



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 Asian region while developing new products for the demand of consumers.

味丹國際(控股)有限公司立足亞洲，是以釀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有重要地位。集團未來的目標：拓展及加強亞洲市場，發展新產品，以滿足消費者的需求。

# 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。



Despite facing challenges on its profit from high raw material costs and keen competition in the market, Vedan International still managed to achieve notable turnover and profit growth in 2006. These achievements were attributable to the Group's success in overcoming the adverse market conditions by raising the selling prices of its products, controlling cost and adopting flexible production.

Our business continued to report overall steady growth in 2006 with turnover and net profit grew by 12.7% and 37.3% respectively when compared with 2005. Although the cost of raw materials stayed high and market competition remained intense, with the Group implementing active development and expansion plans and effective sales and marketing strategies in major markets, it recorded year on year growth of 9.1%, 15.1% and 78.2% in Vietnam, the PRC and ASEAN markets. Except for lysine, all of the Group's core products delivered satisfactory performance with GA, modified starch and specialty chemicals reporting particularly strong growth in sales.

In 2006, the Group focused on perfecting the raw material and market supply chains in the PRC. Shandong Vedan Snowflake Enterprise Co., Ltd., which commenced operation in early April last year, produced GA during its initial stage of operation. Apart from selling its products directly to customers, the company also secured a stable supply of raw materials to the Group's other factories in the PRC. It has extended the Group's business presence from Central and Southern China to Northern China and even the Northeastern part of the country. Moreover, the Group's Shanghai plant started production and sale of modified starch for food applications in 2006 and reported encouraging preliminary results.

味丹國際在2006年的整體營運，雖然面對高檔的原料成本及激烈的競爭環境，致使集團獲利受到挑戰，但集團不斷的努力提升產品售價，嚴格控制成本及採用彈性的生產策略，使我們雖處於嚴峻的局勢，在整年度的業績與獲利卻仍錄得明顯的增長。

集團2006年之經營趨勢仍保持穩健的成長，營業額較2005年提升12.7%，盈利方面也有37.3%的增長。雖然原料成本高，且競爭激烈，但集團在各地主要市場更積極部署與開拓，運用有效的行銷策略，促使集團在越南、中國與東盟國家等主要市場都較去年約有9.1%、15.1%、與78.2%的成長；另外，集團主要產品除賴氨酸外，各項的產品業務也都有不錯的表現，尤其是谷氨酸、變性澱粉及特用化學品的銷售都有顯著的增加。

集團在2006年於中國市場仍不斷致力於原料與市場供應鍊的精耕。尤其是去年四月初開始營運的山東味丹雪花廠，初期生產谷氨酸，除自行銷售外，亦可穩定供應集團於中國區原料之需求，使集團業務由原本集中於華中及華南地區，進而推展至華北，甚至東北地區。另外，2006年上海廠正式投入生產與銷售食品應用變性澱粉，初期已有良好的開始。





In the past two years, the Group's profit had been seriously affected by the rising costs of carbohydrate sources. Thus, the Group made securing stable supply of carbohydrate sources a key focus in 2006. Related initiatives included expanding the trial cultivation of tropical sugar beet in Vietnam and the production capacity of Ve- Yu Starch Factory acquired by the Group at the end of 2005, and constructing a new starch plant in Ha Tinh province. The management believes these moves will allow the Group to improve production costs and profitability in the near future.

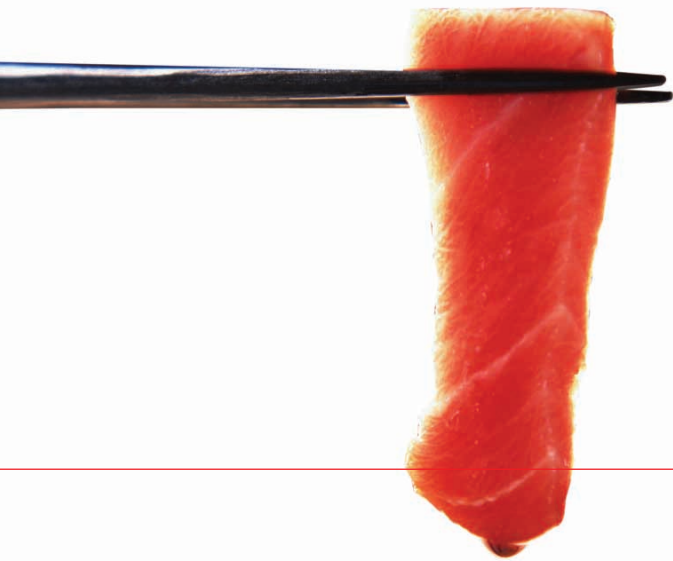
### Outlook for 2007

Vietnam is the main production base and market of the Group. After her formal accession to the World Trade Organization (WTO) on 11 January 2007, Vietnam has seen trading and large investment activities heating up. We expect this encouraging development to ripple across the entire ASEAN market translating into boosted general consumer demand and economic advancement. The Group is glad to have started early in building and growing its operations, sales network and brand prominence in Vietnam and the ASEAN market at large. Vietnam's accession to the WTO and opening of AFTA will bring more severe competition into the market, but we believe the Group has first mover advantages in production as well as sales and will be able to ride on the new international trading platforms to quickly push its existing and new products to emerging markets including ASEAN countries, China and India, opening for itself yet more lucrative business opportunities.

