

Great Vision

高瞻遠矚



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

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



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

味丹國際（控股）有限公司立足亞洲，是以發酵生產技術生產氨基酸、食品添加物和木薯澱粉類產品的知名生產商。味丹國際的成功奠基於其生產優質的味精產品上，而此主要食品添加物在亞洲二十億消費群眾的口味中佔領了重要地位。集團未來的目標只有一個：拓展及加強亞洲市場，發展新產品，以滿足亞洲消費者的需求。

Chairman's Statement

主席報告書

Adhering to its set directions and plans, the Group registered stable growth in all of its operations in 2004. Both the Group's annual turnover and profits saw double-digit growth when compared with 2003. Significant achievements in both turnover and profits were recorded in the first half of the year. However, as a result of persistently high oil prices which pushed up the costs of raw materials, packaging materials and transportation, plus the one month suspension of the cogeneration power plant for maintenance (once every 3 years), and the sharp drop in lysine prices in the second half of the year and increase in sales and administrative expenses, profit in the second half of the year was affected. Though higher than the level last year, the profit in 2004 was slightly lower than envisaged. Besides, the progress of new plant construction was delayed by the tight supply of steel and other related materials, which also indirectly affected the annual results and profits for 2004. Nevertheless, the management believes riding on the Group's solid foundation, its core competence and expansion plans, it can create higher level of overall profitability soon.

Review of Operations and Business Performance

In 2004, the Group's total turnover reached US\$224,976,000, representing an increase of 10.4% over that of 2003. The gross profit rose 18.6% over the previous year to reach approximately US\$ 64,772,000. Achieving a growth of 10.2% against last year, net profit amounted to US\$24,334,000. Basic earnings per share were approximately 1.61 US cents. The Board recommends payment of a final dividend of 0.453 US cent per share. Total dividend distributed was US\$6,895,000.

The increase in income from operations in 2004 was mainly attributable to improvement of results brought about by the growth of the Group's Vietnam operation and the acquisition of the Shanghai plant. The Group recorded impressive growth in all its major products, especially MSG which saw a 11.2% growth. Strong MSG sales was also reported in Vietnam and overseas markets, particularly in ASEAN countries and Europe. The management is confident about the short to middle term development of these markets. Modified starch, another major product of the Group, sold especially well in Japan, the PRC, Europe and Australia, that its turnover soared 132.2% in 2004. The increase in lysine prices in the first half of 2004 also led to a 18.6% improvement in turnover in 2004.

味丹國際在二零零四年依循既定的方向與計劃，在各項營運及業務上均有穩定的拓展，全年營業額與盈利相較二零零三年也有兩位數的增長。集團在上半年，不論營業額與利潤都有相當亮麗的表現；但及至下半年，由於原料、包材及運費之價格受到油價上揚的因素突然飛漲、汽電廠停廠一個月大修(三年一次)、賴氨酸價格在下半年急速下滑與銷管費用增加等因素影響整年度之獲利水準，使得集團盈利雖高於二零零三年，卻稍低於我們本身之預期。另外，因為二零零四年數項新建工程所需要之鋼材和相關物料受到供應緊縮的影響，導致推遲原預估之工程進度，這也間接影響年度業績與獲利。但管理層也相信集團整體的營運在穩固之基礎下，依原有的核心優勢與擴展計劃，將很快地創造更高的獲利水準。

營運與業務回顧

回顧二零零四年的業績，集團總營業額達224,976,000美元，較二零零三年成長10.4%。毛利約64,772,000美元，較二零零三年成長18.6%。純利約24,334,000美元，較二零零三年成長10.2%。每股基本盈利約1.61美仙。董事會建議派發年度末期股息每股0.453美仙，派息總額達6,895,000美元。

二零零四年整體經營收入的增長仍以越南廠營運之成長與收購上海廠所合併增加的業績為主。而集團各項主要產品的業務亦有高成長的表現；其中味精有11.2%的成長，其銷售無論在越南國內與國外各重要市場依然有很好的成績，尤其是東盟國家與歐洲等地區的業績均持續有大幅度的成長，管理層對這些市場未來短至中期的發展深具信心。另一項集團主力產品化工澱粉在二零零四年的業績較二零零三年更是成長132.2%，主要在日本、中國、歐洲與澳洲市場的銷售各有相當高的增長幅度。除此之外，賴氨酸亦因二零零四年上半年價格的調漲，致使二零零四年業績亦較二零零三年提升18.6%。



