

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



INTERNATIONAL

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: 02317)

**RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Year ended 31 December		Difference
	2019	2018	
	<i>US\$'000</i>	<i>US\$'000</i>	
Revenue	357,857	356,772	0.3%
Gross profit	66,565	67,498	(1.4)%
Profit for the year	15,585	17,394	(10.4)%
Profit attributable to owners	15,563	14,285	8.9%
Basic earnings per share	1.02 US cents	0.94 US cents	
Diluted earnings per share	1.02 US cents	0.94 US cents	
Final dividend proposed per share	0.214 US cents	0.265 US cents	
Total dividends paid and proposed per share	0.614 US cents	0.563 US cents	

RESULTS

The Board of Directors (the “Board”) of Vedan International (Holdings) Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2019, together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
	Note	2019	2018
		US\$'000	US\$'000
Revenue	2,5	357,857	356,772
Cost of sales	7	(291,292)	(289,274)
Gross profit		66,565	67,498
Other gains – net	6	1,093	459
Selling and distribution expenses	7	(25,081)	(23,117)
Administrative expenses	7	(22,618)	(22,974)
Operating profit		19,959	21,866
Finance income		871	929
Finance costs		(918)	(832)
Finance (costs)/income – net	8	(47)	97
Share of post-tax (loss)/profit of an associate		(99)	44
Profit before income tax		19,813	22,007
Income tax expense	9	(4,228)	(4,613)
Profit for the year		15,585	17,394
Profit attributable to:			
Owners of the Company		15,563	14,285
Non-controlling interest		22	3,109
		15,585	17,394
Earnings per share for profit attributable to the owners of the Company during the year (expressed in US cents per share)			
Basic earnings per share	11	1.02	0.94
Diluted earnings per share	11	1.02	0.94

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2019	2018
	<i>US\$'000</i>	<i>US\$'000</i>
Profit for the year	15,585	17,394
Other comprehensive loss:		
<i>Item that may be reclassified to profit or loss</i>		
Release of exchange reserve upon disposal of a subsidiary	(3,707)	–
Currency translation differences	(576)	(2,013)
Other comprehensive loss for the year, net of tax	(4,283)	(2,013)
Total comprehensive income for the year	11,302	15,381
Total comprehensive income for the year attributable to:		
– Owners of the Company	11,280	12,228
– Non-controlling interest	22	3,153
Total comprehensive income for the year	11,302	15,381

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2019	2018
	Note	US\$'000	US\$'000
ASSETS			
Non-current assets			
Land use rights	1(c)	–	1,892
Property, plant and equipment		149,072	151,788
Right-of-use assets	1(c)	5,073	–
Intangible assets		4,746	8,566
Long-term prepayments and other receivables		2,897	725
Investments in an associate		6,020	6,119
Total non-current assets		167,808	169,090
Current assets			
Inventories		95,828	91,102
Trade receivables	3	29,511	33,151
Prepayments and other receivables		15,975	13,585
Amount due from a related party		954	1,191
Current income tax recoverable		–	1,241
Structured bank deposits		2,293	8,888
Short-term bank deposits and pledged bank deposits		15,980	15,342
Cash and cash equivalents		41,127	34,215
Total current assets		201,668	198,715
Total assets		369,476	367,805
EQUITY			
Equity attributable to owners of the Company			
Share capital		15,228	15,228
Reserves		272,286	271,128
		287,514	286,356
Non-controlling interest		213	326
Total equity		287,727	286,682

		As at 31 December	
		2019	2018
	Note	US\$'000	US\$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings		15,376	15,697
Lease liabilities	1(c)	3,016	–
Deferred income tax liabilities		2,705	3,238
Retirement benefit obligations		1,414	1,478
Long-term environmental provision		444	387
		<u>22,955</u>	<u>20,800</u>
Total non-current liabilities		22,955	20,800
Current liabilities			
Trade payables	4	12,784	20,875
Accruals and other payables		18,816	16,874
Amounts due to related parties		1,351	1,391
Bank borrowings		24,748	20,469
Lease liabilities	1(c)	111	–
Current income tax liabilities		984	714
		<u>58,794</u>	<u>60,323</u>
Total current liabilities		58,794	60,323
		<u>81,749</u>	<u>81,123</u>
Total liabilities		81,749	81,123
		<u>369,476</u>	<u>367,805</u>
Total equity and liabilities		369,476	367,805

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) and disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention, except for the structured bank deposits measured at fair value.

The preparation of consolidated 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.

(a) New standards, amendments to standards and interpretation adopted by the Group

The Group has applied the following new standards, interpretation and amendments to standards which are mandatory for the Company for the first time for the financial year beginning on 1 January 2019:

Annual Improvements Project 2017	Annual Improvements 2015-2017 Cycle
HKAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK (IFRIC) 23	Uncertainty over Income Tax Treatments

Impact on the adoption of HKFRS 16 are set out in Note 1(c). The adoption of other new and amended standards and interpretation did not have any material impact on the current period or any prior periods.

- (b) The following new standards and amendments to standards have been issued, but are not effective for the financial year beginning on 1 January 2019 and have not been early adopted.

		Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
HKFRS 3 (Amendments)	Definition of Business	1 January 2020
HKFRS 17	Insurance Contract	1 January 2021
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020

The directors of the Company have assessed the financial impact on the Group of the adoption of the above new standards and amendments to standards. There are no new and amended standards that are not yet effective and that would be expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions. The Group intends to adopt the above new standards and amendments to standards when they become effective.

(c) ***Changes in accounting policies***

This note explains the impact of the adoption of HKFRS 16 “Leases” on the Group’s financial statements and discloses the new accounting policies that have been applied from 1 January 2019.

As indicated in Note 1(a) above, the Group have adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparative for the 2018 reporting period, as permitted under the simplified transition approach in the standard. The reclassifications and the adjustments arising from the new leasing standards are therefore recognised in the opening consolidated balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as at 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.83%.

