

A middle-aged man with short, dark hair, wearing a dark suit, white shirt, and a patterned tie, is smiling and looking towards the camera. He is standing in front of a large industrial facility with complex piping and structures under a clear blue sky. The image has a blue color cast.

“ 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。

”

Great Vision 高瞻遠矚

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 demanding Asian 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領了重要地位。集團未來的明確目標是：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

2003 was a year of challenge. From the War in Iraq to SARS at the beginning of the year to bird flu towards the end, these events had a profound influence on the global economy. However, despite the negative impact of SARS on the Group's business in the PRC, 2003 was a year of growth for the Group in terms of business results and profits, thanks to the sustained and conscientious effort of the Management and other staff.

The Group was successfully listed on the main board of The Stock Exchange of Hong Kong in June 2003, giving both encouragement and a greater sense of commitment for everyone in the group. On the one hand, we would like to thank all our shareholders for their support and their full confidence in the Group's business. On the other, every member of the Group is shouldering heavier responsibilities in our operations. We pledge that the Group will continue to make solid and unwavering steps ahead in developing our business, conducting reviews more extensively and grasping every opportunity related to the Group's core businesses.

We will consolidate all our resources and beef up our operations, aiming to increase the breadth and depth of the Group's business, so as to enhance its future development and profitability. At the same time, we will move forward with a greater sense of direction. The listing is a new starting point for us with renewed commitment and higher ambitions.

Review of Operations and Business Performance

In 2003, the Group's total turnover reached US\$203,797,000 (approximately HK\$1,589,617,000), representing an increase of 11.5% over 2002. The gross profit margin rose 7.2% over the previous year to reach 26.8%. Achieving a growth of 34.6% against last year, net profit after tax was US\$22,079,000 (HK\$172,216,000). Basic earnings per share were 1.72 US cents (13.4 HK cents).

The Board recommends payment of a final dividend of 0.555 US cent per share (4.33 HK cents per share). Total final dividend amounts to US\$8,395,000 (HK\$65,484,000). Interim dividend paid was 0.321 US cent per share (2.5 HK cents), totalling US\$4,852,000 (HK\$37,846,000). Total dividend per share for the year will be 0.876 US cent (6.83 HK cents), totalling US\$13,247,000 (HK\$103,327,000), accounting for 60% of total net profit for the year.

二零零三年是充滿挑戰的一年。從年初的美伊戰爭、SARS 及至年底所發生之禽流感都牽動著世界的經濟與脈動。雖然如此，味丹國際集團除在中國業務受到 SARS 時期以及中國原料價格高漲的影響外，在所有管理層與全體員工戰戰兢兢、持續地努力之下，整體而言，在二零零三年的表現仍為集團締造出成長的業績與更高之利潤。

集團在二零零三年六月於香港聯合交易所主板順利上市，帶給集團所有同仁莫大鼓舞和相對責任的增加。一方面要感謝所有股東的支持，對集團的經營充分表達信心；另一方面，卻也讓集團每個成員感受到經營責任的加重。集團承諾仍將秉持一步一腳印的穩健踏實作法之外，更會廣泛檢討並抓住各項與集團核心業務有相關的機會。

結合集團所有資源，增加集團營運力度，期使集團的發展與獲利朝向更深、更廣和更大的方向前進。上市元年，將是集團再出發的起點，經營團隊將更負責的扛下重擔，謀求集團更大發展。

營運與業務回顧

回顧二零零三年的業績，集團總營業額達 203,797,000 美元（約 1,589,617,000 港元），較二零零二年成長 11.5%。毛利率約 26.8%，較二零零二年成長 7.2%。稅後淨利約 22,079,000 美元（約 172,216,000 港元），較二零零二年成長 34.6%。每股基本盈利約 1.72 美仙（13.4 港仙）。

董事會建議派發年度期末股息每股 0.555 美仙（4.33 港仙），派息總額達 8,395,000 美元（或 65,484,000 港元）。中期股息為 0.321 美仙（2.50 港仙），分派金額為 4,852,000 美元（37,846,000 港元），全年股息為每股 0.876 美仙（6.83 港仙），全年分派金額為 13,247,000 美元（103,327,000 港元），佔全年稅後淨利 60%。



The higher-than-anticipated business results and profits in 2003 indicate that the Group is heading in the right direction towards successful goals. Significant achievements have been recorded in terms of both profits and savings in production costs.