As for the operation in the PRC, despite the notable increase in turnover, which stemmed from the acquisition of the Shanghai plant, the surge in raw material prices affected the performance of the Xiamen plant and in turn the level of profit. However, the Group's efforts over the past six months in integrating sales, sourcing and operation in the PRC after the Shanghai plant acquisition has begun to blossom. We believe the overall effect of the above strategies will be evident in 2005 and both our turnover and profits will improve significantly.

To strengthen the research and development capability, the Group set up a technology research and development center at Phuoc Thai Complex in Vietnam in 2004. Initially the new center will focus on the research and development of starch related products and other food products. The new R&D center and the original research pilot plant in Vietnam, which focuses on the research of fermentation technology, will allow the Group to expand fully its R&D scope and boost the development of high value added products and advanced technology.

Prospects for 2005

With reference to the operating performance and market situations in 2004, the primary mission of the Group for 2005 will be to secure stable supply of low cost raw materials and enhance the production capabilities for its major products. For the purpose of securing stable raw material supplies, the Group will press on with the construction of starch factory to strive for more effective use and proactive control of sugar source. We will also actively develop new sources of carbohydrates which success will benefit the Group greatly in ensuring stable supply of raw materials.

As for expanding its production capabilities for major products, the Group believes the demand for MSG and starch products will continue to grow. This is especially true for MSG products, which are persistently in strong demand exhausting the full production capability of the Group, and leading to the several upward adjustments in their prices. To meet the increasing market demand, the Group expanded its MSG production capabilities in the Phuoc Thai Complex in Vietnam in 2004, and results are expected to be seen in 2005. Modified starch also faces tremendous increase in market demand. Thus, the Group is planning to set up two more factories to raise the production capacity of starch. The move will not only boost production efficiency and economies of scale for the Group,

在中國市場的業務方面，雖因收購上海廠使整體營業額有明顯的增加，但廈門廠卻因受到原料不斷漲價的影響，使得盈利不如預期。但集團仍持續積極地佈局，並藉由收購上海廠以整合於中國整體之行銷、採購與經營等活動，經過近半年的整合，已初見成果。我們相信於二零零五年集團在中國的營運將會發揮綜效，營業額與利潤也會有顯著的進步。

為強化集團之研發能力，集團於二零零四年在越南福泰廠區成立技術研發中心，初期將致力於澱粉與食品相關之研究與開發，相信以此研發中心再加上原有專注於發酵研究的越南實驗工廠將使集團的研發領域更趨完整，並加速發展更高附加價值的產品與先進技術。

展望二零零五年

以二零零四年的營運狀況與市場的角度來看，集團在二零零五年首要的任務即須掌握低成本之原料來源及擴大主力產品之生產產能。在原料掌握方面，集團已加緊澱粉廠的建設以期更有效運用糖源，以提升掌握糖源的主動性，同時也投入開發新糖源，此項目如能開發成功，將對集團之原料掌握有莫大的幫助。

在擴增主力產品產能方面，我們認為味精與澱粉產品在市場上仍將持續成長的趨勢，尤其是味精產品，雖然已全能生產，亦數度調高價格，但市場上的需求仍然旺盛。為因應此強勁的需求，集團已於二零零四年著手於越南福泰總廠擴廠增產味精，並可望在二零零五年內貢獻效益。同時，化工澱粉在市場上也呈現強勁成長的銷售狀況，故集團亦計劃於越南再增加兩座生產工廠以提高澱粉產量，此增產不僅將使化工澱粉更可發揮生產效率與經濟規模，更可讓集團在糖源原

but will also allow us to more proactively control and assure a stable supply of sugar source. The management believes these strategies will enhance the Group's overall operation and profits in 2005.

