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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

	Unaudited six months ended 30 June		
	2015	2014	**Change**
	US$'000	*US$'000*	
Revenue	**158,150**	152,705	3.6%
Gross profit	**25,741**	23,959	7.4%
Profit for the period	**4,216**	42	9,938.1%
Profit attributable to owners of the Company	**4,455**	441	910.2%
Basic earnings per share	**0.29 US cents**	0.03 US cents	
Diluted earnings per share	**0.29 US cents**	0.03 US cents	
Interim dividend proposed per share	**0.175 US cents**	– US cents	
Total dividends paid and proposed per share	**0.175 US cents**	– US cents	

INTERIM RESULTS

The board of directors (the "Board") of Vedan International (Holdings) Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015 together with the comparative figures for the corresponding period in the previous year.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**Unaudited 30 June 2015** *US$'000*	Audited 31 December 2014 *US$'000*
ASSETS			
Non-current assets			
Land use rights		**2,734**	2,767
Property, plant and equipment		**164,617**	167,220
Intangible assets		**9,709**	9,822
Long-term loan and receivables		**72**	165
Investment in an associate		**3,376**	3,393
Total non-current assets		**180,508**	183,367
Current assets			
Inventories		**108,813**	104,775
Trade receivables	*4*	**30,882**	25,981
Amount due from the non-controlling interest of a subsidiary		**934**	933
Amount due from an associate		**123**	123
Prepayments and other receivables		**11,533**	14,986
Amount due from a related party		**1,015**	1,146
Restricted cash		**4,253**	4,249
Short-term bank deposits		**6,653**	3,463
Cash and cash equivalents		**23,902**	37,491
		188,108	193,147
Disposal group held for sale		**–**	1,926
Total current assets		**188,108**	195,073
Total assets		**368,616**	378,440

	Note	Unaudited 30 June 2015 US$'000	Audited 31 December 2014 US$'000
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**15,228**	15,228
Reserves			
– Proposed interim dividends	*11*	**2,670**	–
– Others		**255,722**	253,901
		273,620	269,129
Non-controlling interest		**(2,292)**	(2,030)
Total equity		**271,328**	267,099
LIABILITIES			
Non-current liabilities			
Bank borrowings		**32,493**	32,696
Deferred income tax liabilities		**4,558**	4,772
Retirement benefit obligations		**1,134**	1,214
Total non-current liabilities		**38,185**	38,682
Current liabilities			
Trade payables	*5*	**8,641**	14,546
Accruals and other payables		**10,575**	18,331
Amount due to a related party		**20**	–
Bank borrowings		**39,175**	38,857
Current income tax liabilities		**692**	925
Total current liabilities		**59,103**	72,659
Total liabilities		**97,288**	111,341
Total equity and liabilities		**368,616**	378,440
Net current assets		**129,005**	122,414
Total assets less current liabilities		**309,513**	305,781

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended 30 June 2015 US$'000	2014 US$'000
Revenue	3	**158,150**	152,705
Cost of sales	7	**(132,409)**	(128,746)
Gross profit		**25,741**	23,959
Other gains – net	6	**979**	669
Selling and distribution expenses	7	**(10,245)**	(10,634)
Administrative expenses	7	**(10,514)**	(12,372)
Operating profit		**5,961**	1,622
Finance income		**257**	111
Finance costs		**(575)**	(488)
Finance costs – net	8	**(318)**	(377)
Share of post-tax loss of an associate		**(17)**	(16)
Profit before income tax		**5,626**	1,229
Income tax expense	9	**(1,410)**	(1,187)
Profit for the period		**4,216**	42
Profit attributable to:			
– Owners of the Company		**4,455**	441
– Non-controlling interest		**(239)**	(399)
		4,216	42
Earnings per share attributable to the owners of the Company	10		
– Basic earnings per share (expressed in US cents)		**0.29**	0.03
– Diluted earnings per share (expressed in US cents)		**0.29**	0.03

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
Profit for the period	**4,216**	42
Other comprehensive income/(loss)		
Item that may be reclassified to profit or loss		
Currency translation differences	**33**	(470)
Total comprehensive income/(loss) for the period	**4,249**	(428)
Total comprehensive income/(loss) for the period attributable to:		
– Owners of the Company	**4,491**	(33)
– Non-controlling interest	**(242)**	(395)
	4,249	(428)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2015 has been prepared in accordance with HKAS 34 "Interim Financial Reporting". The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

(a) The following interpretation and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2015, but are not currently relevant for the Group and have had no impact upon the reported financial information.

HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements 2010-2012 Cycle
Annual Improvements Project	Annual Improvements 2011-2013 Cycle

(b) The following new standards, interpretation and amendments to standards have been issued, but are not effective for the financial year beginning 1 January 2015 and have not been early adopted.

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: applying the consolidation exception	1 January 2016
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
Annual Improvements Project	Annual Improvements 2012-2014 Cycle	1 January 2016

The Group has already commenced an assessment of the impact of adopting the above new standards, interpretation and amendments to standards. 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.

3 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 decision. This information includes segment revenue, segment assets and capital expenditures.

The chief operating decision-maker considers 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.

(i) Segment revenue

	Unaudited Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
Vietnam	**83,024**	75,791
The PRC	**15,639**	15,596
Japan	**31,625**	36,351
Taiwan	**6,345**	6,009
ASEAN member countries (other than Vietnam)	**13,304**	14,649
Other regions	**8,213**	4,309
Consolidated revenue per income statement	**158,150**	152,705

(ii) Capital expenditures

	Unaudited Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
Vietnam	**8,775**	15,962
The PRC	**109**	664
	8,884	16,626

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

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

(iii) ***Total assets***

	Unaudited As at 30 June 2015 ***US$'000***	Audited As at 31 December 2014 *US$'000*
Vietnam	**306,525**	318,456
The PRC	**52,637**	53,586
Hong Kong	**8,553**	5,591
Taiwan	**792**	724
Singapore	**109**	83
	368,616	378,440

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

4 Trade receivables

	Unaudited As at 30 June 2015 ***US$'000***	Audited As at 31 December 2014 *US$'000*
Trade receivables from third parties	**31,245**	27,651
Less: provision for impairment of trade receivables	**(363)**	(1,670)
	30,882	25,981

The credit terms of trade receivables range from cash on delivery to 90 days. At 30 June 2015 and 31 December 2014, the ageing of the trade receivables based on invoice date was as follows:

	Unaudited As at 30 June 2015 ***US$'000***	Audited As at 31 December 2014 *US$'000*
0 – 30 days	**27,494**	20,611
31 – 90 days	**2,791**	3,469
91 – 180 days	**460**	1,830
181 – 365 days	**143**	52
Over 365 days	**357**	1,689
	31,245	27,651

5 Trade payables

As at 30 June 2015, the ageing of the trade payables based on invoice date was as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2015	2014
	US$'000	*US$'000*
0 – 30 days	**7,304**	13,738
31 – 90 days	**1,300**	685
91 – 180 days	**6**	59
181 – 365 days	**31**	27
Over 365 days	**–**	37
	8,641	14,546

6 Other gains – net

	Unaudited	
	Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
Net exchange losses	**(292)**	(172)
Loss on disposal of property, plant and equipment	**(115)**	(188)
Sales of scrap materials	**303**	554
Gain on disposal of assets held for sale (Note)	**460**	–
Others	**623**	475
Other gains – net	**979**	669

Note:

The assets and liabilities related to Orsan Vietnam Co., Ltd, a wholly owned subsidiary of the Group, have been presented as assets held for sale following the approval of the Group's management on 31 December 2014 to sell Orsan Vietnam Co., Ltd in Vietnam to a third party. The transaction was completed during the period ended 30 June 2015.

