VEDAN INTERNATIONAL (HOLDINGS) LIMITED
味丹國際（控股）有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock code: 2317)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011 DIVIDEND DECLARATION AND CLOSURE OF BOOKS

RESULTS

The Board of Directors of Vedan International (Holdings) Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011, together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2011	2010
	Note	***US$'000***	*US$'000*
Revenue	*2*	**382,900**	336,107
Cost of sales	*3*	**(326,676)**	(278,251)
Gross profit		**56,224**	57,856
Other losses – net	*4*	**(311)**	(2,076)
Gain on disposal of non-current assets held for sale		**8,464**	–
Selling and distribution expenses	*3*	**(22,407)**	(16,393)
Administrative expenses	*3*	**(29,648)**	(24,897)
Compensation to farmers	*5*	**–**	(11,807)
Operating profit		**12,322**	2,683
Finance income		**741**	968
Finance costs		**(1,820)**	(1,696)
Finance costs – net	*6*	**(1,079)**	(728)

	Note	Year ended 31 December 2011 US$'000	2010 US$'000
Share of post-tax loss of an associate		**(222)**	–
Profit before income tax		**11,021**	1,955
Income tax expense	*7*	**(5,084)**	(4,582)
Profit/(loss) for the year		**5,937**	(2,627)
Profit/(loss) attributable to:			
Owners of the Company		**7,902**	(1,480)
Non-controlling interest		**(1,965)**	(1,147)
		5,937	(2,627)
Earnings/(losses) per share for profit/(loss) attributable to the owners of the Company during the year *(expressed in US cents per share)*			
Basic earnings/(losses) per share	*8*	**0.52**	(0.10)
Diluted earnings/(losses) per share	*8*	**0.52**	(0.10)
Dividends	*9*	**4,740**	3,670

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2011	2010
	US$'000	*US$'000*
Profit/(loss) for the year	**5,937**	(2,627)
Other comprehensive income		
Currency translation differences	**3,178**	1,992
Total comprehensive income/(loss) for the year	**9,115**	(635)
Total comprehensive income/(loss) for the year attributable to:		
– Owners of the Company	**10,963**	419
– Non-controlling interest	**(1,848)**	(1,054)
Total comprehensive income/(loss) for the year	**9,115**	(635)

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2011	2010
	Note	***US$'000***	*US$'000*
ASSETS			
Non-current assets			
Land use rights		**2,200**	654
Property, plant and equipment		**157,547**	174,013
Intangible assets		**13,953**	15,049
Prepayment for property, plant and equipment		**27**	200
Long-term loan and receivables		**329**	–
Investment in an associate		**1,008**	1,230
Deferred income tax assets		**42**	–
Total non-current assets		**175,106**	191,146
Current assets			
Inventories		**95,338**	83,193
Trade receivables	*10*	**32,714**	40,328
Amount due from the non-controlling interest of a subsidiary		**1,431**	1,308
Prepayments and other receivables		**11,219**	7,950
Current income tax recoverable		**41**	–
Cash and cash equivalents		**45,518**	34,536
		186,261	167,315
Non-current assets held for sale		**–**	12,415
Total current assets		**186,261**	179,730
Total assets		**361,367**	370,876
EQUITY			
Equity attributable to owners of the Company			
Share capital		**15,228**	15,228
Reserves			
– Proposed final dividend		**4,740**	3,670
– Others		**251,870**	245,647
		271,838	264,545
Non-controlling interest		**(217)**	1,631
Total equity		**271,621**	266,176

		As at 31 December	
		2011	2010
	Note	***US$'000***	*US$'000*
LIABILITIES			
Non-current liabilities			
Bank borrowings		**9,946**	15,259
Deferred income tax liabilities		**6,538**	7,513
Long-term payable to a related party		**–**	2,074
Provision for long service payment		**1,277**	1,179
Total non-current liabilities		**17,761**	26,025
Current liabilities			
Trade payables	*11*	**23,817**	26,030
Accruals and other payables		**12,846**	19,847
Due to related parties		**2,399**	2,280
Bank borrowings		**22,813**	23,596
Current portion of non-current bank borrowings		**5,314**	4,279
Current income tax liabilities		**4,796**	2,643
Total current liabilities		**71,985**	78,675
Total liabilities		**89,746**	104,700
Total equity and liabilities		**361,367**	370,876
Net current assets		**114,276**	101,055
Total assets less current liabilities		**289,382**	292,201

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Revised standard adopted by the Group

The following revised standard is mandatory for the first time for the financial year beginning 1 January 2011.