For leases previously classified as finance leases, the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

(i) *Practical expedients applied*

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 Determining whether an Arrangement contains a Lease.

(ii) *Measurement of lease liabilities*

	<i>US\$'000</i>
Operating lease commitments disclosed as at 31 December 2018	3,219
<i>Less:</i> short-term leases recognised on a straight-line basis as expenses	<u>(423)</u>
Operating lease liabilities before discounting as at 31 December 2018	<u><u>2,796</u></u>
Discounted using the lessee's incremental borrowing rate of at the date of initial application and lease liabilities recognised as at 1 January 2019	<u><u>2,481</u></u>
Of which are:	
Current lease liabilities	166
Non-current lease liabilities	<u>2,315</u>
	<u><u>2,481</u></u>

(iii) Measurement of right-of-use assets

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 1 January 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

(iv) Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019.

- Land use right – decreased by US\$1,892,000
- Right-of-use assets – increased by US\$4,373,000
- Lease liabilities (current portion) – increased by US\$166,000
- Lease liabilities (non-current portion) – increased by US\$2,315,000

There is no impact on retained earnings on 1 January 2019.

2 Segment information

The chief operating decision-maker has been identified as the Executive Directors collectively. The Executive Directors review the Group's policies and information for the purposes of assessing performance and allocating resources. The Group presents its operating segment results (below), based on the information reviewed by the chief operating decision-maker, and used to make strategic decisions. This information includes segment revenue, segment capital expenditure, segment assets, segment non-current assets, other than financial instruments, and segment liabilities.

The chief operating decision-maker considers the business mainly from a geographical aspect. In presenting information on the basis of operating segments, segment revenue is based on the geographical presence of customers. Segment capital expenditures, segment assets, segment non-current assets, other than financial instruments, and segment liabilities are based on the geographical location of the assets or liabilities.

The chief operating decision-maker mainly assesses the performance based on revenue derived by each geographical segment and product nature. Accordingly, the segment performance is restricted to revenue information.

Revenue of approximately US\$39,526,000 (2018: US\$43,301,000) is derived from a single external customer located in Japan. This revenue is attributable to the MSG/GA segment. No other customers individually contribute 10% or more of the Group's revenue (2018: same).

(a) Segment revenue

	2019	2018
	US\$'000	US\$'000
By geographical location:		
Vietnam	177,635	177,753
Japan	64,820	63,015
The PRC	43,669	39,004
America	21,394	20,327
Taiwan	16,734	17,335
ASEAN member countries (other than Vietnam)	26,857	31,593
Other regions	6,748	7,745
	357,857	356,772
	2019	2018
	US\$'000	US\$'000
Timing of revenue recognition		
At a point in time	357,857	356,772

Revenue recognised in relation to contract liabilities

The Group receives payments from certain customers in advance of the performance under the contracts. The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2019	2018
	US\$'000	US\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	1,993	1,296

(b) Capital expenditures

	2019	2018
	<i>US\$'000</i>	<i>US\$'000</i>
Vietnam	17,548	25,396
The PRC	221	121
Cambodia	–	3
	17,769	25,520

Capital expenditures are attributed to segments based on where the assets are located.

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

(c) Assets

	2019	2018
	<i>US\$'000</i>	<i>US\$'000</i>
Vietnam	312,728	308,623
The PRC	42,797	45,544
Hong Kong	10,972	12,358
Taiwan	2,599	704
Singapore	236	487
Cambodia	144	89
Total assets per consolidated balance sheet	369,476	367,805

Total assets are attributed to segments based on where the assets are located.

Property, plant and equipment are monitored by the management at the operating segment level. The following is a summary of amortisation, depreciation, impairment of non-current assets, income tax expense and share of (loss)/profit of an associate for each operating segment.

	Amortisation and depreciation	Impairment of non-current asset	Income tax expense	Share of (loss)/profit of an associate
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
2019				
Vietnam	19,832	–	4,092	(99)
The PRC	683	3,580	134	–
Others	1	–	2	–
	<u>20,516</u>	<u>3,580</u>	<u>4,228</u>	<u>(99)</u>
2018				
Vietnam	17,648	–	4,361	44
The PRC	965	–	242	–
Others	–	–	10	–
	<u>18,613</u>	<u>–</u>	<u>4,613</u>	<u>44</u>

(d) Non-current assets, other than financial instruments, by location:

	2019	2018
	<i>US\$'000</i>	<i>US\$'000</i>
Vietnam	152,205	151,333
The PRC	12,704	17,029
Cambodia	2	3
Total	<u>164,911</u>	<u>168,365</u>

(e) *Liabilities*

	2019 <i>US\$'000</i>	2018 <i>US\$'000</i>
Vietnam	70,792	72,860
The PRC	4,451	3,751
Hong Kong	4,444	3,338
Taiwan	1,993	1,108
Singapore	48	46
Cambodia	21	20
	<hr/>	<hr/>
Total liabilities per consolidated balance sheet	81,749	81,123

3 Trade receivables

	2019 <i>US\$'000</i>	2018 <i>US\$'000</i>
Trade receivables from third parties	29,999	33,649
<i>Less: loss allowance</i>	<i>(488)</i>	<i>(498)</i>
	<hr/>	<hr/>
Trade receivables – net	29,511	33,151

The carrying values of the Group's trade receivables approximate their fair values.