Compared to 2002, the Group made significant strides in product sales in 2003. Sales in all our markets from Vietnam to the Southeast Asian countries and Japan, registered stable growth, despite the surge in raw materials prices in the fourth quarter. However the only exception was the PRC, which was affected by the impact of SARS.

The enhancement in the Group's MSG fermentation technology in the fourth quarter of 2003 boosted efficiencies in the overall production process and lowered production costs. At the same time, the completion of the construction of natural gas piping in Vedan International's Phuoc Thai Complex in Vietnam enabled substitution for imported heavy oil fuels which are relatively expensive. As such energy costs for our major manufacturing operations were reduced. This development reflects the Group's determined efforts to ensure cost savings, in addition to developing the business.

Prospects for 2004

The Group has, over the long term, been monitoring global trends in biotechnology as well as the supply and demand of food. In view of our competitive edge in production and sales, we will continue to market our core products in the PRC and ASEAN markets. Our development strategy for 2004 will be on the development of fermentation-based food additives, amino acid products and starch-based industrial starch products, for sale in the PRC and ASEAN markets.

The Group believes that in the next few years, the demand for MSG products will still outstrip supply, and that the potential for development in the PRC and ASEAN markets will be particularly high. Accordingly, in 2004, the Group is planning to expand its MSG production capabilities in the Phuoc Thai Complex in Vietnam. In parallel with this development, we are actively increasing our production bases and points of sale in the PRC and ASEAN countries through mergers, acquisitions and strategic alliances, developing these markets through intensive effort to achieve exponential growth in our total MSG production capabilities and turnover.

由二零零三年的業務表現與獲利均超出原預期之金額來看，顯示集團朝向正確的發展方向及目標邁進，無論在業務營利或生產成本降低方面均有亮麗的表現。

與二零零二年比較，集團於二零零三年各項主要產品業務銷售均有顯著的成長；而在銷售區域上，除中國市場受到 SARS 及第四季原料價格上漲的衝擊外，各主要市場之銷售，如越南、東南亞各國與日本等也都有穩定的成長。

而在二零零三年第四季，集團味精發酵技術的提升使得整體生產製程效率提高、降低生產成本；同時，也隨著味丹越南福泰廠區天然氣接管工程的完成，取代原有須進口之高成本的重油燃料，已使主要生產運轉之能源成本得以降低；所以，集團在營運上除積極地擴展業務外，對成本節省之努力亦不遺餘力地持續進行。

展望二零零四年

集團在長期觀察全球生物科技與食品的供需趨勢並發揮集團之產銷優勢下，持續佈局主力產品深耕於東盟市場與中國市場。而二零零四年發展策略仍將以拓展發酵相關之食品添加物，胺基酸產品與澱粉相關之化工澱粉產品於中國市場與東盟市場為發展主力。

集團相信從現階段到未來的數年內，味精產品在亞洲市場仍是供不應求的情勢，尤其在東盟及中國市場更具相當高的發展潛力；集團體認此機會，已計劃在二零零四年於越南福泰廠擴大味精產能；同時目前也正積極地進行在東盟與中國市場，以併購或策略聯盟的方式增加生產基地與銷售據點，以精耕的做法繼續開發拓展此等市場，使集團之味精總產能與銷售額均能有躍進式的增加。

Chairman's Statement

主席報告書



Apart from stepping up the expansion of our MSG business in the PRC and ASEAN markets, we started to develop various value-added and local-flavored seasonings. With our fully-integrated production platform, further expansion will only require the addition of only a few equipments. Thus, we expect the sales of these products to commence in the second half of 2004. We believe that these high value-added products will have vast potential for development, and will perhaps even create a new trend in the food additive market. In the meantime, we believe that the Group's comprehensive sales network and well-known brand name would provide a platform to generate greater efficiency.