Expanding the PRC market remains as the core mission of the Group for 2005. To carry on with the expansion plans in 2004, in addition to the continuous development of the Shanghai plant and Xiamen plant, the Group will seek to, through merger and acquisition or forming strategic alliances, accelerate its sourcing of raw materials and the integration of its business operation in the PRC. Integration and expansion of strategic alliances will ensure the robust growth of the Group's business throughout the PRC. The Group also plans to produce high value added products in the Shanghai plant in 2005, aiming to generate better results and profits.

Affected by the tight supply of steel in the international market, the progress of construction of the factory for producing PGA, a new product of the Group, has been delayed. The factory is expected to be completed and trial production and sales to begin before the end of this year. We are confident about the potential of the product and its ability to bring better results to the Group. The production of high value-added seasonings, another new product of the Group, will start in 2005 and is expected to start generating higher profit for the Group soon. In a bid to continue enhancing its production technology and efficiency and create more high value added products, in addition to our own R&D, the Group has started negotiation with several top international biochemical companies regarding developing new technologies for producing new materials and products.

Vedan faced a challenge-ridden operation environment in 2004. Profit was slightly below our anticipation due to the factors mentioned above. Tackling these unforeseen situations with maximizing shareholders' gain

料更有主動的掌握能力。管理層相信這些增產策略將對集團二零零五年的整體經營與利潤更有助益。

另外，中國業務的擴展仍是集團的重要營運核心之一。為延續二零零四年的計劃，除上海廠與廈門廠在當地不斷深耕與佈局外，集團也將持續以併購或策略聯盟的方式加速進行在中國市場之原料採購與業務通路的整合與營運。相信透過整合的力度及策略聯盟的擴張，將使味丹國際於中國的版圖不斷地堅實與茁壯；同時，集團也已規劃二零零五年在上海廠生產較高附加價值之產品，期望為集團帶來更高之業績與盈利。

集團新產品聚谷氨酸建廠工作，受到國際鋼材供應短缺影響，使原建廠工程進度受到延誤。預計於今年年底前可建廠完工，並開始試量生產與銷售，我們對此項新產品未來的潛力具有相當的信心，相信不久的將來，此產品會為集團達致更高的營業成果。另一項新產品，風味調味料也將於二零零五年投入生產並預期很快地貢獻集團更高之利潤。而為不斷提升生產技術與效率並創造更高附加價值之商品，集團目前除本身研發團隊的全力投入外，也與數家國際性先進之生化公司洽談開發原料與產品的新技術。

二零零四年對味丹國際而言是具挑戰的一年，主要因為前述幾項因素的影響，造成盈利稍低於我們本身的預期，而面對這些不預期的突發變數，集團的管理層



in mind, the Group's management and staff responded promptly by focusing on saving production costs, propelling business development and advancement of technology. We are optimistic about the general sentiment and market demand prospects, and we believe the surge of materials prices will only be a short-term situation. In 2005, we will maintain our proven strategies and continue to develop our highly competitive core businesses in order to generate more satisfactory results through enhanced productivity of our core products, the completion of new plants and overall integration. Although some uncertainties still exist, we are confident that riding on our solid foundation and innovation, we will be able to secure better results and higher profits this year, hence be able to reward the unfailing support of our shareholders.

By order of the Board

Yang, Tou-Hsiung

Chairman

Hong Kong, 15 March, 2005

與各級同仁都立刻採取因應對策，莫不戰戰兢兢針對生產成本的節省、業務的推展與技術的開發付出最大的努力，深怕辜負股東對集團的期望。不過我們認為整體市場的基本面與需求仍相當樂觀，預期這波原料價格調漲只是短期的現象，只要我們堅持走對的路，固守具競爭力的核心產業，我們也預期在二零零五年，透過主力產品產能的增加、多項新建工程的完工與整合的綜效，將使經營績效逐漸浮現。所以，縱使在市場上仍存在些許總體環境的變數，但我們相信以味丹國際穩固的基礎及創新的精神，將會締造更好佳績，以提高盈利來回報各位股東對味丹國際的信心與支持。

承董事會命

楊頭雄

主席

香港 二零零五年三月十五日