公司的股份溢價賬。

可供份派儲備

本公司於二零零三年十二月三十一日有股份溢價賬約193,054,000美元（須符合開曼群島公司法及本公司組織章程細則之規定）及保留盈利約14,915,000美元可供分派予本公司股東。

Purchase, Sale or Redemption of securities

During the period from 27 June 2003, the date of listing of the Company's shares, to 31 December 2003 (the "Listing Period"), the Company has not redeemed any of the Company's shares.

During the Listing Period, neither the Company nor any of its subsidiaries has purchased or sold 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 46% of the Group's consolidated turnover. In addition, the five largest suppliers of the Group accounted for approximately 53% 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 19% and 25% of the Group's consolidated sales and consolidated purchases respectively.

購回、出售或贖回證券

由二零零三年六月二十七日(即本公司股份上市之日)至二零零三年十二月三十一日止期間(「上市期間」),本公司及其附屬公司概無贖回本公司任何股份。

於上市期間,本公司及附屬公司概無購回或出售本公司股份。

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46%。此外,本年度本集團五大供應商佔本集團綜合採購額約53%。本集團來自最大客戶之銷售及最大供應商之採購分別佔本集團綜合銷售及採購之19%及25%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

According to Article 87(1) of the Company's articles of association, Mr. Yang, Kun-Hsiang and Mr. Yang, Cheng 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

根據本公司之組織章程細則第87(1)條，楊坤祥先生及楊正先生輪流退任，惟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 2003, 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

於二零零三年十二月三十一日，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		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. 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	28.37%
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	28.37%
Mr. YANG, Cheng 楊正先生	–	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. YANG, Kun-Hsiang 楊坤祥先生	–	4,500,000 (Note 3) (附註3)		4,500,000	0.30%
Mr. WANG, Joel J. 王肇樹先生	–	4,500,000 (Note 3) (附註3)		4,500,000	0.30%
Mr. HUANG, Ching-Jung 黃景榮先生	–	500,000 (Note 3) (附註3)		500,000	0.03%
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 (Note 3) (附註3)		500,000	0.03%
Ms. CHUANG Shu-Fen 莊淑芬女士	–	500,000 (Note 3) (附註3)		500,000	0.03%

Report of the Directors (continued)

董事會報告 (續)

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.

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 **	-

附註：

1. 楊頭雄先生以下列身份持有股份權益：

* 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。

2. 楊辰文先生以下列身份持有股份權益：

* 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 45 to 47.

Save as disclosed above, as at 31 December 2003, 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).

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.

* 楊辰文先生有權行使或控制行使 High Capital 三分之一的投票權，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 三分之一的投票權，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。

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售股前購股權計劃下授出的購股權獲得。詳情載於第 45 至 47 頁。

除上文所披露者外，於二零零三年十二月三十一日，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。

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。

Report of the Directors (continued)

董事會報告 (續)

Details of the share options outstanding as at 31 December 2003 which have been granted to the Directors and 24 employees 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及本集團24名僱員授出，而於二零零三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			exercise price 行使價	date of grant 授出日期	exercise period 行使期
	granted during the period 期內授出	exercised during the period 期內行使	held as at 31 December 2003 於二零零三年 十二月 三十一日持有			
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
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/ Employees 董事／僱員	Number of options 購股權數目			exercise price 行使價	date of grant 授出日期	exercise period 行使期
	granted during the period 期內授出	exercised during the period 期內行使	held as at 31 December 2003 於二零零三年 十二月 三十一日持有			
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 period from 27 June 2003 to 31 December 2003, the Company and its subsidiaries entered into the following transactions with 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":

(a)

		US\$'000 千美元
Sale of goods to	向下列公司銷售貨品	
– Vedan Enterprise Corporation ("Taiwan Vedan")	– 味丹企業股份有限公司 (「台灣味丹」)	1,313
– Shanghai Vedan Foods Company Limited	– 上海味丹食品有限公司	2,690
Commission income received from Taiwan Vedan	向台灣味丹收取之佣金收入	103
Technology transfer fee and trademark license fee paid to Tung Hai Fermentation Industrial Co. Ltd. and Taiwan Vedan	向東海醱酵工業股份 有限公司及台灣味丹 支付技術轉讓費及 商標許可費	862

Details of the underlying agreements governing the above transactions are set out in the Prospectus.

規管上述交易之有關協議詳情載於招股章程。

董事服務合約

本公司與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，並無董事在本年度之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

由二零零三年六月二十七日至二零零三年十二月三十一日期間，本公司及其附屬公司與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「關連人士披露」所界定之關連人士交易：

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 abovementioned.

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

- (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 concerned;
- (b) the aggregate amount of sales to Taiwan Vedan did not exceed the cap amount of US\$10 million for the financial year ended 31 December 2003.
- (c) the aggregate amount for each type of the abovementioned 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 2002.