The following table summarises the consideration received for the disposal of assets held for sale and the amounts of assets and liabilities disposed on the disposal date:

	Unaudited Six months ended 30 June 2015 *US$'000*
Consideration	2,386
Net asset value disposed of	(1,926)
Gain on disposal of assets held for sale	460
Assets and liabilities disposed:	
Cash and cash equivalents	1,811
Property, plant and equipment	38
Other receivables	77
Net asset value	1,926
Proceeds from disposal of assets held for sale comprise:	
Cash consideration received	2,333
Other receivables	53
Proceeds from disposal of assets held for sale	2,386

7 Expenses by nature

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

	Unaudited	
	Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
Changes in inventories and consumables used	**106,396**	105,362
Amortisation of intangible assets	**258**	669
Amortisation of land use rights	**34**	30
Depreciation on property, plant and equipment	**11,240**	10,728
Employee benefit expenses	**15,116**	14,719
Reversal of provision for impairment of trade receivables	**(28)**	(15)
Operating lease rental	**305**	299
Other expenses	**19,847**	19,960
Total cost of sales, selling and distribution expenses and administrative expenses	**153,168**	151,752

8 Finance costs – net

	Unaudited	
	Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
Finance income – interest income on short-term bank deposits	**(257)**	(111)
Interest expense on bank borrowings	**708**	488
Less: amounts capitalised on qualifying assets	**(133)**	–
Finance costs	**575**	488
Finance costs – net	**318**	377

9 Income tax expense

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

The amount of income tax charged/(credited) to the consolidated income statement represents:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
Enterprise income tax ("EIT")	**1,624**	1,479
Deferred income tax	**(214)**	(292)
	1,410	1,187

10 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of US$4,455,000 (2014: US$441,000) by 1,522,742,000 (2014: 1,522,742,000) ordinary shares in issue during the period.

Diluted earnings per share is the same as basic earnings per share as there are no dilutive instruments for the periods ended 30 June 2015 and 2014.

11 Dividends

On 25 August 2015, the board of directors has resolved to declare an interim dividend of US$0.175 cents per share (2014: nil). This interim dividend, amounting to US$2,670,000 (2014: nil), has not been recognised as a liability in this interim consolidated financial information.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS OVERVIEW

Recovery of the global economy has continued to proceed albeit at a slow pace in the first half of 2015, while the economic growth in developing countries has generally slowed down. Among all the major economies, the US economy has maintained positive and presented a sign of economic recovery. The Japanese economy has started to recover in the first half of 2015 but its growth remained weak. The Eurozone economy has started to stablise and rebound. However, its unemployment rate remains the highest among all major economies though it is recently improving. The PRC has recorded economic growth of 7% for two consecutive quarters and its Consumer Price Index (CPI) has increased by 1.3% year-on-year, which has met the annual target of around 3%. The unemployment rate was around 5.1%, showing that the overall employment trend has been stable while the trade surplus has continued to increase. As for Vietnam, its economy has improved in the first half of 2015 with economic growth reaching five-year high of 6.28% when compared with the corresponding period in 2014. The inflation rate was at the lowest point in the past decade due to the higher amount of remittances by overseas Vietnamese and Vietnam labourers and the continuous increase in foreign exchange reserve. GDP growth rate is expected to be in the range of 6.0% to 6.2% in 2015 and the inflation rate to be about 2.5%. Globally, the US dollar has appreciated while currencies of various countries have depreciated in the first half of 2015. The Vietnam Dong has remained relatively stable, which has caused the exports of Vietnam to weaken while imports have gradually increased, transforming the trade surplus maintained in the past three years into a trade deficit. The Vietnam government has slightly adjusted the exchange rate twice during the period in order to maintain the economic and monetary stability, ensure reasonable economic growth, control inflation and assure the stable and secure operation of credit organisations.