The credit terms of trade receivables range from cash on delivery to 60 days. The Group may grant a longer credit period to certain customers and it is subject to the satisfactory results of credit assessment. The ageing of the trade receivables based on invoice date is as follows:

	2019 <i>US\$'000</i>	2018 <i>US\$'000</i>
0 – 30 days	21,622	21,372
31 – 90 days	6,906	10,870
91 – 180 days	697	789
181 – 365 days	354	251
Over 365 days	420	367
	<hr/>	<hr/>
	29,999	33,649

4 Trade payables

At 31 December 2019, the ageing of trade payables based on invoice date is as follows:

	2019 <i>US\$'000</i>	2018 <i>US\$'000</i>
0 – 30 days	11,976	19,232
31 – 90 days	808	1,634
91 – 180 days	–	–
181 – 365 days	–	–
Over 365 days	–	9
	<u>12,784</u>	<u>20,875</u>

5 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 and acid. Revenues recognised for the years ended 31 December 2019 and 2018 were US\$357,857,000 and US\$356,772,000 respectively.

6 Other gains – net

	2019 <i>US\$'000</i>	2018 <i>US\$'000</i>
Net exchange losses	(117)	(289)
Gain on disposal of non-current assets held for sales	–	307
Loss on disposal of property, plant and equipment	(113)	(426)
Impairment of amount due from the non-controlling interest of a subsidiary	–	(68)
Sales of scrap materials	452	454
Government grant	160	219
Gain on disposal of a subsidiary (<i>Note 12</i>)	3,940	–
Impairment of goodwill	(3,580)	–
Others	351	262
	<u>1,093</u>	<u>459</u>

7 Expenses by nature

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

	2019 <i>US\$'000</i>	2018 <i>US\$'000</i>
Changes in inventories and consumables used	234,769	238,143
Amortisation of intangible assets	126	132
Amortisation of land use rights	–	52
Amortisation of right-of-use assets	145	–
Auditor's remuneration		
– Audit services	355	345
– Non-audit services	4	4
Depreciation on property, plant and equipment	20,244	18,429
Write-off of impairment of inventory	7	30
Reversal of impairment of inventory	(93)	(400)
Expense relating to short-term lease	30	–
Operating leases expenses in respect of leasehold land, warehouses and offices	–	316
Employee benefit expenses	39,053	35,717
Reversal of loss allowance of trade receivables	(10)	(13)
Technical support fee	2,156	2,180
Travelling expenses	1,654	1,629
Transportation expenses	9,223	8,262
Advertising expenses	4,069	3,898
Other expenses	27,259	26,641
	<hr/>	<hr/>
Total cost of sales, selling and distribution expenses and administrative expenses	338,991	335,365
	<hr/> <hr/>	<hr/> <hr/>

8 Finance (costs)/income – net

	2019	2018
	<i>US\$'000</i>	<i>US\$'000</i>
Bank interest income	768	834
Interest income from an associate	5	8
Unwinding of discount of other receivables (<i>Note</i>)	98	87
	<hr/>	<hr/>
Finance income	871	929
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Interest expense on bank borrowings	(1,107)	(1,106)
Interest expense on lease liabilities	(94)	–
<i>Less: amounts capitalised on qualifying assets</i>	283	274
	<hr/>	<hr/>
Finance costs	(918)	(832)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Finance (costs)/income – net	(47)	97
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

Note:

On 22 February 2017, Vedan (Vietnam) Enterprise Corporation Limited entered into an agreement with an independent third party, to dispose of its property, plant and equipment of Ha Tinh plant at a consideration of US\$3,400,000. The transaction was completed in 2017.

According to the payment schedule in the agreement, the outstanding balance as at 31 December 2019 of US\$1,360,000 (2018: US\$2,040,000) is repayable in 2020. The balance is non-interest bearing.

9 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:

	2019 <i>US\$'000</i>	2018 <i>US\$'000</i>
Enterprise income tax ("EIT")	4,681	4,638
Under-provision of income tax in previous years	80	–
Total current tax	4,761	4,638
Deferred income tax	(533)	(25)
	4,228	4,613

10 Dividends

A final dividend of US\$4,042,000 that relates to the year ended 31 December 2018 was declared on 14 May 2019 and was paid in June 2019 (2018: US\$6,750,000).

The interim dividends paid in 2019 was US\$6,080,000 (0.4 US cents per share) (2018: US\$4,532,000, 0.298 US cents per share). A final dividend in respect of the year ended 31 December 2019 of 0.214 US cents per share, amounting to a total dividend of US\$3,259,000, is to be proposed for approval at the forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

	2019 <i>US\$'000</i>	2018 <i>US\$'000</i>
Interim dividend paid of 0.4 US cents (2018: 0.298 US cents) per ordinary share	6,080	4,532
Proposed final dividend of 0.214 US cents (2018: 0.265 US cents) per ordinary share	3,259	4,042
	9,339	8,574

11 Earnings per share

(a) *Basic*

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

	2019	2018
Profit attributable to owners of the Company (<i>US\$'000</i>)	15,563	14,285
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>1,522,742</u>	<u>1,522,742</u>
Basic earnings per share (<i>US cents per share</i>)	<u>1.02</u>	<u>0.94</u>

(b) *Diluted*

Diluted earnings per share is same as basic earnings per share as there are no dilutive instruments for the years ended 31 December 2019 and 2018.

12 Disposal of a subsidiary

On 26 January 2019, Ordino Investments Pte Limited, a wholly owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to sell all of its shares of Shandong Vedan Snowflake Enterprise Co., Ltd. with a cash consideration of US\$1. The transaction was completed on 29 January 2019.

The major classes of assets and liabilities of the disposed subsidiary as the date of disposal are as follows:

	<i>US\$'000</i>
Consideration receivable:	
Cash consideration (<i>Note</i>)	–
Trade and other receivables	(17)
Cash and cash equivalents	(6)
Trade and other payable	<u>151</u>
Carrying amounts of net liabilities disposed	128
Exchange reserve released	3,707
Non-controlling interest for disposal of a subsidiary	<u>105</u>
Gain on disposal of a subsidiary (<i>Note 6</i>)	<u><u>3,940</u></u>

Note:

The cash consideration for the sale of the subsidiary is US\$1.

