



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 楊頭雄
Chairman 主席

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。

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In 2016, the global economy remain troubled by uncertainties brought by Brexit, the outcome of the US presidential election, the changing market and economic conditions in the PRC, and interest rate hike by the Federal Reserve in the US, consequently resulting in fluctuations in international exchange rates and interest rates. The unstable situation in the Middle East and Europe also added uncertainties to the market. Nonetheless, material and energy costs of the Group's Vietnam factory have remained relatively stable during the year; hence production costs have gradually stabilised and facilitated higher overall profitability. Still, the price competition affecting various markets that the Group operates in has shown no sign of abating, which not only affected these major markets but also the Group's revenue and profitability. To cope with such situations, the Group has switched its focus to stabilising costs and actively expanding its businesses by strengthening sales efforts and developing new products with the ultimate aim of boosting profitability.

Looking at the Group's operations and profit for 2016, turnover amounted to approximately US\$327,000,000 during the year, which is similar to the last corresponding period though dipping slightly by US\$181,000 year-on-year. Although the competitiveness of the Group's production operations has improved, and the overall sales volume of its products has recorded growth in most regions, the Group's total revenue has declined modestly, mainly due to persistent price competition in the international market which dragged down the selling price of various products and affected the Group's revenue growth. Nonetheless, the Group's gross profit grew substantially by 30.2% over the previous year to US\$79,030,000, benefitting from the decline in overall production cost resulting from generally stable material and energy costs. Net profit of the Group increased by US\$10,403,000 to US\$22,233,000, and net profit margin stood at 6.8%.

二零一六年全球的經濟環境，隨著英國脫歐、美國總統大選結果與中國景氣變化，加上美元升息等不穩定因素，引至國際匯率及利率的波動，加上中東與歐洲局勢的不穩定，此等不確定因素使市場景氣仍籠罩於陰晴不定的氛圍中。然而，集團越南廠於期內之能源與原料價格尚屬穩定，致使生產成本得以逐漸回穩，獲利得以提升。雖然如此，集團的各類產品於市場上的價格競爭卻持續衝擊集團各主要市場及影響集團的營收與獲利。有鑑於此，集團今年的主要營運重點為致力穩定成本，積極拓展業務，加強銷售力度與開發新產品等，以開創更高的利潤空間。

綜觀集團於本年（二零一六年）之營運與獲利，年內營業額約327,000,000美元，與上年同期持平，略降181,000美元。雖然集團生產競爭力回升，而且大部份區域與產品銷售數量均有增加，但總營收略為下滑，主要由於國際市場上價格的持續競爭，以致多類產品項售價下滑，影響業績增長。然而，集團受惠整體原料價格與能源成本穩定，使整體生產成本下降，全年毛利額達79,030,000美元，較上年大幅提升30.2%。淨利為22,233,000美元，較上年增加10,403,000美元，淨利率6.8%。

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In terms of major geographical markets and segment performance, in Vietnam, the economy has been on the road to recovery and together with the stabilised energy and material costs, thus enhanced competitiveness of its products. Revenues of various products of the Group including hydrochloric acid, soda, modified starch and maltose recorded increases. However, the sales progress of MSG products has been affected by continuous import, and the unfavourable climate in Vietnam in the first half of the year also hindered the sales of fertiliser. All of these factors impacted the overall performance of the Vietnam operation, which recorded a year-on-year decline in revenue of 5.3%. In respect of the PRC operation, due to the slowdown in economic growth, depreciation of the RMB, along with weakening market demand and intense competition, the Group recorded a year-on-year revenue drop of approximately 7.6%. On the other hand, revenue from the Japan market grew by 4.1% year-on-year due to sales increases from MSG and modified starch. The reduction in production cost combined with the increasing competitiveness of MSG and modified starch in the market during the year have also led to growth in revenue from the ASEAN and European markets of approximately 11%. The US market saw higher growth in revenue as well from the sales increases in MSG and modified starch when compared with the previous year, underpinned by rising revenue from MSG and maltose.