(b) The Sugar Transaction

The Group and Taiwan Vedan entered into an agreement on 14 November 2003 in respect of the Sugar Transaction for a period of 7 months. Pursuant to the Sugar Transaction, the Group took part in the bidding of sugar importation quota in Taiwan on 21 November 2003 and upon obtaining successful bid, agreed to transfer and quota of 10,262 metric tones awarded to it to Taiwan Vedan before 15 May 2004. Taiwan Vedan agreed to pay to the Group an amount equal to the bidding price of NT\$34,716,346 (equivalent to approximately US\$1,000,182) plus commission (including tax) and interest expenses incurred by the Group amounting to NT\$2,712,214 (equivalent to approximately US\$78,139). The aggregate consideration of the Sugar Transaction is approximately NT\$37,428,560 (equivalent to approximately US\$1,130,772). The commission has been determined in accordance with the normal market rate (approximately 1.5% to the bidding price) in Taiwan charged by other bidders in similar bidding transactions.

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) 該等關連交易：
 - (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) 對股東公平合理。
- (b) 銷售予台灣味丹之總額並無超過截至二零零三年十二月三十一日止年度上限 10,000,000 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 港元或本集團於二零零二年十二月三十一日之有形資產淨值 3% 兩者之較高者。

(b) 糖交易

本集團及台灣味丹於二零零三年十一月十四日就為期七個月之糖交易訂立一項協議。根據糖交易，本集團參與於二零零三年十一月二十一日在台灣進行之糖進口配額投標，並且在成功中標後已於二零零四年五月十五日前將所獲 10,262 公噸配額轉讓予台灣味丹。台灣味丹同意向本集團支付等同投標價新台幣 34,716,346 元(約等於 1,000,182 美元)之款額另加佣金(包括稅項)及本集團所承擔利息開支達共新台幣 2,712,214 元(約等於 78,139 美元)。糖交易之總代價約為新台幣 37,428,560 元(約等於 1,130,772 美元)。佣金乃根據台灣其他投標者在同類投標交易中所收取之一般市場收費率(約投標價之 1.5%)釐定。

The consideration and the terms and conditions of the Sugar Transaction have been determined as a result of arm's length negotiations between the parties by reference to normal business transactions of similar type in Taiwan and were considered by the Directors (including the independent non-executive Directors) to be on normal commercial terms and fair and reasonable so far as the shareholders of the Company are concerned.

(c) The Spare Parts Transaction

Pursuant to the Spare Parts Transaction, Taiwan Vedan agreed to sell and the Company agreed to purchase certain Spare Parts during the period from 1 July 2003 to 31 October 2003. The price payable by the Company in cash to Taiwan Vedan for the Spare Parts equal to the purchase price and transportation, insurance and other expenses for such Spare Parts paid by Taiwan Vedan to third party suppliers. The aggregate consideration of the Spare Parts Transaction for the period from 1 July 2003 to 31 October 2003 is approximately US\$427,150.

There was no umbrella agreement entered into between Vietnam Vedan and Taiwan Vedan in respect of all the purchases of Spare Parts during the period from 1 July 2003 to 31 October 2003. However, a simple sales contract with standard terms was entered into between the Company and Taiwan Vedan for every purchase made by Vietnam Vedan.

The consideration and the terms and conditions of the Spare Parts Transaction have been determined as a result of arm's length negotiations between the parties by reference to the price paid by Taiwan Vedan to third party suppliers and were considered by the directors of the Company (including the independent non-executive directors) to be on normal commercial terms and fair and reasonable so far as the shareholders of the Company are concerned.

The above connected transactions ((b) and (c)) were set out in an announcement issued by the Company on 10 March 2004.

糖交易之代價及條款與條件乃訂約方經參考台灣一般同類商業交易後公平磋商釐定，而董事(包括獨立非執行董事)認為符合一般商業條款，且對本公司股東而言公平合理。

(c) 零件交易

根據零件交易，於二零零三年七月一日至二零零三年十月三十一日期間，台灣味丹同意出售而本公司同意購入若干零件。本公司就零件應付予台灣味丹之現金價格，相等於台灣味丹就有關零件向第三方供應商支付之採購價及運輸、保險及其他開支。於二零零三年七月一日至二零零三年十月三十一日期間之零件交易總代價約為427,150美元。

本公司與台灣味丹並無就二零零三年七月一日至二零零三年十月三十一日期間採購之所有零件簽訂總協議。然而，本公司與台灣味丹已就本公司之每項採購簽訂附有標準條款之簡單銷售合約。

零件交易之代價及條款與條件乃訂約方經參考台灣味丹向第三方供應商支付之價格後公平磋商釐訂，而本公司董事(包括獨立非執行董事)認為符合一般商業條款，且對本公司股東而言公平合理。