During the period under review, the Group has recorded revenue of US$158,150,000, 3.6% or US$5,445,000 higher than the same period last year. The increase was mainly due to the notable growth in domestic sales of MSG of the Vietnam plant. Overseas sales to Japan and ASEAN member countries have decreased but overseas sales to the US have grown substantially exceeding US$5,000,000. Recession was seen in the Japanese market while the Japanese yen has been depreciating by more than 45% since 2012, which has caused the revenue of the Group in the Japanese market to drop by 13.0%. Revenue in the PRC has increased slightly by 0.3% year-on-year. The revenue of products during the period was mainly attributable to the increase in revenue from sales of MSG, hydrochloric acid and soda which amounted to US$3,961,000 and US$1,466,000 respectively. Gross profit of the Group increased 7.4% or US$1,782,000 to US$25,741,000 as compared to the same period last year. The Group's overall gross profit margin has climbed to 16.3% from 15.7% in the corresponding period last year. Profit for the period was US$4,216,000 and net profit margin increased to 2.7%, a year-on-year increase of US$4,174,000. Both revenue and profit have grown during the period. The principal reasons for the increase in net profit included: 1) the energy cost-saving solutions of Vedan (Vietnam) Enterprise Corporation Limited ("Vedan Vietnam") has begun to yield results; 2) the Vietnam economy has shown obvious improvement and a surge in market demand, and 3) the demand and sales volume of hydrochloric acid and soda have increased. Benefitting from the energy-saving solutions of Vedan Vietnam, the Group expects to achieve better revenue and profit in the second half of the year.

II. BUSINESS ANALYSIS

(1) Sales Analysis by Market

Unit: US$'000

	Six months ended 30 June					
Area	**2015**		**2014**		**Difference**	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Vietnam	83,024	52.5%	75,791	49.6%	7,233	9.5%
Japan	31,625	20.0%	36,351	23.8%	(4,726)	(13.0%)
PRC	15,639	9.9%	15,596	10.2%	43	0.3%
ASEAN member countries	13,304	8.4%	14,649	9.6%	(1,345)	(9.2%)
Other regions	14,558	9.2%	10,318	6.8%	4,240	41.1%
Total	**158,150**	**100.0%**	**152,705**	**100.0%**	**5,445**	**3.6%**

1. *Vietnam*

Along with the gradual recovery of the Vietnam market, the Group's revenue from the market amounted to approximately US$83,024,000 in the first half of 2015, 9.5% or US$7,233,000 higher than the same period last year. Revenue of MSG grew 4.1% or US$3,872,000 year-on-year; revenue of maltose products surged 81.4% or US$1,229,000 year-on-year. Due to steady growth of demand, the revenue contribution from other products, such as hydrochloric acid and soda to total revenue also rose from 49.6% to 52.5%.

2. *Japan*

Consumption in Japan has remained sluggish and the economic recovery in the country was slow. The implementation of large-scale quantitative easing monetary policy by the Japanese central bank has caused the Japanese yen to depreciate to the lowest level in 12 years and increased the cost of imports. As a result, revenue in Japan was US$31,625,000, representing a decrease of 13.0% or US$4,726,000 year-on-year. The proportion of revenue from the Japanese market of the Group's total revenue was down from 23.8% to 20.0%. The Japanese yen-USD exchange rate is expected to remain relatively stable. And with the reduction in the energy cost of the Vietnam plant in 2015, the results also is expected to rebound in the second half.

3. *The PRC*

In recent years, the continuous increase of demand for chicken essence and seasoning products in the urban population in the PRC has affected the growth of the MSG industry. Although MSG sales in the PRC have remained stable, the Group continued to actively expand into the chicken essence and seasoning products market to address market demand. At the same time, it has commenced the starch business. Rising production volume and prices of modified starch has led to an increase of product revenue of 12.4% year-on-year and higher revenue of seasoning products. Revenue from the PRC market reached US$15,639,000, which was 0.3% or US$43,000 more than the same period in 2014, but its contribution to the Group's total revenue has declined from 10.2% in 2014 to 9.9%.

4. *ASEAN member countries*

During the period, revenue from ASEAN member countries, except Vietnam, amounted to US$13,304,000, which has dropped by 9.2% or US$1,345,000 year-on-year. Its contribution to the Group's total revenue was down from 9.6% to 8.4%. Decrease in revenue was mainly due to the price competition in the PRC's MSG market. Besides, the Group's strategy to reduce the sales of modified starch has caused the revenue of modified starch in ASEAN member countries to drop during the period. However, as the cost structure of various products of the Group has improved during the period, the product revenue is expected to increase in the second half of the year.