HKAS 24 (Revised)	Related Party Disclosures

The Group adopted the above revised standard which impacts the disclosures of the consolidated financial statements.

(b) The following standards, interpretations and amendments/revisions to standards are mandatory for the first time for the financial year beginning 1 January 2011, but do not have significant financial impact to the Group.

HKAS 1	Presentation of Financial Statements
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 34	Interim Financial Reporting
HKFRS 1	First-time Adoption of International Financial Reporting Standards
HKFRS 3	Business Combinations
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
Amendment to HKFRS 1	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
Amendment to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement

(c) The following new standards and amendments/revisions to standards have been issued, but are not mandatory for the financial year beginning 1 January 2011 and have not been early adopted.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of Financial Statements	1 July 2012
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
HKAS 19 (Amendment)	Employee Benefits	1 January 2013
HKAS 27 (Revised)	Separate Financial Statements	1 January 2013
HKAS 28 (Revised)	Associates and Joint Ventures	1 January 2013
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets	1 July 2011
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurements	1 January 2013
HKFRS 32 (Amendment)	Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities	1 January 2014
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The Group has already commenced an assessment of the impact of adopting the above new standards, amendments/revision to standards and interpretations. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and financial statements presentation will result.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. Revenue

The Group manufactures and sells fermentation-based food additives, biochemical products and cassava starch-based industrial products including modified starch, glucose syrup, MSG, soda, acid and beverages. Revenue recognised for the years ended 31 December 2011 and 2010 was US$382,900,000 and US$336,107,000 respectively.

3. Expenses by nature

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	2011	2010
	US$'000	*US$'000*
Changes in inventories of finished goods and work-in-progress	**(12,732)**	(8,548)
Raw materials and consumables used	**302,489**	250,095
Amortisation of intangible assets	**1,487**	1,490
Amortisation of land use rights	**64**	86
Auditor's remuneration	**350**	329
Depreciation on property, plant and equipment	**23,596**	25,616
Impairment expense on property, plant and equipment	**4,255**	2,055
Operating leases expenses in respect of leasehold land	**163**	159
Employee benefit expenses	**24,654**	20,759
Write back of impairment of trade receivables	**(139)**	(1,255)
Other expenses	**34,544**	28,755
Total cost of sales, selling and distribution expenses and administrative expenses	**378,731**	319,541

4. Other losses – net

	2011	2010
	US$'000	*US$'000*
Net exchange loss	**(964)**	(1,740)
Net loss from sale of electricity	**(10)**	(28)
Loss on disposal of property, plant and equipment	**(146)**	(502)
Sale of scrap materials	**412**	318
Interest income from held-to-maturity financial assets	**–**	61
Others	**397**	(185)
	(311)	(2,076)

5. Compensation to farmers

On 8 October 2008, the Group received a decision from the relevant government authority that the Group had been in violation of certain environmental laws in Vietnam. The Group was required to pay approximately US$16,000 and US$7,713,000 as penalty and environmental fees respectively. All these penalty and environmental fees were recorded in the consolidated income statement in 2008. Due to this environmental matter, farmer associations in Ho Chi Minh City, Bà Ria-Vung Tàu Province and Dong Nai Province in Vietnam intended to file a court claim against the Group. On 13 August 2010, the Group agreed to provide approximately US$11,807,000 (equivalent to VND218,949,000,000) to farmer associations in Ho Chi Minh City, Bà Ria-Vung Tàu Province and Dong Nai Province in Vietnam. This has been recorded in the consolidated income statement for the year ended 31 December 2010. The Group paid the amount in two instalments with 50% each in August 2010 and January 2011. The Directors obtained a legal opinion and considered that there is no further significant liability to any parties in relation to this environmental matter.

6. Finance costs – net

	2011	2010
	US$'000	*US$'000*
Finance income – interest income on short-term bank deposits	**(741)**	(968)
Interest expense on bank borrowings	**1,632**	1,420
Amortisation of discount on long-term payable to a related party	**188**	276
Finance costs	**1,820**	1,696
Finance costs – net	**1,079**	728

No interest expenses on bank borrowings have been capitalised under property, plant and equipment for current year (2010: Nil).

