

Chairman's Statement 主席報告書



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，我們開創多種優質產品，以迎合消費者的口味和要求。

Yang, Tou-Hsiung
*Chairman*主席 楊頭雄

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，是以醱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。

Looking at the global economy in 2014, although signs of recovery could be seen in certain areas, the recovery pace of many regions and countries, including Vietnam, remained slow which inevitably impeded the expansion plans of local companies. Meanwhile, the intense price competition among MSG industry players has also presented challenges to the Group's major markets and further squeezed its overall profitability. Although there were no notable fluctuations in the prices of raw materials during 2014, the prices of natural gas and energy in Vietnam did not weaken and fall in step with the declining international price of crude oil. The continuous increase in energy costs exacerbated a situation already characterised by high production costs, thus the Group was unable to provide its products at competitive prices. Confronted with these challenges in both sales and production, the Group's focus of operations for this year was stabilising material costs, flexibly adjusting production operations to enhance cost efficiency, and accelerating implementation of energy-saving initiatives while increasing marketing efforts and developing new products. Such actions can alleviate the impact of the highly competitive environment on sales and increasing energy prices through reducing expenses and broadening the streams, thus enabling the Group to maintain profitability.

Looking at the Group's operations and profit for this year, turnover amounted to US\$325,000,000, a decrease of around 4.9% when compared with the corresponding period last year. The decline was mainly attributable to fierce price competition among industry players which caused the turnover of the Group's major markets in Vietnam, Japan, ASEAN and Europe to drop by varying degrees. At the same time, the rising prices of natural gas and energy in Vietnam, the Group's major production base, have in turn increased the Group's production costs and eroded our profitability, so gross profit dropped 8.3% from the previous year. Net profit was also dragged down by lower turnover and gross profit, thus the Group recorded an operating loss for the first time.

In terms of geographical markets and segment performance, in Vietnam, the Group's major market, economic headwinds and fluctuating exchange rates have further affected both its exports and domestic consumption. The resulting unfavourable operating environment has presented strident challenges for the Group's operations, most notably its production operations within that country. Although the Group has been focusing on strengthening its distribution channels and enhancing its branding efforts, the competition centred around the low prices among MSG peers. The low prices have still affected the sales of unbranded large-packaged MSG, resulting in a year-on-year drop of 2.6% in the revenues from the market in Vietnam. Our PRC operation has also been seriously affected by the market competition and the government's anti-extravagance campaign which has had a short-term impact on the dining industry, suppressing sales and resulting in a sales decrease of approximately 11.9% over last year. Similarly, the sales to the market in Japan were also reduced by the price competition, which has also led to a substantial decline in the selling price there as well. The depreciating Japanese yen in particular increased the cost of exporting to this market. Consequently, the sales performance of the Group in Japan has decreased by 6.2% from the previous year. The ASEAN and European markets experienced an even more adverse impact due to the cutthroat price competition in the first half of the year. Thus, the prices of products in these two markets have remained very low. The Group has resisted engaging in the competition based solely on price because profitability remains its key consideration. As such, sales and revenues of MSG in these regions contracted substantially when compared with the same period last year.

綜觀二零一四年全球的經濟景氣，雖然部份區域已開始有復甦跡象，但仍有許多地區與國家，包括越南，市場景氣恢復仍緩慢，使業務無法如預期的拓展。另一方面，味精同業於市場上的低價競爭，衝擊集團各主要市場之銷售，嚴重侵蝕集團的整體獲利。雖然二零一四年的原料價格無明顯波動，但越南的天然氣及能源價格並未隨著國際油價疲軟而下跌，反而持續的調漲，使生產成本仍居高不下，無法適時反應其競爭之價格。故面對此等銷售與生產的挑戰，集團今年的主要營運重點仍致力於穩定原料價格、彈性調節生產以提升成本效率、加速實現能源因應對策、加強銷售力度與開發新產品項目等，以減緩因競爭環境對銷售所帶來的衝擊與能源調漲之不利影響，開源節流，盡可能努力維持利潤的空間。