As for the performance of the Group's products, although revenue from its leading product, mainly MSG-related products, decreased due to price competition, its profit rose year-on-year benefitting from stabilised energy and material costs, enhanced competitiveness and greater contribution from stronger brand and distribution channels. Revenue of modified starch, another key product of the Group, increased as compared with the previous year owing to the Group's ability to stabilise its cost, secure new customers and realise product synergy. In respect of hydrochloric acid and soda, which are under the specialty chemicals segment produced by the Group, revenue of such products recorded steady growth when compared with the previous year, and can be attributed to more stable demand for fundamental chemicals in Vietnam as market sentiment in the country gradually improved. Regarding the Group's fertiliser products, the drought and soil salinisation that occurred in Vietnam in the first half of the year affected domestic demand. Overseas sales also dropped notably due to intense product and market competition which caused the price of similar products to fall. However, thanks to the growing demand and increasing sales of amylase in Vietnam, as well as the Group's effective marketing channels and strategies, sales from its new maltose plant soared by 60.5% year-on-year and its profit also gradually increased. The new plant has not only served as another revenue growth driver, but has also enhanced the production efficiency of the Group's existing maltose plant and diversified its starch business.

綜觀集團各主要市場與業務經營分析，在越南市場，雖然經濟景氣緩步復甦，配合越南廠能源成本與原料價格穩定，產品競爭力提升，使多項產品之銷售，包括鹽酸、蘇打、變性澱粉與麥芽糖等產品營收均錄得增長，但味精產品因持續受到進口產品衝擊，影響集團銷售進度。同時，受越南今年上半年氣候因素影響，肥料銷售亦受到阻礙；致使越南整體區域內業績較上年同期下滑5.3%。然而，集團在中國區的營運，因經濟景氣趨緩與人民幣貶值及受到市場需求下滑與競爭的影響，使營收較上年同期下滑約7.6%。另外，就日本市場的營運而言，受惠味精與變性澱粉的銷售增長，集團銷售於日本市場的業績較上年同期上升4.1%。而東盟與歐洲市場於期內受惠生產成本下降，味精與變性澱粉之市場競爭力提升，致今年此等地區之業績較上年明顯上升約11%。除此之外，美國市場也因為味精與麥芽糖的業績提升，使今年該地區業績亦較上年有較大幅度的成長。

就以產品別分析而言，集團主要的味精相關產品，雖然營收因受市場價格競爭的影響而下滑，但由於能源與原料價格穩定，競爭力提升，加上品牌與通路的強化所造成的貢獻，獲利較上年有所提升。集團另一項重要的變性澱粉產品，除受惠於穩定的成本外，亦成功開發新客戶，發揮產品綜效，使該產品業績較上年有所成長。另外，在特化產品中的鹽酸與蘇打產品，因越南景氣的逐漸提升，對基礎化學品有穩定需求，公司生產之鹽酸與蘇打業績也有穩健的成長。而集團的肥飼料產品，受到越南今年上半年的乾旱與土壤鹽化影響，內銷市場需求下降，加上市場上產品競爭激烈及外銷市場因同類產品價格下滑，市場競爭激烈，致銷售額較上年大幅減少。此外，集團有鑒於越南市場對澱粉糖的需求與產銷情勢，所增設之麥芽糖廠，因行銷通路與策略得宜，今年麥芽糖之營業額較上年大幅增加60.5%，其獲利也逐步提升，除增加營收之動能外，可更充分發揮現有糖漿廠之生產效率，使集團之澱粉事業更加多元化發展。