7. Income tax expense

Taxation on profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of income tax charged to the consolidated income statement represents:

	2011	2010
	US$'000	*US$'000*
Enterprise income tax	**6,101**	5,119
Deferred income tax	**(1,017)**	(537)
	5,084	4,582

8. Earnings/(losses) per share

(a) Basic

Basic earnings/(losses) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2011	2010
	US$'000	*US$'000*
Profit/(loss) attributable to owners of the Company	**7,902**	(1,480)
Weighted average number of ordinary shares in issue *(thousands)*	**1,522,742**	1,522,742
Basic earnings/(losses) per share *(US cents per share)*	**0.52**	(0.10)

(b) Diluted

Diluted earnings/(losses) per share is same as basic earnings/(losses) per share as there are no dilutive instruments for the years ended 31 December 2011 and 2010.

9. Dividends

The dividends paid in 2011 and 2010 were US$3,670,000 (0.240 US cents per ordinary share) and US$4,840,000 (0.317 US cents per ordinary share) respectively. Final dividend in respect of the year ended 31 December 2011 of 0.311 US cents per ordinary share, amounting to a total dividend of US$4,740,000, is to be proposed and approved by the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend payable.

	2011	2010
	US$'000	*US$'000*
2011 final dividend, proposed of 0.311 US cents (2010: 0.240 US cents) per ordinary share	**4,740**	3,670

10. Trade receivables

The fair values of trade receivables are as follows:

	Group	
	2011	2010
	US$'000	*US$'000*
Trade receivables from third parties	**33,987**	41,600
Trade receivables from a related party	**110**	250
Less: provision for impairment of trade receivables	**(1,383)**	(1,522)
	32,714	40,328

The credit terms of trade receivables range from cash on delivery to 120 days and the ageing of the trade receivables based on invoice date is as follows:

	Group	
	2011	2010
	US$'000	*US$'000*
Current	**21,400**	27,666
31 – 90 days	**7,395**	8,906
91 – 180 days	**2,444**	2,959
181 – 365 days	**1,224**	809
Over 365 days	**1,634**	1,510
	34,097	41,850

11. Trade payables

At 31 December 2011, the ageing of trade payables based on invoice date is as follows:

	2011	2010
	US$'000	*US$'000*
Current	**21,504**	22,754
31 – 90 days	**2,259**	3,224
91 – 180 days	**33**	35
181 – 365 days	**5**	17
Over 365 days	**16**	–
	23,817	26,030

12. Segment information

The chief operating decision-maker has been identified as the Board of Directors collectively. The Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions. These reports include segment revenue, segment assets and capital expenditures.

The chief operating decision-makers consider the business from a geographical aspect. In presenting information on the basis of operating segments, segment revenue is based on the geographical presence of customers. Segment assets and capital expenditures are based on the geographical location of the assets.

The chief operating decision makers mainly assess the performance based on revenue derived by each geographical segment. Accordingly, the segment performance is restricted to revenue information.

In 2011 and 2010, the revenue from the Group's largest customer amounted to less than 10 per cent of the Group's total revenue.

(i) ***Segment revenue***

	2011	2010
	US$'000	*US$'000*
Vietnam	**180,624**	170,003
The PRC	**46,779**	51,790
Japan	**86,039**	66,429
Taiwan	**6,909**	5,781
ASEAN member countries (other than Vietnam)	**36,310**	25,975
Other regions	**26,239**	16,129
	382,900	336,107

(ii) ***Capital expenditures***

	2011	2010
	US$'000	*US$'000*
Vietnam	**8,961**	16,794
The PRC	**1,758**	1,641
	10,719	18,435

Capital expenditures are allocated based on where the assets are located.

Capital expenditures comprise additions of property, plant and equipment, intangible assets and land use rights.

(iii) Total assets

	2011	2010
	US$'000	*US$'000*
Vietnam	**287,765**	300,089
The PRC	**69,548**	67,905
Hong Kong	**3,133**	2,032
Taiwan	**859**	785
Singapore	**62**	65
	361,367	370,876

Total assets are allocated based on where the assets are located.

Property, plant and equipments are monitored by the management at the operating segment level. The following is a summary of amortisation, depreciation and impairment of non-current assets allocation for each operating segment.