13 Subsequent event

At the middle of March 2020, following the outbreak of Coronavirus Disease 2019 (“the COVID-19 outbreak”) in early 2020 in China and spread over the world, a series of precautionary and control measures have been and continued to be implemented across all operation sites of the Group postponement of work resumption after the Chinese New Year holiday in China offices, certain level of restrictions and controls over the travelling of people and traffic arrangements, heightening of hygiene and epidemic prevention requirements in factories and offices and encouraged social distancing, etc. Among the major markets of Vedan, the impacts in the PRC, the US and Japan are expected to be more serious while the impact on its largest market, Vietnam, is considered to be comparatively low. The Group is still in the process of assessing the impacts and is currently unable to estimate the quantitative impacts to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS OVERVIEW

The economic landscape in 2019 featured the protracted Sino-US trade war, international geopolitical uncertainties and weak investments by enterprises, contributing to a slowdown in global economic growth. The global economic growth rate in 2019 was only 2.4%, the lowest since the financial crisis in 2008. A report issued by the World Bank also stated that major countries in developed and developing economies as well as emerging markets all experienced a slowdown in economic growth compared with the previous year. Price fluctuations of bulk commodities were large with overall prices lower than those in 2018, while energy prices (excluding natural gas) rose on an overall basis. Economists forecast that tensions between the PRC and the US will continue despite signs of cooling down in the trade war. That plus the geopolitical, climate change and debt factors will bring challenges to the economies of different countries.

Although the global economy remained unstable, Vietnam recorded a GDP rise of 7.02% in 2019, the second consecutive year that the country recorded a GDP expansion exceeding 7% in addition to outperforming its growth target of 6.8%. This was also the second highest GDP level in Vietnam in the most recent decade. The Sino-US trade war has accelerated the relocation of production from the PRC. Exports to the US were up 28% year-on-year, and in particular, domestic demand for smartphones and retail apparel remained strong. Exports and foreign investments were also robust. Import and export trading volume amounted to US\$516,960,000,000 as trade surplus surged to a record high of US\$9,940,000,000. Total committed Foreign Direct Investment (FDI) was approximately US\$38,020,000,000, representing a year-on-year growth of 7.2%, a 10-year high. The inflow of FDI amounted to approximately US\$20,380,000,000, climbing to a new high and representing a year-on-year growth of 6.7%. The exchange rate of the Vietnam Dong against the US Dollar stayed stable throughout 2019, resulting in a controlled inflation rate. The consumer price index (CPI) was 2.7%, down from 3.5% in 2018 and less than 4% for four consecutive years. Interest rates were maintained at a stable level. Confronted by the slower global trade growth and the complex and changing political situation, Vietnam was still able to maintain rapid economic growth.

Vietnam indeed delivered a brilliant performance in 2019, with consumption and investment becoming the country's key economic growth drivers. Nevertheless, Vietnamese enterprises faced more intense competition and challenges. Profit of the Group's key products varied during the year. For example, revenue and gross profit of modified starch, maltose and fertilisers and feed products increased benefitting from the slower rise in raw material prices and the development of high value-added new products. However, both revenue and gross profit of MSG and specialty chemicals dropped due to price competition. In 2019, the Group's revenue increased by 0.3% or US\$1,085,000 year-on-year to US\$357,857,000, while gross profit decreased by 1.4% or US\$933,000 year-on-year to US\$66,565,000. Overall gross profit margin was down from 18.9% in 2018 to 18.6%. Its net profit declined by 10.4% or US\$1,809,000 as a result of the gain from the disposal of investment in a Shandong subsidiary and the impairment of goodwill of a Shanghai subsidiary, while net profit attributable to shareholders was US\$15,563,000, an increase of 8.9% or US\$1,278,000. The Group's net profit margin declined slightly to 4.4% from 4.9% in the same period of 2018, owing mainly to the stabilised costs of raw materials, adjustment in selling prices to reflect costs and the gain from the disposal of investment in a Shandong subsidiary which resulted in an increase in both revenue and profit during the period.

The global economy was originally expected to achieve a moderate recovery in 2020. However, the outbreak of the novel coronavirus (COVID-19) early this year has serious impact on the economic activities around the world, in particular the PRC and regions in Asia. During the year, the overall stagnant consumption and short-term imbalance in demand and supply of certain commodities will affect overall economic growth and market recovery is expected to remain fragile. Despite the temporary calm in the Sino-US trade dispute, the high tariffs still posed pressure on the PRC's economy. The escalating geopolitical conflict in the Middle East and the effects of extreme weather have also added risks to economic growth. Nevertheless, Vietnam has become one of the key beneficiaries of industrial relocation amidst the Sino-US trade war and the country remains committed to regional economic integration, including through the signing of the Free Trade Agreement (FTA) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) with developed economies such as the EU, Japan and Korea. This has helped Vietnam attract more foreign investors and strengthen its industry supply chain on one hand, but aroused greater concerns about the bursting of the economic bubble caused by weak global economic growth on the other hand. Confronted by the changes in the economic landscape, the Group will continue to adopt a prudent approach and formulate the best action plans and strategies to address challenges in the external environment. Besides, it will deepen its cooperation with multinational enterprises in the area of production, actively explore new products, new markets and new channels to secure raw material supplies and stabilise sales, aiming to build a strong foundation to create business breakthroughs for the Group.