5. *Other regions*

Revenue from other regions rose by 41.1% or US$4,240,000 from US$10,318,000 in the same period in 2014 to US$14,558,000, and as a proportion of total revenue increased to 9.2% from 6.8% during the last corresponding period. The anti-dumping duties imposed by Europe and the US on MSG exported from the PRC has led to a decrease in MSG sales from the PRC to the US. However, the Group has partly resumed sales to the US during the period and achieved higher growth in revenue as a result.

(2) Sales Analysis by Product

Unit: US$'000

	Six months ended 30 June					
Products	**2015**		**2014**		**Difference**	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
MSG	109,249	69.1%	105,288	68.9%	3,961	3.8%
Modified starch/ native starch	19,197	12.1%	20,423	13.4%	(1,226)	(6.0%)
Fertiliser and feed products	11,296	7.1%	11,448	7.5%	(152)	(1.3%)
Specialty chemicals	11,184	7.1%	9,718	6.4%	1,466	15.1%
Others	7,224	4.6%	5,828	3.8%	1,396	24.0%
Total	**158,150**	**100.0%**	**152,705**	**100.0%**	**5,445**	**3.6%**

1. *MSG*

Revenue from MSG operations during the period rose by 3.8% or US$3,961,000 from the same period last year to US$109,249,000 and its contribution to the Group's total revenue was 69.1%. The growth was mainly due to the lower energy costs in Vietnam which has made MSG more price-competitive. Thus, sales of MSG in Vietnam and other regions have also increased.

2. *Modified starch/native starch*

Revenue of modified starch during the period declined by 13.9% or US$2,793,000 to US$17,288,000, which was mainly caused by the competition in starch products in Thailand. At the same time, the Group has changed its strategy to reduce the production and sales of modified starch with lower margin, leading to a reduction in sales of modified starch of the Vietnam plant, while the PRC recorded a growth in modified starch products. Total revenue of modified and native starch during the period declined 6.0% or US$1,226,000 year-on-year to US$19,197,000. Its contribution to the total revenue of the Group has also decreased from 13.4% to 12.1%.

3. *Specialty chemicals/fertilisers and feed products*

Specialty chemicals including hydrochloric acid, soda and bleach are principally sold in the Vietnam market. The revenue of specialty chemicals increased by 15.1% or US$1,466,000 to US$11,184,000 and the contribution to the Group's total revenue rose from 6.4% to 7.1% as compared with the same period of 2014. The growth in demand for soda and hydrochloric acid in the Vietnam market has also led to the increase in the revenue of soda and hydrochloric acid during the period.

Thanks to the great harvest of staple cereal and an excess supply of fertiliser as a result of sluggish global demand, the selling price of fertilisers has declined in the Vietnam market. Also, affected by the price wars in China, the revenue of the Group's fertilisers has dipped by 1.3% or US$152,000 year-on-year to US$11,296,000 during the period and its contribution to the total revenue has dropped from 7.5% to 7.1%.

III. MAJOR RAW MATERIALS/ENERGY OVERVIEW

(1) Cassava

In Vietnam, cassava and cassava-related products ranked fourth nationally in terms of export volume, immediately behind coffee, rice and cashew nuts. Primary export destinations for cassava in Vietnam include the PRC, the Philippines and Malaysia. In the first half of 2015, Vietnam has exported cassava and cassava-related products valued at US$844 million. To reserve raw material supply for production of domestic fuels, the Ministry of Finance of Vietnam has raised export taxes on cassava from zero to 5%, thereby promoting cassava processing and adding value. This has helped to bolster the price of domestic cassava to become more competitive in the international markets.

(2) Molasses

Global molasses output was around 55-60 million tonnes, mainly in Thailand, Brazil and Cuba. Globally, Thailand, Pakistan and India were the key exporters of molasses while the EU, the US, Korea were the key importers. During the period, as great demand from biomass energy and the pasture poultry industry has pushed up the price of molasses, the cost of molasses per tonne has climbed by around 4.3% from 2014.

(3) Energy

As the price of natural gas in Vietnam has surged notably every year starting from 2010, the cogeneration factory of Vedan Vietnam has changed to adopt alternative fuel in March 2015 to better control its cost. Affected by the low international oil price, the price of alternative fuel continues to decrease. Since 2014, the global price of the main fuel including crude oil and coal has decreased, which is likely to remain at a low range in the second half of the year, is a favourable factor for the Group's cost control.