近兩年來，集團利潤因糖質原料價格之高漲，受到相當大的影響。所以，掌握更多糖源供應之主導性亦是集團06年的工作重點，例如：持續加強於越南地區試種熱帶甜菜，擴充05年底於越南所併購的味友澱粉廠產能與籌建中的河靜澱粉廠等措施，管理層相信在不久的將來，對生產成本與獲利將逐漸顯現實質之效益。

### 展望2007年

越南是集團的主要生產基地和市場，在2007年1月11日，越南正式加入世界貿易組織(WTO)，各項貿易活動與大型投資正蓬勃進行，我們預期這將很快地帶動整個國家甚至整個東盟區域的民生需求與經濟發展。集團很慶幸在早期即已深根於越南的經營，我們在越南與東盟國家已有穩固的行銷網絡及品牌知名度，所以縱然隨著WTO與AFTA的開放，可能會讓我們面對更激烈的競爭，不過我們相信以集團既有的產銷優勢，將可藉由這些國際貿易的管道，把現有的產品與新開發的產品更為迅速便利地擴展至東盟國家、中國與印度等新興市場，為集團開拓更多、更廣的商機。



Regarding development of the PRC market in 2007, we will pursue further development of the distribution network for MSG and GA in Shanghai, Xiamen and Shandong. We also expect the Shanghai plant to start producing and selling value-added seasonings and modified starch for food applications to boost our product portfolio and in turn enhance our performance. Moreover, taking into account the overall business environment in the PRC, the Group plans to move the MSG refinery facilities in the Xiamen plant to Shandong in 2007 to strengthen and perfect the overall fermentation and production capacities of the Shandong plant. Our aim is to build the Shandong plant into a strategic base to facilitate the Group's business expansion, production and sales integration in the PRC market.

The Group has also paid much attention to the direction of R&D activities and their implementation. Good progress has been made in areas including new applications for modified starch, and development of new value-added seasonings and GA, as well as finding ways to enhance production efficiency. Currently, on top of the efforts of our own R&D team, we are negotiating certain projects in relation to product or innovative production technology development with some advanced international bio-chemical companies holding innovative technical know-how. We hope to continuously advance our production technology and efficiency, and create more high value-added products to add to our diverse offerings.

2007年在中國市場之開展，除深耕上海廠、廈門廠與山東廠之味精與谷氨酸於當地之市場通路外，今年上海廠也將正式投入風味調味料的生產與銷售業務，加上食品應用變性澱粉業務的強化，以發展多元化產品，增添更高的營業成果。同時，集團也考量中國總體的環境，在2007年計劃將廈門廠味精精製設備遷往山東廠，藉以強化並完備山東廠整體之醱酵與精製的運轉產能，使山東廠成為集團在中國市場拓展與產銷整合相當重要之策略性據點。

集團也相當重視研發的方向與執行，無論開發各種用途之變性澱粉、高附加價值的風味調味料、聚谷氨酸與各項製程效率的改善，都已有不錯的成效。而集團目前除本身研發團隊的全力投入外，也與數家國際性先進之生化公司，洽談開發各項產品或製程的創新技術，以期不斷提升生產技術與效率，並創造更多樣化的高附加價值產品。

## Chairman's Statement (continued)

## 主席報告書 (續)

While raw material costs appear to decline recently, competition in the market is still keen. To overcome the challenges ahead, our staff at all levels will give their utmost efforts in tackling their work. We are confident that the Group's profit will gradually pick up as our technological capabilities improve and we continue to push forward our business strategies. Moreover, the Group will continue to review its long-term operational direction and develop a befitting development blueprint that can help it stay competitive and create higher value.

雖然原料成本以目前來看有稍為舒緩的趨勢，但是尚須時時面對更為激烈的競爭，集團各級同仁仍將保持兢兢業業的態度以克服挑戰。我們也有信心，在各項技術提升與業務策略的推展下，集團的盈利將逐漸恢復水準。但更進一步地，集團會不斷地構思長期的經營方向及建構未來的發展藍圖，以延續發揮集團的競爭優勢，創造更高的價值。

By order of the Board

承董事會命

**Yang, Tou-Hsiung**  
Chairman

主席  
**楊頭雄**

Hong Kong, 20 March 2007

香港 二零零七年三月二十日