II. BUSINESS ANALYSIS

1. Sales Analysis by Market

Unit: US\$'000

Country	2019		2018		Difference	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Vietnam	177,635	49.6%	177,753	49.8%	-118	-0.1%
Japan	64,820	18.1%	63,015	17.7%	1,805	2.9%
PRC	43,669	12.2%	39,004	10.9%	4,665	12.0%
ASEAN	26,857	7.5%	31,593	8.9%	-4,736	-15.0%
US	21,394	6.0%	20,327	5.7%	1,067	5.2%
Others	23,482	6.6%	25,080	7.0%	-1,598	-6.4%
Total	<u>357,857</u>	100.0%	<u>356,772</u>	100.0%	<u>1,085</u>	0.3%

1. Vietnam

Vietnam is the largest market of the Group. In 2019, the Group's revenue was approximately US\$177,653,000, dropped slightly by 0.1% or US\$118,000 when compared with 2018. The share of revenue from the Vietnam market also decreased slightly to 49.6% of the Group's total revenue from 49.8% in 2018. Performance in the Vietnam market dropped slightly during the year, despite the upward adjustment in selling prices of MSG, modified starch and maltose, enhanced sales of products with higher margin and intensified promotion activities that pushed up revenue. Sales volume and selling price of specialty chemicals (hydrochloric acid and soda) were affected by market competition, hence the substantial reduction in revenue of the segment. The upward adjustment in selling price of fertilisers and feed products drove profit but caused overall sales volume to fall and thus drop in revenue, which eventually led to the lower-than-expected performance. As such, the Group will continue to secure new customers and improve the added value of these products.

2. *Japan*

The Group's performance in the Japan market managed to deliver growth for the year and remained its second largest market. The Japanese economy, driven largely by domestic demand, has been recovering at a rather slow pace. Facing market competition which affected the performance of its MSG offering, the Group has adopted a flexible pricing strategy to maintain the order volume but this led to a small drop in revenue. As for modified starch, due to the increasing demand for high-end products and the Group's efforts to secure new customers, promote cross-sector applications, raise added value of the products and increase selling price, revenue of the product segment grew despite the decline in overall sales volume. The growth also showed that the Group's investment in developing modified starch over the years has reaped returns as this product made a notable contribution to its results during the period. The Group's revenue from the market in Japan amounted to US\$64,820,000 during the year, representing an increase of 2.9% or US\$1,805,000 from 2018. The share of revenue generated from Japan accounted for 18.1% of the Group's total revenue, higher than the 17.7% share recorded in 2018.

3. *The PRC*

Revenue from the PRC market increased by 12.0% or US\$4,665,000 to US\$43,669,000 in 2019. The country's share of the Group's total revenue climbed from 10.9% in 2018 to 12.2%. The growth in revenue was mainly attributable to the increase in sales from the trading of distribution products developed by the Group in recent years and the strategy to strengthen supply chain product types started to bear fruit, leading to notable growth in revenue compared with last year. Stronger demand for modified starch also brought about year-on-year growth in sales volume and revenue. The Group's upward adjustment to the selling price of MSG in a bid to maintain reasonable profit caused a drop in sales volume at the same time, and thus decline in revenue.

4. *ASEAN countries*

In 2019, the Group's revenue from ASEAN member countries, excluding Vietnam, decreased by 15.0 % or US\$4,736,000 year-on-year to US\$26,857,000 and its contribution to the total revenue was down from 8.9% to 7.5%. The decrease in revenue during the year was mainly due to the continued price competition of MSG leading to the decrease in both sales volume and revenue. Revenue of modified starch also contracted as a result of the price competition in the industry. The ASEAN market is a major long-term development focus of the Group and its subsidiary in Cambodia is positioned as a base for further development. The Group will also expand into other business segments with its core products, secure and allot distribution resources and expand sales channels, hoping to achieve a breakthrough in sales to the ASEAN market.

5. *The US*

Revenue from the US market reached US\$21,394,000 for the year, an increase of 5.2% or US\$1,067,000 against 2018. It accounted for 6.0% of the Group's total revenue against 5.7% in 2018. The revenue increase was owed mainly to stronger market demand for maltose, pushing up the corresponding selling price and sales volume of the products and also overall results. Demand for MSG products was affected by market competition and its revenue inevitably dropped. The Group will continue to actively develop the organic maltose and organic starch markets and deepen its cooperation with leading global manufacturers in order to deliver a satisfactory sales performance in the future.

6. Other regions

Other markets mainly include Taiwan, Korea and the European Union. Total revenue from the markets for the year amounted to US\$23,482,000, down 6.4% or US\$1,598,000, as compared with US\$25,080,000 in 2018. The share of the revenue from other regions lowered to 6.6% of the Group's total revenue from 7.0% in 2018. The decline was attributable to the drop in sales of MSG and modified starch. Revenue from fertilisers and feed products increased driven by the growth in market demand.

2. Sales Analysis by Product

Unit: US\$'000

Item	2019		2018		Difference	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
MSG and seasonings	233,524	65.3%	235,331	66.0%	-1,807	-0.8%
Modified starch & native starch & maltose	58,866	16.4%	56,128	15.7%	2,738	4.9%
Specialty chemicals	24,682	6.9%	32,552	9.1%	-7,870	-24.2%
Fertilisers and feed Products	24,388	6.8%	21,165	5.9%	3,223	15.2%
Others	16,397	4.6%	11,596	3.3%	4,801	41.4%
Total	<u>357,857</u>	100.0%	<u>356,772</u>	100.0%	<u>1,085</u>	0.3%

1. *MSG and seasonings*

During the year, revenue from MSG and seasonings-related products amounted to US\$233,524,000, representing a year-on-year decrease of 0.8%, or US\$1,807,000, mainly owing to the decrease in shipments in the PRC and ASEAN markets due to price competition. Revenue from MSG sales in Japan, the US and Europe also modestly declined. Although the Group adjusted the selling price of some of the products upward in Vietnam hoping to improve revenue, overall sales performance was still lower than expected and affected the revenue of MSG and seasonings-related products. Share of these products in the Group's total revenue dropped from 66.0% in 2018 to 65.3%

2. *Modified starch/Native starch/Maltose*

The plague of pests on cassava plantations still prevailed but improved somewhat during the year, as the increase in costs of raw materials slowed down. Regarding modified starch, native starch and maltose products, through its effective procurement strategy for cassava starch and the higher sales of new organic products, the Group was able to increase their selling prices and revenue. During the year, revenue from modified and native starch and maltose products climbed 4.9% year-on-year or US\$2,738,000 to US\$58,866,000, accounting for 16.4% of the Group's total revenue, which was 15.7% in 2018. The sales volume of modified starch recorded higher growth in Japan, the PRC and Vietnam through increasing market demand. For maltose, the revenue from the US also climbed considerably. Currently, the Group is actively developing high value-added product categories such as organic maltose and high-end modified starch, promoting cross-sector applications and strengthening cooperation through strategic alliances and new product development to build higher profit potential.