綜觀集團於今年之營運與獲利，營業額達3億2千5百萬美元，相較去年同期下降約4.9%。營收不如預期，其中主要受到同業壓價的影響，致使集團的主要市場，包括越南、日本、東盟與歐洲地區之營業額均有不同程度的下滑。同時，集團主要的生產基地，越南的天然氣及能源價格持續調漲，墊高生產成本，侵蝕獲利水平，使毛利較去年同期下降8.3%，淨利亦因營收與毛利大幅下滑，首度錄得營運虧損。

以各地區市場與業務經營分析，集團在各主要市場，尤其是越南地區，受到景氣不穩定與國際匯率波動的影響，對越南的生產出口與國內消費市場更是雪上加霜，這些嚴峻的經營環境對越南的營運產生相當程度的挑戰。同時，在味精低價業者進口銷售威脅之下，雖然集團不斷努力通路與品牌的經營，但仍影響無品牌大包裝味精的銷售，使整體區域內業績較去年減少2.6%。而集團在中國區的營運，除受到市場競爭影響外，中國的禁奢政策短期間衝擊到餐飲食品業，影響銷售，故造成約11.9%的下滑。另外，日本市場的銷售同樣也受到產品削價的衝擊，售價大幅調降，尤其日幣的貶值更增加出口到日本之成本，使集團銷售於日本市場的業績亦較去年下降6.2%。而東盟與歐洲市場於上半年受到此衝擊的影響更甚，產品於市場上的售價甚低，但集團仍以利潤為主要考量，不參與低價之競爭，造成此兩個區域的味精銷售受到嚴重影響，致使今年業績較去年大幅減少。

As for the performances of our products, for our major product, MSG, the Group had to lower selling prices in various markets due to the price competition among our peers. When compared to last year, the revenue of MSG dropped by 5.9% as the Group has reduced the sales to food processing users, which generated lower profit, so as to bolster the Group's profitability. Revenue of modified starch, another key product of the Group, rose by 3.1% as the Group enriched its product mix and secured new customers during the year. Among the specialty chemicals, soda recorded a drop of 9.4% in revenue due to a very low price of imported products in the Vietnam market and the ongoing unfavourable environment of related application industries. Sales of hydrochloric acid recorded a year-on-year growth of 10.9% benefitting from the greater demand of the metals processing industry in Vietnam. The market demand and selling prices of fertiliser and feed products remained stable but the sales decreased due to adjustment to the production volume. Moreover, to tap the growing demand and sales of amylase in Vietnam, the new maltose plant has completed installation of equipment and started operation. The new plant will not only enhance the production efficiency of its existing syrup plant, but also diversify the Group's starch business and ultimately create a new revenue growth driver.

In 2014, market competition has caused the Group's overall business performance to drop. The operating environment is expected to remain difficult in the near future. As such, the Group has reviewed and enhanced the efficiency and effectiveness of its procedures to better cope with potential changes in the operating environment. As a start, the Group can improve its production efficiency and lower product costs once the energy problem is solved at the Vietnam plant. The Group is confident to create new business and opportunities in the future. However, what's more important now is to seize the trend of material costs, as well as to diversify and expand raw material procurement strategies aimed at minimising cost fluctuations and stabilising production costs. To further develop its operations in Vietnam and the PRC, the Group is aggressively strengthening its marketing strategies, as well as extending its distribution and sales channels in order to realise the full potential of its sales network. At the same time, the Group is planning to launch new products to complement the current product lines, as well as enhance its sales presence to boost its brand awareness. Besides, the Group is also identifying potential strategic collaborative projects, and by using its geographical strength and international experience, aiming to improve efficiency while both broadening its revenue streams. The Group is also continuing to bolster its research and development (R&D) capabilities to improve production efficiency and develop innovative products.