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During the year, driven by an improved cost structure and strengthened businesses, the Vietnam plant of the Group has gradually gained profit growth momentum. However, threats arising from currently intense price competition among various products have continued to grow, while overall economic uncertainties also linger in the operating environment. To cope with these challenges, the Group will review its strategies and mechanisms on a timely basis and adopt a more flexible raw material procurement procedure, as well as improve production technologies. Such actions will help stabilise costs and maintain the competitiveness of its production capabilities. It is noteworthy that the Vietnam Government has entered into a number of free-trade agreements which are expected to boost mid-to-long-term economic growth. In the area of sales and marketing, the Group will seize opportunities to expand in the Vietnam market, while also focus on emerging markets with development potential as well as strengthen its distribution channels. For the mature channels, the Group will integrate its marketing strategies and expand its sales channels in order to realise the full potential of its sales network. It will also increase R&D efforts on new products and introduce new products to raise brand awareness. As for the PRC operation, in addition to bolstering its business development team, the Group will continue to expand in regional markets and develop new products with higher gross profit. The Group will also review and identify potential acquisitions and strategic collaborations in projects, leverage its geographical reach and international experience, and establish overseas business presence in order to improve its operational efficiency and broaden its revenue streams.

年內，集團越南廠主要在成本改善與業務強化的驅動下，獲利動能逐漸升溫。雖然如此，現階段各類產品在市場上的價格競爭態勢仍未見趨緩，總體經濟的不確定因素仍充滿在經營的環境中。面對此環境變化，集團將隨時檢討應變策略與機制，採取更靈活的原料採購模式與持續提升生產技術，以期穩定成本，維持生產競爭力。另一方面，越南政府已簽訂多項自由貿易協定，預期將會帶動中長期經濟發展之潛力。有鑒於此，集團將把握機會，在行銷業務方面，精耕越南本地市場，並著力於具潛質空間之新興市場，強化通路架構，對於已成熟的通路，將再整合集團的行銷策略，深耕銷售網絡，以發揮通路價值。同時，集團將強化研發新產品與藉由規劃導入相關新產品之銷售，延伸品牌的加乘效果。而在中國區的營運，除了再強化業務團隊，將再努力於區域市場之精耕與開發高毛利新產品。此外，集團也將繼續檢討尋找各項併購或策略聯盟合作的項目，結合地緣利基與國際經驗，思考佈局海外據點，以期擴張經營綜效及增加盈利。

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We realise that the uncertain global economic conditions and operating environment will present many growth opportunities, but also tough challenges to the Group's operations. In the face of these variables, the Group will conduct in-depth planning and reviews, as well as formulate relevant strategies to capture opportunities and overcome the challenges ahead. Looking at 2017, the Group believes that the competitiveness of its production operations has gradually improved. This, plus an open market in Vietnam and presently stable economic growth across the region have raised the operation team's confidence in promoting sales and further expanding into different business sectors. As the Group enters a stable phase in the business cycle, it has observed signs of an upswing as its operation develops and advances. Recognising the ever-changing operating environment and the opportunities presented to the Company, as well as the responsibilities on its shoulders, the management at all levels will execute strategies devised by the Group in a proactive, pragmatic and prudent manner, with the aim of achieving breakthroughs and growth in both results and operations.

By Order of the Board
Yang, Tou-Hsiung
Chairman

Hong Kong, 28 March 2017

我們深刻體會到目前全球的經濟形勢與經營環境仍充滿不確定性，對集團的營運而言，雖然仍有許多成長機會，但確實也存在諸多挑戰。面對此等變數，集團將作更深入的檢討與規劃，並擬訂相關的策略以掌握時機及對應迎面而來的挑戰。展望二零一七年，集團相信我們的生產競爭力將穩步提升，且面對越南開放的市場與經濟穩定的成長現況，經營團隊更有信心在業務銷售方面得以發揮，同時將有機會對於各事業領域的發展，進行更進一步的拓展。集團也相信，在此良性循環之下，經營將持續朝向正面與進步的發展方向。而集團的各級主管同仁亦深切體會處於多變的環境中，公司的契機與所肩負之責任，將會以開創的眼光與積極的態度，務實並謹慎地來執行集團擬具之各項營運策略，以期對集團的業績與經營有更高的突破與發展。

承董事會命
主席
楊頭雄

二零一七年三月二十八日