The utility electricity charge in Vietnam has been raised by 7.5% since 16 March. Nevertheless, the Group has reduced the purchase of external electricity and increased the use of self-generated electricity since the use of new energy system. Consequently, the rise of electricity charges had only a limited impact on the Group.

IV. FINANCIAL REVIEW

(1) Liquidity and Financial Resources

As the Group has increased the purchase of bulk materials, like agricultural raw materials during the period, thus, the raw material inventory rose by approximately US$11,260,000 from late 2014. The Group had cash and bank deposits of US$30,555,000 (excluding restricted cash), which was approximately US$10,399,000 or about 25.4% lower than that amount in late 2014. Short-term bank borrowings increased by US$318,000 or around 0.8% to US$39,175,000 as compared to that in late 2014, while middle-to-long-term bank borrowings declined by US$203,000 to US$32,493,000. Total bank borrowings increased by US$115,000, or around 0.2% to US$71,668,000. The borrowings were mainly denominated in US dollars, which accounted for 97.1% of the total and the remaining 2.9% was denominated in New Taiwan dollars. The proportions of short-term and medium-to-long-term bank borrowings were 54.7% and 45.3% respectively. The net finance cost during the period rose by about US$59,000 year-on-year.

Trade receivables were US$30,882,000, an increase of US$4,901,000 or around 18.9% when compared with late 2014. Around 88.0% of the trade receivables were due within 30 days. As at 30 June 2015, total inventory rose by US$4,038,000 or around 3.9% when compared with that in late 2014.

Gearing ratio (total borrowings to total capital ratio) was 26.4%, which was slightly lower than 26.8% at the end of 2014. Due to the decrease in cash and deposits, the net gearing ratio (total borrowings less cash and deposits to total capital ratio) was 13.6%, higher than the 9.9% as at the end of 2014. As current liabilities declined substantially due to the decrease in trade receivables during the period, the current ratio rose to 3.2 during the period from 2.7 as at the end of 2014. The financial position of the Group has remained sound.

(2) Capital Expenditure

During the period under review, capital expenditure amounted to approximately US$8,884,000, US$7,742,000 less than the capital expenditure of US$16,626,000 in the first half of 2014.

(3) Exchange Rate

Vietnam has reported a trade surplus for three consecutive years from 2012 to 2014. Overseas remittance of its citizens provided approximately US$12 billion to Vietnam every year. Foreign direct investment has ranged from around US$10 billion to US$11.5 billion per year in recent years while international aid projects have also provided several billion US dollars to Vietnam every year. Vietnam is estimated to have foreign reserves of totalling US$35 billion. The saving deposit rate of the Vietnam Dong was apparently higher than that of US dollars which has led to a notable decrease in the demand for US dollars in the country and contributed to relative stability in the currency market. The exchange rate of the Vietnam Dong to the US dollar was maintained at VND20,828 to US$1 throughout 2012 and has been adjusted downward by 1% annually in both 2013 and 2014.

On 6 January 2015, the Central Bank of Vietnam announced its first depreciation of the benchmark exchange rate of the Vietnam Dong to the US dollar by 1% to VND21,458 to US$1 within 2015. On 7 May 2015, the Central Bank of Vietnam announced a further 1% downward adjustment to the benchmark exchange to VND21,673 to US$1. Through such moves, the Central Bank of Vietnam has aimed to stimulate exports and alleviate the pressure of slower economic growth.

The Group's subsidiaries in the PRC are mainly for domestic distribution and the transactions there are denominated in RMB. In the first half of 2015, the exchange rate of the RMB to the US dollar has initially declined and then risen before finally showing further adjustment.

In the second half of the year, the pressure to depreciate the RMB is expected to continue; both the supply and demand of the RMB will be balanced and there will not be any significant change in the exchange rate. Around 42% of the revenue of the factories in Vietnam was in USD, while the majority of the revenue of the PRC factories was in RMB, so the risk of foreign exchange transactions can be reduced.