	Amortisation and depreciation	**Impairment**
	US$'000	***US$'000***
2011		
Vietnam	**22,171**	**250**
The PRC	**2,976**	**4,005**
	25,147	**4,255**

	Amortisation and depreciation	Impairment
	US$'000	*US$'000*
2010		
Vietnam	24,106	–
The PRC	3,086	2,055
	27,192	2,055

1. BUSINESS OVERVIEW

After the recovery of the global economy gained steam throughout 2010, the momentum was interrupted in 2011. The political upheaval in the Middle East and North Africa which broke out in early 2011 sparked a rise in oil prices, which in turn slowed consumer spending in developed countries. The earthquake and tsunami in Japan in March caused a disaster at a nuclear power facility which alarmed the world and severely disrupted that country's economy. During the third quarter, the downgrade of the sovereign debt of the US by international credit ratings authorities and the persistently high unemployment rate there has negatively affected other economic indices. This was shortly followed by the European debt crisis in the fourth quarter which has to date not been effectively resolved and has also brought about a debate among the members of the EU over whether the continued existence of the EURO zone is viable.

The drivers of global economic growth have substantially slowed down in 2011, particularly in the US and Europe. Affected by the global economic environment, Vietnam, the Group's main production and distribution market had not fully recovered, and recorded a lower economic growth rate of 5.89%, down from 6.78% in 2010. The PRC economy grew 9.2%, also lower than the 10.4% last year. Despite the reduced growth and its subsequent impact on sales demand, the efforts of the Group's management team have achieved satisfactory results in all regions, except the PRC. Sales of the Group's major products have shown double digit growth. The Group's overall revenue this year reached US$382,900,000, a rise of US$ 46,793,000 or 13.9% when compared with US$336,107,000 recorded last year.

During the year under review, the price of natural gas used by the Vietnam plant rose substantially. An upward adjustment in the price of electricity was made twice in Vietnam and the average price of major raw materials such as molasses, cassava and liquid ammonia had reached record high. The increase in the selling price of the Group's products could not fully cover the rising costs, hence gross profit shrank 2.8% or US$1,632,000 from US$57,856,000 last year to US$56,224,000. Net profit was US$5,937,000.

Sales in Vietnam recorded a growth of 6.2%, affected by the high inflation rate, high interest rate, depreciation of the Vietnam Dong, slowing economic growth, and sluggish equity and property markets and which combined to yield conservative consumption in that country. Although the serious disaster which hit Japan, the Group's second largest market, in early 2011 had an adverse effect on Japan's economy, the long term cordial cooperation between the Japanese customers and the Group, together with the gradual recovery of the Japanese economy, reconstruction after the disaster and increase in consumer demand have helped create a revenue growth of 29.5% in Japan, greatly exceeding that of the Group overall. In 2011, the economic expansion in the PRC slowed down quarter by quarter as labour costs increased rapidly and both industrial production and exports showed signs of contraction. The Group's Shandong Vedan Snowflake Enterprise Co., Ltd suspended production temporarily in the third quarter this year to complement the Group's revised operating strategies. Revenue from the PRC was US$46,779,000, a drop of 9.7%. Within the ASEAN region, the Group achieved significant revenue growth of 39.8% as a result of its efforts to expand its sales channels. In terms of products, except for its GA line, all products recorded double digit growth in revenue benefiting from the increase in sales price and sales volume during the year.

In the execution of the Group's PRC strategies, the increase of energy costs and prices of raw materials caused the Shandong Vedan Snowflake Enterprise Co., Ltd suspended production temporarily since the third quarter in 2011. The management has also planned to expand its related business such as the starch and fertiliser segments and undertake efforts to cooperate with Vietnam Vedan to expand its reach to overseas markets. The Group hopes these initiatives can help enhance the efficiency of Shandong Vedan Snowflake Enterprise Co., Ltd.

With the rapid economic growth in Shanghai, Shanghai Vedan's plant located in the Songjiang district of Shanghai has become an emerging development zone. As recently enacted legislation and zoning restrictions resulting from urban development of the region have rendered the district no longer suitable for production. At the same time, the Group's strategy for Shanghai operations is to focus on supporting market expansion, sales network establishment and expansion of markets in the cities of Shanghai and Jiangsu as well as Zhejiang provinces. Therefore, the Group plans to integrate the packaging production lines at Shanghai with its Xiamen plant for lowering production cost. The Group has sold the assets during the year and built smaller facilities in the surrounding area to more effectively utilise its assets.