3. *Specialty chemicals/Fertilisers and feed products*

Specialty chemicals including hydrochloric acid, soda and bleach are sold in the Vietnam market. During the year, competition intensified for basic chemical products due to international trade factors. Revenue from specialty chemicals amounted to US\$24,682,000, down by 24.2% or US\$7,870,000, against 2018. The product segment accounted for 6.9% of the Group's total revenue, versus 9.1% recorded in 2018. Soda products were also affected by import price competition among industry players, resulting in lower selling prices and sales volume, and therefore a drop in revenue. The sales volume of hydrochloric acid products declined, owing to production and sales considerations and competition with local manufacturers and importers, thus revenue from the products also decreased. The Group will complete the expansion of hydrochloric acid plants in 2020, which will enable it to provide more products with different specifications to both meet internal needs and for sale in the market.

The sales volume of fertilisers and feed products fluctuated during the year. Overall, revenue of this segment recorded growth despite the reduction in overall sales volume as demand from Taiwan, Korea and Europe continued to grow and selling prices were set higher. The Group continued to promote and develop high value-added special fertilisers and feed products and attract new customers thanks to products with new specifications. This direction helped boost revenue of this business segment. The Group's revenue from fertilisers and feed products strongly increased by 15.2%, or US\$3,223,000 year-on-year to US\$24,388,000 and its contribution its total revenue rose from 5.9% to 6.8%.

4. *Other products*

Other products mainly include trading products that the Group distributes and sells in Vietnam and the PRC. Revenue reached US\$16,397,000, up 41.4% or US\$4,801,000 compared with 2018, making up 4.6% of the Group's total revenue, up from 3.3% in the past year. The growth in revenue was attributable to the Group's efforts in setting up a dedicated sales unit and its effective sales channel integration strategy. Sales volume of coffee beans and bulk food ingredients distributed in the PRC also grew substantially and pushed up revenue.

III. MAJOR RAW MATERIALS/ENERGY OVERVIEW

(1) Cassava

In the 2018/19 production season, the pest problem in cassava plantations continued but was alleviated eventually. In turn, this helped to slightly restore the plantation areas in Vietnam, Thailand and Cambodia. The price of cassava and starch raw materials also stabilised when compared with 2018. Nevertheless, in 2020, the cassava raw materials still faced challenges such as stopping the spread of the epidemic, economic value competition and global climate changes. Therefore, the plantation areas remained limited, and consequently the supply is expected to remain affected. The Group will endeavor to select and consolidate its suppliers and forge strategic partnerships as it adopts a flexible procurement strategy in order to accurately ensure stable raw material supply sources and pricing.

(2) Molasses

The selling price of molasses in the international markets plummeted due to the oversupply from molasses production countries to the global molasses market in the 2018/2019 production season. According to the report published by the International Sugar Organization, global molasses output in 2019/2020 is expected to drop by 3.6 million tonnes to 61.1 million tonnes from the 2018/2019 production season. The decrease was mainly because Brazil and Thailand used the majority of their sugar cane crop to produce ethanol and restricted mass export of sugar cane. Besides, as sugar cane farmers shifted to plant higher-valued crops and the plantation areas in the European Union and India shrank due to severe climate, the molasses output in the US and Cuba was less than expected. Owing to these factors, the selling price of molasses in the international market showed an apparent increase in the second half of the year, following the relatively stable selling price in the first half of 2019.

Meanwhile, starting from January 2020, Vietnam abolished the quotas on sugar imports from the ASEAN countries to Vietnam which could possibly lead to a significant increase in those imports. As a result, domestic sugar producers in Vietnam will face fierce competition from the imported sugar products. Smaller sugar refineries will generally operate in a difficult business environment. As part of the Group's local molasses procurement in Vietnam will be affected by such circumstances, the Group will monitor and observe the fluctuation of molasses supply and prices in the current season, maintain a flexible procurement strategy and look for alternative sugar sources in order to secure a reliable raw material supply.

(3) Energy

Global coal output maintained a slight growth trend in 2019 after returning to a recovery path for two years. The selling price of coal in the international market slid slightly due to the oversupply as a result of the contracted demand in key markets such as the US and Europe. Global oil prices surged in 2019 and recorded the largest yearly growth within the past three years, mainly driven by the geopolitical risks in the Middle East and further output reduction by OPEC. According to the report by the International Energy Agency (IEA), the world's energy landscape is changing. The rise of prices of natural gas and renewable energy have grown rapidly, so downward pressure on the coal market increases, with limited room to climb recently. The Asian economies have experienced rapid growth and hence will replace the western countries as coal consumption markets. In particular, there is surging demand in Vietnam and India. However, owing to the outbreak of the novel coronavirus pneumonia epidemic at the beginning of this year, the supply and demand activities have slowed down. Whether this will cause changes in the overall transportation and energy industries is still worth observing.