(4) Dividends

Basic earnings per share for the period under review were 0.29 US cents. The Board has resolved to declare the payment of a dividend of 0.175 US cents per share. The dividend payout ratio was 60%.

V. PROSPECTS

Energy cost-saving solutions implemented by the Group's Vietnam factories have begun achieving cost effectiveness and reported apparent increase in profit starting from the second quarter during the period under review. The Group expects that the competitiveness of most of the products produced by its Vietnam-based factories will be enhanced by the decline in the energy costs and the revenue and profits are expected to rise in the second half of 2015.

This year has presented challenges and opportunities to the Vietnam-based factories. For the MSG segment, the PRC players have substantially expanded their production capacity, resulting in overcapacity and a weak international MSG price and the fierce competition, which affected external sales of the factories in Vietnam. Meanwhile, the trend of depreciation of RMB results in the fluctuation of international exchange rate, which made the price of MSG unsteady in the international market. Moreover, due to the low international price of agricultural products and the excess supply of fertiliser, the price of fertiliser has greatly slipped, which has hindered the growth in revenue and profit of the factories in Vietnam. Nevertheless, the Vietnam-based factories should reflect the benefits in the second half of the year resulting from the energy cost-saving solution. In addition, the integration of the ASEAN economic community is going to be completed in late 2015, which is expected to boost the external sales of all core products of the Vietnam factories. In the PRC market, the intense local competition may hinder the increase in revenue of the MSG. The business of modified starch is expected to grow given its enhanced products and channels while the seasoning products is likely to achieve a slight increase driven by rising market demand.

Riding on favourable developments such as decreasing energy costs and enhanced competitiveness in the second half of the year, apart from strengthening and expanding its existing core products, the Group will also strengthen marketing and sales channel and integrate business framework, accelerate the launch and sales of new products, as well as actively expand the sales to ASEAN and potential growth market so as to initiate higher growth momentum and profits.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for the six months ended 30 June 2015 of 0.175 US cents per share. The interim dividend will be paid on 9 October 2015 in HK dollar to shareholders whose names appear on the register of members of the Company on 30 September 2015. The HK$ equivalent of the interim dividend is 1.3516 HK cents per share, which is based on the exchange rate of US$ against HK$ at US$1.00 to HK$7.7235 as quoted by The Hong Kong Association of Banks on 25 August 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 30 September 2015 to Friday, 2 October 2015 (both days inclusive), during such period no transfer of the Company's shares will be registered. In order to be eligible to receive the interim dividend for the six months ended 30 June 2015, unregistered holders of the Company's shares must lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Tuesday, 29 September 2015.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased or sold or redeemed any of the Company's shares during the six months ended 30 June 2015.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has made specific enquiries of all Directors to confirm that they have complied with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules of the Hong Kong Stock Exchange") during the reporting period up to 30 June 2015.

COMPLIANCE WITH APPENDIX 14 OF THE LISTING RULES OF THE HONG KONG STOCK EXCHANGE

The Company has complied with the provisions of the Corporate Governance Code ("CG Code") set out in Appendix 14 of the Listing Rules of the Hong Kong Stock Exchange during the reporting period up to 30 June 2015, save and except for the below code provision.

In respect of code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting and should also invite the chairman of the audit, remuneration and nomination committees to attend. Mr. YANG, Tou-Hsiung, the Chairman of the Board and the Chairman of the Nomination Committee and Mr. KO, Jim-Chen, Chairman of the Remuneration Committee were not in the position to attend the annual general meeting of the Company held on 19 May 2015 due to business commitments.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim condensed consolidated financial information for the six months ended 30 June 2015. The Audit Committee comprises the four Independent Non-executive Directors of the Company.

PUBLICATION OF INTERIM REPORT

The Company's interim report for the six months ended 30 June 2015 containing all the relevant information required by Appendix 16 to the Listing Rules of the Hong Kong Stock Exchange will be dispatched to shareholders and published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.vedaninternational.com) in due course.

APPRECIATION

The Board would like to take this opportunity to express our sincere thanks to our shareholders for their support and to our staff for their commitment and diligence during the period.

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

Hong Kong
25 August 2015

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

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. HSIEH, Lung-Fa