Although sentiment in the global market has gradually recovered, we realise that the prevailing global economic conditions and operating environment still pose tough challenges to the Group's operations. To tackle the challenges ahead, the Group is conducting an in-depth analysis of its current situation as a prelude to planning and setting future strategic directions. Though it is not easy to control or predict macroeconomic trends, the management believes that the Group's prudent operational approach and strategies for market expansion and branding can mitigate the effects of the adverse macroeconomic situation. We will conduct an in-depth analysis on how to improve the performance and how we can make a turnaround. The Group plans to expand its business presence and improve profitability through a more proactive approach, in particular after the energy cost issue in Vietnam has been redressed. The Board will continue to urge the management and all of the staff to adopt a prudent approach and innovative vision to formulate and execute effective operational and business development strategies over the medium and long term to overcome the current challenges and explore new opportunities in order to bring the Group's business to new heights.

By Order of the Board
Yang, Tou-Hsiung
Chairman
Hong Kong, 24 March 2015

以產品銷售分析，集團主要的味精產品，由於受同業低價競爭的影響，於很多市場均調降售價。但同時為確保利潤，集團策略性降利潤較低之食品加工用戶的銷售，致使營收較去年下降5.9%。集團另一項重要的變性澱粉產品由於在期內增加銷售品項與開發新客戶，銷售成長3.1%。特化產品中的蘇打，因受進口競品價格甚低及相關應用產業之景氣仍未恢復的影響，使營收下滑9.4%。但另一項鹽酸產品，卻受惠於越南金屬加工工業的需求增加，業績尚能較去年成長10.9%。而集團的肥飼料產品，雖市場需求與售價維持穩定成長，但因產量的調節，銷售相對下降。另外，集團有鑒於越南市場對澱粉糖的需求與產銷情勢，增設之麥芽糖廠，目前已完善其相關之設備並投入生產，預期未來不僅可更充分發揮現有糖漿廠之生產效率，俾使集團之澱粉事業更多元化，並增加營收之動能。

今年主要受市場競爭的影響，造成集團整體業績下滑，同時也預期到經營環境在未來的一段時間內仍不容易改變現狀。對此，集團持續檢討加強對環境變化的應變速度與機制。首先，集團相信越南廠的能源問題改善後，預期將提升生產效率與降低成本，並有信心未來可以創造更多新的事業與商機。不過，更重要的是必須掌握生產原料價格的趨勢，靈活並積極採取更多元化與廣泛的收購，將成本的波動降至最低，冀使集團的生產成本得以更穩定。另一方面，在越南與中國區的業務將更加緊整合集團的行銷策略與強化通路架構，深耕銷售網絡，以發揮通路價值。同時，集團也將藉由已成熟的通路基礎，規劃導入相關新產品之銷售，延伸品牌的加乘效果。集團也將把握機會，積極檢討尋找各項策略聯盟合作的項目，結合地緣利基與國際經驗，以期擴張經營綜效及增加盈利之來源。同時，亦將持續強化研發項目以增進生產效能與開發新產品。

我們深刻體會到目前世界的經濟情勢與經營環境變化快速，雖然全球景氣有慢慢復甦的跡象，但對集團的營運的確仍存在諸多的競爭與挑戰。對於此等挑戰，集團將深入的檢討與規劃，並擬訂相關的策略以因應迎面而來的挑戰。當然，整個大環境的變化並不容易控制或預測，但管理層仍將以穩健的經營方針，通過深化市場經營與延伸品牌價值等策略，以期將大環境的因素對集團的衝擊降至最低。今年營運的虧損，我們將深切檢討如何轉虧為盈。尤其在越南能源問題改善後，集團將朝向更積極與開創的思考模式來擴展集團的事業版圖與提升獲利。董事會也繼續要求管理層與各級同仁以謹慎的態度、創新的眼光檢討未來中長期的經營策略，尋求更多商機，共同努力克服眼前的困難，為集團的未來開拓更具發展的事業及領域。

承董事會命
主席
楊頭雄
香港，二零一五年三月二十四日