The year 2011 was a challenging year for the Group's operations. Not only has the price of agricultural products used in production such as cassava and molasses increased during the year. The price of other major raw materials such as liquid ammonia and industrial salt has also risen by over 30% on average. This plus the rise in energy prices and wages have led to a surge in production cost and, in turn, adversely affected profits. In light of this situation, the Group overcame these challenges by adopting flexible production means, improving efficiencies in energy and production as well as increasing sales price to cover costs. Looking ahead, although the price of energy should continue to rise, the price increases of some of the raw materials are expected to end or even decline, which will benefit the Group's development in the coming year.

2. FINANCIAL REVIEW

(1) Liquidity and Financial Resources

As at 31 December 2011, cash and bank deposits of the Group amounted to US$45,518,000, representing an increase of approximately 31.8%, or US$10,982,000 in the end of 2010. Short-term bank borrowings were US$28,127,000, an increase of US$ 252,000, while middle-to-long-term bank borrowings totaled US$9,946,000, a decrease of US$5,313,000. Bank borrowings were mainly denominated in US dollars. The proportions of short-term and middle-to-long-term bank borrowings were 73.9% and 26.1%.

Trade receivables dropped by US$7,614,000, or approximately 18.9%, to US$32,714,000, and they were mostly within 30 days. Inventories totaled US$95,338,000. The inventory figure increased by US$12,145,000 (around14.6%) because the material costs have recorded sharp increases. Another attributable factor was the Group's flexible production strategy of increasing volume of finished goods in response to seasonal material supply.

The gearing ratio (total borrowings to total capital ratio) was 12.3% for the year under review, which was lower than the 13.9% in 2010. Net gearing ratio (total borrowings less cash and deposits to total capital ratio) was -2.4%, which was improved from 2.8% of the previous year, because the Group received the sales proceeds from the disposal of its assets in Shanghai at the end of the year. Current ratio increased from 2.3 last year to 2.6, because of increasing current assets and decreasing current liabilities.

(2) Capital Expenditure

During the year under review, capital expenditure amounted to approximately US$10,719,000, US$7,716,000 less than US$18,435,000 of 2010.

3. EXCHANGE RATE

To reduce the trade deficit and the discrepancy between the exchange rate in the black market and the official market rate, on 11 February 2011, the Central Bank in Vietnam announced the depreciation of the Vietnam Dong by 9.3% and tightening the intraday fluctuation within 1%. The Vietnamese Government also announced a number of new monetary control policies, which include a limit on the use of foreign money in daily commercial activities within Vietnam, increasing the interest rates of deposits and loans in Vietnam Dong, imposing a limit on the interest rate of deposits and loans in US dollars, issuing an order to sell foreign exchange deposits and revenue of state-owned enterprises to banks exclusively, as well as prohibiting gold and jewellery shops to conduct foreign exchange transactions. Under the more restrictive monetary regime, the exchange rate of the Vietnam Dong to the US dollar began to stablise in 2011. Compared to the official exchange rate of US$1 to 18,932 Dong at the end of 2010 and US$1 to 20,828 Dong at the end of 2011, the local currency depreciated by 10.01%, mainly in the first half of the year but only by 1% in the second half of the year. Although revenue denominated in Vietnam Dong accounted for nearly half of Group's total revenue, the Group has foreseen the depreciation in the beginning of year and implemented the appropriate procedures.

4. DIVIDEND

Basic earnings per share for the year was 0.52 US cents. The Board decided to distribute a dividend of 0.31 US cents per share, representing a dividend ratio of 60%.

5. PROSPECTS

Looking into 2012, inflation in Vietnam is expected to improve, and the interest rates and the exchange rate of the Vietnam Dong to the US Dollar should also stablise. Though the prices of natural gas and electricity are still under pressure and are likely to continuously rise, carbohydrates may level off or be less expensive than in the previous year, which would facilitate the Group's cost control efforts. Looking ahead, the Group is set to strengthen its fundamentals, leverage the strengths and work to overcome the weaker aspects, consolidate our resources for optimal deployment and focus on vertical expansion as described below.

– On top of bolstering the sales network and branding of its MSG operation, the Group will strive to strengthen the marketing of seasoning products and super seasoning products. The Group expects to launch beverage products in Vietnam market through its existing MSG sales network during the year, to create a new income source.

– To further develop the Group's carbohydrates-related business, the factory in Vietnam will start producing amylase and providing it to food and beverages related industries.

– The fertiliser and feed business segment has recorded substantial growth in recent years. The Group will strive to further boost the sales volume and develop new value-added products in the future.

– The Group will consolidate its starch operations in Vietnam and the PRC by evaluating sources of material supply, producing more competitive products, improving customer service, and ultimately enlarging its market share in the PRC.