Regarding the price of electricity, the retail electricity tariff in Vietnam was raised by 8.36% in March 2019, to cope with the rising power generation costs. This adjustment has exerted pressure on the Vietnam government's policies to drive economic growth and to stabilise consumer prices. The Group for its part, uses a cogeneration power generation system. As it mainly uses self-generated electricity and relatively less purchased electricity, the adjusted electricity tariff has limited impact on the Group.

IV. FINANCIAL REVIEW

1. Liquidity and financial resources

The Group had cash and cash equivalents, short-term bank deposits, pledged bank deposits, and structured bank deposits of US\$59,400,000, US\$955,000 or about 1.6% less than that at the end of 2018. Short-term bank borrowings increased year-on-year by US\$5,826,000 or about 63.5% to US\$14,999,000. Medium-to-long-term bank borrowings decreased by US\$1,868,000, or approximately 6.9%, to US\$25,125,000. Total bank borrowings were US\$40,124,000, US\$3,958,000 or approximately 10.9% more than at the end of 2018. The rise of total bank borrowing was mainly due to the increased procurement of raw materials to ensure stable raw material sources and prices and meeting capital expenditure requirements. Of the total borrowings, 95.0% were denominated in US dollars and the remaining 5.0% were denominated in New Taiwan dollars. The proportions of short-term and medium-to-long-term bank borrowings were 37.4% and 62.6% respectively. Owing to the decreased interest rate for Vietnam Dong deposits, net finance income for the year fell by US\$144,000 year-on-year.

Trade receivables were US\$29,511,000, representing a decrease of US\$3,640,000 or around 11.0% when compared with the end of 2018. Around 72.1% of the trade receivables were aged within 30 days. Total inventory was US\$95,828,000, up by US\$4,726,000 or around 5.2% when compared with the end of 2018. The increase in inventory was mainly attributable to the growth in the Group's raw materials for production and finished products during the period.

As a result of the slightly increase in both total borrowings and total equity, the Group's gearing ratio (total borrowings to total equity ratio) was 15.0%, higher than the 12.6% recorded at the end of 2018. With cash on hand exceeding borrowings, net gearing ratio (total borrowings less cash and deposits to total equity ratio) was -5.6%, higher than the -7.8% recorded in 2018.

During the year, current liabilities dropped significantly due to the decrease of payables. Consequently, the Group's current ratio improved to 3.4 from 3.3 recorded at the end of 2018 and its quick ratio similar to 1.8 recorded at the end of 2018. The Group maintained a healthy financial structure/status.

2. Capital expenditure

During the year, capital expenditure amounted to approximately US\$17,769,000, US\$7,751,000 less than the capital expenditure of US\$25,520,000 recorded in 2018.

3. Exchange rate

In 2019, although the trade friction between the PRC and the US led to a decline in global trade and slow down the export growth, Vietnam continued to report high economic growth, thanks to stable foreign investment and increased domestic consumption. Driven by these factors, the exchange rate between the RMB and the US dollar exceeded the 7.0 threshold. However, the exchange rate between the Vietnam Dong and the US dollar remained stable and unchanged, against the backdrop of the rising pressure brought by the depreciating RMB. The State Bank of Vietnam announced that the Vietnam Dong depreciated 1.44% in 2019, from 22,825 Vietnam Dong to USD1 at the end of 2018 to 23,155 Vietnam Dong to USD1 at the end of 2019. Despite the expectation that the global economy would continue to face various unfavourable factors in 2020, the continued inflow of foreign capital and robust export growth in Vietnam contributed to optimism about economic prospects of Vietnam. Its trade surplus is also beneficial to the accumulation of foreign exchange reserves. Total foreign exchange reserves during the year reached approximately US\$6.8 million. Vietnam managed to maintain a low inflation rate, critical for ensuring a stable macroeconomy. The Vietnam Dong is generally forecast to remain stable in 2020.

The Group's subsidiaries in the PRC are mainly responsible for local sales with transactions denominated in RMB. In 2018, the exchange rate between the RMB and the US dollar initially appreciated followed by depreciation. After the RMB exchange rate rebounded to 6.7 in the first half of 2019, it fell below 7 in August and once dropped to the lowest point of close to 7.2, and then bounced back to around 6. The exchange rate for the full year of 2019 depreciated around 1.65%, still far less than the 5.04% in 2018. Trade disputes between the PRC and the US remain a key factor that affects the RMB exchange rate. According to some experts, if the tariff can be abolished gradually, the RMB exchange rate in 2020 will likely remain between 6.7 and 7.2. However, the outbreak of COVID-19 at the beginning of 2020 has increased the downside risks for economic growth. As such, the Group will continue to monitor the exchange rate trends between the RMB and the US dollar.

4. Earnings per share and dividends

Basic earnings per share were 1.02 US cents for the year. The Board has resolved to declare payment of a final dividend of 0.214 US cents per share. The dividend payout ratio was 60%.

V. PROSPECTS

Looking ahead to 2020, the world's economies will continue to be affected by Brexit and the Sino-US trade disputes, alongside the uncertainties such as geopolitical conflicts in the Middle East, the US presidential election and the effects of the COVID-19 outbreak. Overall economic recovery may slow down. According to the observation of economic experts, there would only be a weak growth in global trade this year. Despite an ongoing oversupply of the production capacity of many products, price cut competition in the market is expected to continue. Moreover, the Group may face rising costs of some of its raw materials due to supply shortages. Amid the fast-changing business environment, the Group will remain prudent while actively responding to the fluid situation and continuously strengthen the cooperation with upstream and downstream enterprises in innovation, implement new marketing strategies for development and adopt various effective measures to meet its profitability target.