以上關連交易((b)及(c))載列於二零零四年三月十日本公司發出之公佈。

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 2003, 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，於二零零三年十二月三十一日，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	30.45%
Taiwan Vedan 台灣味丹	460,237,609 (Note 1) (附註1)	30.45%
DBS Trustee Limited	424,325,488 (Note 2) (附註2)	28.07%
DBS Bank Ltd. ("DBS Bank")	540,938,391 (Note 3) (附註3)	35.79%
DBS Group Holdings Limited ("DBS Holdings")	540,938,391 (Note 4) (附註4)	35.79%

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 5) (附註5)	28.07%
Concord Worldwide	424,325,488 (Note 6) (附註6)	28.07%
High Capital	424,325,488 (Note 7) (附註7)	28.07%
J.P. Morgan Chase & Co.	100,480,000	6.90%
Cathay United Bank 國泰世華銀行	176,000,000 (Note 8) (附註8)	11.64%
Entie Commercial Bank 安泰商業銀行	176,000,000 (Note 8) (附註8)	11.64%
Fuhwa Commercial Bank 復華商業銀行	176,000,000 (Note 8) (附註8)	11.64%
Sunny Bank 陽信銀行	176,000,000 (Note 8) (附註8)	11.64%
Taichung Commercial Bank 台中商業銀行	176,000,000 (Note 8) (附註8)	11.64%

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
Taishin International Bank Co., Ltd. 台新國際商業銀行	176,000,000 (Note 8) (附註8)	11.64%
Taiwan Cooperative Bank 合作金庫銀行	176,000,000 (Note 8) (附註8)	11.64%
The Farmers Bank of China 中國農民銀行	176,000,000 (Note 8) (附註8)	11.64%

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 540,938,391 Shares, 116,612,903 Shares are held by DBS Nominees (Private) Limited as nominee of DBS Bank, 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.
- DBS Holdings is entitled to exercise or control the exercise of more than one-third of the voting power of DBS Bank and is therefore taken to be interested in the Shares in which DBS Bank is interested.
- 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

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 信託人的身份持有，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 540,938,391 股股份其中 116,612,903 股由 DBS Nominees (Private) Limited 以 DBS Bank 代名人的身份持有，217,082,376 股由 DBS Trustee Limited 以 Royal Trust 信託人的身份持有，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。
- DBS Holdings 有權行使或控制行使 DBS Bank 超過三分之一的投票權，因此被視為擁有該等 DBS Bank 所持有股份的權益。
- 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

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.

- 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.
- 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.
- 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 2003, 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, Mr. YANG, Cheng, Mr. YANG, Kun-Hsiang and Mr. YANG, Chen-Wen 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.

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。

- 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。
- 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。
- 該等 176,000,000 股股份的權益由多方重複持有，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，於二零零三年十二月三十一日，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」）8.10 條，董事楊頭雄先生、楊正先生、楊坤祥先生及楊辰文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。

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 under the Territorial Delineation Agreement. Details of such is disclosed in the Prospectus of the Company dated 17 June 2003.

Compliance with the Code of Best Practice

In the opinion of the Directors, the Company has complied with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the annual report, except that there is an inadvertent delay in disclosing the Sugar Transaction and the Spare Parts Transactions as stated in this Report.

Audit Committee

The Company has established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Society of Accountants. At present, members of the audit committee comprise Mr. LAM, Tuan, a non-executive Director, Mr. CHAO, Pei-Hong and Ms. CHUANG Shu-Fen, independent non-executive Directors. The audit committee has reviewed with the management and the Company's external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the report to the audit committee for audited accounts of the Group for the year ended 31 December 2003 issued by the external auditors.

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 2003.

Auditors

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

On behalf of the board

Yang, Kun-Hsiang

Director

30 March 2004

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)以及本公司彼等之間各自同意根據區域劃定協議作出若干不競爭承諾。詳情載於本公司二零零三年六月十七日刊發之招股章程。

遵守最佳應用守則

除延遲公佈本年報所述之糖交易及零件交易外，董事認為本公司在本年報所涉及期間一直遵守上市規則附錄14所載的最佳應用守則。

審核委員會

本公司已按照香港會計師公佈的建議成立審核委員會並以書面釐定其職權。現時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與莊淑芬女士。審核委員會與本公司管理層及外聘核數師已審閱本集團所採納的會計政策及慣例，並曾討論內部監控及財務申報事宜，包括外聘核數師向審核委員會所發出有關本集團截至二零零三年十二月三十一日止年度經審核賬目的報告。

審核委員會亦已檢討截至二零零三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，但表示願意應聘連任。

代表董事會

董事

楊坤祥

二零零四年三月三十日