– Resources integration will be continuously carried out in the PRC, facilitated with concentrated production base, lowered cost, enhanced marketing efforts, introduction of new products, establishment of sales channels and brand value creation.

– Commence a project to improve organisational and procedural capabilities led by team members with the requisite management ability who understand the mindset and abilities of our staff

- Continue implementing energy-saving initiatives. The rising cost of energy has presented our biggest challenge. The Group has engaged the services of an external consultant at the beginning of last year. Measures undertaken have started to deliver improvement. This year, the Group will continue with its efforts.

- An ERP system will be implemented at the Vietnam plant at early 2012. In addition to facilitating the creation of and adherence to financial budgets and providing a real-time analysis of operational data, all units would be able to access information on this platform in a timely and precise manner, react immediately to changes and thus enhance overall operational efficiency.

Despite of the uncertainties foreseen in the year of 2012, and ever changing operating environment, the Group will continue to drive business growth at full strength by adopting prudent business strategies and solid management, continuous new product development and strengthening marketing effort and sales channels. The management is cautiously optimistic about the outcome that the Group will deliver in the year of 2012.

EMPLOYEE COMPENSATION AND TRAINING

As at 31 December 2011, the Group had a total of 3,967 employees, 3,438 of whom were employed by subsidiaries in Vietnam, 512 by subsidiaries in China and 17 by the Taiwan Branch.

The Group's employees are remunerated in accordance with prevailing industry practices, and with reference to the financial performance of the Group and performance of individual employees. Other fringe benefits such as accommodations, meals, insurance, medical coverage and provident fund are provided to employees to ensure staff loyalty and the Group's competitiveness. To enhance the quality of human resources, bolster the professional skills and management abilities of employees and build localised workforces, the Group provides job rotation as well as internal and external training courses and seminars on professional skills, languages, etc.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed shares.

STATEMENT OF CORPORATE GOVERNANCE POLICY

The Directors is strongly committed to enhancing corporate governance. The Directors aims to continually review and enhance corporate governance practices of the Group.

Throughout the year, the Company was in compliance with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. In the opinion of the Board, the Company has complied with the Model Code and upon specific enquiry of all the directors is not aware of any non-compliance with the Model Code throughout the fiscal year ended 31 December 2011.

The Company has received, from each of the independent non-executive directors, a confirmation of his independence pursuant to Rules 3.13 of the Listing Rules. The Company considers all the independent non-executive directors are independent.

In compliance with Rule 3.21 of the Listing Rules the Company has established an audit committee to review the financial reporting procedures and internal control and provides guidance thereto. The audit committee of the Company comprises three independent non-executive directors. The annual results have been reviewed by the Audit Committee.

REVIEW OF ANNUAL RESULTS

The annual results have been reviewed by the Audit Committee.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2011 have been agreed by the Group's auditor, PricerwaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricerwaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricerwaterhouseCoopers on the preliminary announcement.

FINAL DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board of Directors recommend the payment of final dividend of 0.311 US cents (2010: 0.240 US cents), subject to the approval of the 2011 final dividends by the shareholders at the Annual General Meeting on 22 May 2012. It is expected that these dividends will be paid on 15 June 2012 to shareholders registered on the record date, being 1 June 2012.

The Register of Shareholders will be closed from 29 May 2012 to 1 June 2012, both days inclusive during which period no transfer of shares will be effected. To rank for the final dividend, all transfers forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Tricor Tengis Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 28 May 2012.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Stock Exchange's website at "www.hkexnews.hk" and the Company's website at "www.vedaninternational.com". The Company's 2011 annual report containing all the information required under the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

OUR APPRECIATION

Finally, we would like to express our gratitude to the shareholders, business partners and customers for their unfaltering support. We would also like to thank our dedicated staff for their contributions to the success of the Group.

By Order of the Board
Vedan International (Holdings) Limited
YANG, KUN-HSIANG
Executive Director and CEO

Hong Kong, 20 March 2012

As at the date of this announcement, our Board comprises of the following Directors:–

Executive Directors:–
YANG, Tou-Hsiung
YANG, Cheng
YANG, Kun-Hsiang
YANG, Chen-Wen
YANG, Kun-Chou

Non-executive Directors:–
HUANG, Ching-Jung
CHOU, Szu-Cheng

Independent non-executive Directors:–
CHAO, Pei-Hong
KO, Jim-Chen
CHEN, Joen-Ray