In addition to strengthening these MSG products, the Group is planning to start the production of a new product – PGA (Poly Glutamic Acid), on a pilot basis by end of this year or early next year. This new product, which is still a cutting-edge product in the global market, uses GA and Glucose syrup produced by the Group as main ingredients. Production is based on fermentation technology, and its applications are wide - from personal sanitary, cosmetics to environmental, agricultural, food and medical products. The PGA products which are currently being produced on a pilot basis in the Group's laboratory have already been placed on trial with various international manufacturing companies and their quality is being recognized. We believe that with the Group's large-scale fermentation technology, comprehensive production facilities, and stable supply of raw materials, PGA will become the Group's core product in the near future, generating even higher sales and profits.

Regarding the development of our starch business, the Group will, in 2004, scale up its production base in Vietnam to expand the production capabilities for starch and modified starch products, to meet growing market demand. We produce starch products, not only for the Group's own use in MSG and starch food products, but also for a wide range of industrial applications such as food, paper, textile and medical products. Because of our large-scale and well-equipped production facilities in our starch factories in Vietnam, our starch and modified starch products are of the most excellent quality. They are well received in Japan, Taiwan, the PRC and ASEAN countries, enjoying the highest acclaim. With overall demand gradually outstripping supply in 2003, the Group has decided to expand its production capacities in 2004 to meet the rapidly increasing market demand.

除了強化東盟與中國味精市場業務的擴充之外，集團目前已著手進行各項複合調味料與風味調味料的開發，以集團目前擁有的完整生產平台，再投入此項發展時，僅需增加部份設備，故預計於二零零四年下半年可以開始銷售，集團相信此高附加價值的產品，將有很大的發展潛力，亦將是食品添加物的另一發展趨勢，尤其搭配集團知名的品牌度與完整的行銷網路，相信應可創造較大效益。

集團除了強化上述現有味精產品之外，新產品聚谷氨酸也規劃於今年年底或最慢二零零五年年初開始試量生產。此項新產品是以集團已生產的谷氨酸與葡萄糖液為主要原料，以醱酵技術進行生產的工藝，而產品聚谷氨酸之應用層面廣泛，從衛護化妝品、環保、農業、食品及醫藥等領域都可以使用，目前於全世界市場中，仍是相當先進的產品。而目前由集團實驗工廠所試生產之聚谷氨酸產品，已由一些國際廠商試用並已接受產品品質，相信以集團的大型化醱酵技術，完整的生產平台，已掌握原料等優勢，不久的未來將是集團發展的重要核心產品，預期可創造更高的營業成果與利潤。

另外在澱粉事業的發展上，集團有感於日漸蓬勃之市場與需求，也將於越南增加生產基地以擴大澱粉與化工澱粉之產能。由於澱粉除可應用於集團所生產味精所使用之原料與一般食用澱粉外，尚可生產化工澱粉應用於食品、造紙、紡織與醫藥等其他多項工業產品，應用面相當廣泛，而集團在越南的澱粉廠生產規模大，設備完善，所生產之澱粉與化工澱粉品質相當良好，已行銷日本、台灣、東盟與中國等地區，深獲好評，整體需求於二零零三年已出現供不應求的現象，故集團亦決定於二零零四年增加產能以拓展此事業之發展。



In this new year, Vedan International will not only work towards developing and improving our key products and markets, but also continue the research and development of new products, aiming to develop more complete and diversified product lines and to create synergy from vertical and horizontal integration. I firmly believe that with the Group's solid foundations and the concerted efforts of our professional and experienced operating team, we will be able to meet the challenges ahead to realize our vision in becoming the leading manufacturer of fermentation-based amino acid foods and starch-based products in Asia.

By order of the Board
承董事會命

Yang Tou Hsiung
楊頭雄

Chairman
主席

Hong Kong, 30 March 2004
香港，二零零四年三月三十日

在這新的一年，味丹國際不僅仍將致力於開拓並精耕主力產品與市場外，同時亦不斷持續地研發新產品，使相關產品線得以更多元與完整，創造垂直與平行整合的綜效。我深信味丹國際集團憑藉著穩健的基礎，在專業的經營團隊與積極努力的同仁共同奮鬥下，一定可以克服困難實現我們「成為在亞洲以醱酵為基礎的胺基酸，食品及以澱粉相關產品之領導廠商」的目標。