In recent years, the Group has adopted various measures to fortify its foundation, including improving production efficiency, lowering production costs, securing stable raw material supplies, developing new product markets and new clientele, establishing strong customer relationships and boosting development overseas. These efforts have started to bear fruit. Looking ahead, though the operating environment will continue to be uncertain, the Group will continue to forcefully implement its planned development strategies, strengthen its operations and enhance its competitiveness so as to raise its operational efficiency. These strategies include:

- Bolstering the utilisation and mix of product lines with a focus on core products, aiming to raise the proportion of high value-added and high-end products and reduce that of low gross profit items, therefore increasing profit generated by products to a reasonable level.
- Actively developing new products, expanding new market businesses, and enhancing market positioning and brand competitiveness; enlarging the scale of its operations through forging new partnerships and adjusting business structure; at the same time, further developing current market channels and relationships with customers, giving full play to its brand value, all to the end of strengthening the Group's overall business performance.
- Capturing the price trends of bulk raw materials and energy prices, diversifying sources of procurement and implementing procurement plans in line with its procurement strategy.
- Continuing to improve production technology and product quality, raising production efficiency to maximise effectiveness of its production equipment, increasing capital expenditure on expanding production capacity of products with potential, and also continuing to source alternative energy solutions to lower operational costs.

- Accelerating the consolidation and use of the Group's resources and the innovation breakthroughs from its business strategies, continuing to strengthen its cooperation with strategic partners in order to improve efficiency; gearing up for developing customised products, focusing on those third-party products with development potential and bolstering its product channels and marketing strategies so as to meet consumers' needs.
- Adopting the co-opetition strategy to boost its competitiveness and use its production base in Vietnam to actively develop the ASEAN market and the markets which are signatories of the Free Trade Agreement (FTA), The European Union-Vietnam Free Trade Agreement (EVFTA) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), with the goal of developing new businesses with competitive advantages.
- Continuing to extend its trade network in ASEAN countries, stepping up expansion of the segment related to its core businesses, extending its marketing network and broadening its brand influence, eventually expanding its business presence, so as to create new growth streams.
- Strengthening its customer relationship management and online marketing tools, utilising data analysis and consolidating customers' information and incorporating such information with its marketing strategy and boosting performance through diversified marketing channels, in a bid to increase the value and satisfaction of customers.
- Through enhancing financial management, optimising capital utilisation, reducing operational costs and maximising the value of the Group; taking steps to manage working capital to mitigate foreign exchange and interest rate fluctuation risks so as to cope with the increasingly turbulent international financial conditions.

Looking into the future, in the face of the unfavourable conditions around the world and the uncertainties of its operating environment, the Group will formulate flexible and diversified action plans for its operations, enhance its organisational and management strengths, constantly change its mindset and consolidate its strategic approach as required to maintain competitiveness and cooperation. Although many challenges lie ahead, the Group believes there are also development opportunities in the market. It will capitalise on Vietnam's economic growth trend and economic advantages in the region and move forward building on its existing business foundation. The Group will remain prudent in its business management, set the marketing trends and review and implement its strategies to leverage its integrated operational strengths and achieve further business development and advances.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's shares during the year ended 31 December 2019.

CORPORATE GOVERNANCE

The Company is strongly committed to maintaining good corporate governance. The Directors aim to continually review and enhance corporate governance practices of the Group.

Save and except for code provision E.1.2 as set out below, the Company has complied with the provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") during the reporting period:

In respect of code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. YANG, Tou-Hsiung, the Chairman of the Board was not able to attend the annual general meeting of the Company held on 14 May 2019 due to business commitments.

AUDIT COMMITTEE

The Audit Committee, comprising all the Independent Non-executive Directors of the Company, has reviewed the results of the Group for the year ended 31 December 2019 and has discussed with management the accounting principles and practices adopted by the Group, and its internal controls and financial reporting matters.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the preliminary announcement.

FINAL DIVIDEND, CLOSURE OF REGISTER OF MEMBERS AND DATE OF ANNUAL GENERAL MEETING

Final dividend and date of Annual General Meeting

The Board recommended the payment of a final dividend of 0.214 US cents (2018: 0.265 US cents), subject to the approval of such final dividend by the shareholders at the annual general meeting of the Company to be held on 19 May 2020 (the "2020 Annual General Meeting").

Shareholders whose names appear on the register of members of the Company on 19 May 2020 will be eligible to attend and vote at the 2020 Annual General Meeting. It is expected that the proposed final dividend, if approved, will be paid on 9 June 2020 to shareholders whose name appeared on the register of members on 27 May 2020.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 13 May 2020 to Tuesday, 19 May 2020, (both days inclusive), during such period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2020 Annual General Meeting, unregistered holders of shares of the Company should ensure all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Tengis Limited, 54/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 12 May 2020.

The register of members of the Company will also be closed from Monday, 25 May 2020 to Wednesday, 27 May 2020, (both days inclusive), during such period no transfer of shares will be registered. In order to be eligible to receive the proposed final dividend, unregistered holders of shares of the Company should ensure all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Tengis Limited, 54/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 22 May 2020.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement was published on the Hong Kong Stock Exchange's website at (www.hkexnews.hk) and the Company's website at (www.vedaninternational.com). The Company's 2019 annual report containing all the information required under the Listing Rules will be dispatched to shareholders and published on the websites of the Hong Kong Stock Exchange and the Company in due course.

OUR APPRECIATION

Finally, the Board 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 Group.

By Order of the Board
Vedan International (Holdings) Limited
YANG, Kun-Hsiang
Executive Director and Chief Executive Officer

Hong Kong, 24 March 2020

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

Executive Directors:–

Mr. YANG, Tou-Hsiung
Mr. YANG, Cheng
Mr. YANG, Kun-Hsiang
Mr. YANG, Chen-Wen
Mr. YANG, Kun-Chou

Non-executive Directors:–

Mr. HUANG, Ching-Jung
Mr. CHOU, Szu-Cheng

Independent non-executive Directors:–

Mr. CHAO, Pei-Hong
Mr. KO, Jim-Chen
Mr. CHEN, Joen-Ray
Mr. HUANG, Chung-Fong