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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 2018

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2018	2017	**Difference**
	US$'000	*US$'000*	
Revenue	**356,772**	322,805	10.5%
Gross profit	**67,498**	68,137	(0.9%)
Profit for the year	**17,394**	18,738	(7.2%)
Profit attributable to owners	**14,285**	19,061	(25.1%)
Basic earnings per share	**0.94 US cents**	1.25 US cents	
Diluted earnings per share	**0.94 US cents**	1.25 US cents	
Final dividend proposed per share	**0.265 US cents**	0.443 US cents	
Total dividends paid and proposed per share	**0.563 US cents**	0.750 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 2018, together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2018	2017
	Note	***US$'000***	*US$'000*
Revenue	*2, 5*	**356,772**	322,805
Cost of sales	*7*	**(289,274)**	(254,668)
Gross profit		**67,498**	68,137
Other gains – net	*6*	**459**	935
Selling and distribution expenses	*7*	**(23,117)**	(21,746)
Administrative expenses	*7*	**(22,974)**	(24,272)
Operating profit		**21,866**	23,054
Finance income		**929**	853
Finance costs		**(832)**	(804)
Finance income – net	*8*	**97**	49
Share of post-tax profit of an associate		**44**	205
Profit before income tax		**22,007**	23,308
Income tax expense	*9*	**(4,613)**	(4,570)
Profit for the year		**17,394**	18,738
Profit attributable to:			
Owners of the Company		**14,285**	19,061
Non-controlling interest		**3,109**	(323)
		17,394	18,738
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*	**0.94**	1.25
Diluted earnings per share	*11*	**0.94**	1.25

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2018	2017
	US$'000	*US$'000*
Profit for the year	**17,394**	18,738
Other comprehensive (loss)/income:		
Item that may be reclassified to profit or loss		
Currency translation differences	**(2,013)**	2,054
Other comprehensive (loss)/income for the year, net of tax	**(2,013)**	2,054
Total comprehensive income for the year	**15,381**	20,792
Total comprehensive income/(loss) for the year attributable to:		
– Owners of the Company	**12,228**	21,290
– Non-controlling interest	**3,153**	(498)
Total comprehensive income for the year	**15,381**	20,792

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2018	2017
	Note	***US$'000***	*US$'000*
ASSETS			
Non-current assets			
Land use rights		**1,892**	2,042
Property, plant and equipment		**151,788**	145,612
Intangible assets		**8,566**	9,070
Long-term other receivables		**725**	1,307
Investment in an associate		**6,119**	3,555
Total non-current assets		**169,090**	161,586
Current assets			
Inventories		**91,102**	82,868
Trade receivables	*3*	**33,151**	31,651
Short-term loan to an associate		**120**	120
Prepayments and other receivables		**13,465**	9,351
Amount due from a related party		**1,191**	242
Current income tax recoverable		**1,241**	2,872
Structured bank deposits		**8,888**	3,903
Short-term bank deposits		**15,342**	16,063
Cash and cash equivalents		**34,215**	49,679
Total current assets		**198,715**	196,749
Non-current assets held for sale		**–**	366
Total assets		**367,805**	358,701
EQUITY			
Equity attributable to owners of the Company			
Share capital		**15,228**	15,228
Reserves		**271,128**	270,182
		286,356	285,410
Non-controlling interest		**326**	(2,827)
Total equity		**286,682**	282,583

	Note	As at 31 December 2018 US$'000	2017 US$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings		**15,697**	19,491
Deferred income tax liabilities		**3,238**	3,263
Retirement benefit obligations		**1,478**	1,447
Long-term environmental provision		**387**	233
Total non-current liabilities		**20,800**	24,434
Current liabilities			
Trade payables	*4*	**20,875**	15,772
Accruals and other payables		**16,874**	17,509
Amounts due to related parties		**1,391**	1,660
Bank borrowings		**20,469**	15,906
Current income tax liabilities		**714**	837
Total current liabilities		**60,323**	51,684
Total liabilities		**81,123**	76,118
Total equity and liabilities		**367,805**	358,701

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"). The consolidated financial statements have been prepared under the historical cost convention.

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, interpretations and amendments to standards are mandatory for the Company for the first time for the financial year beginning on 1 January 2018:

Annual Improvements Project	Annual Improvements 2014 – 2016 Cycle
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures
HKAS 40 (Amendment)	Transfers of Investment Property
HKFRS 1 (Amendment)	First time adoption of HKFRS
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendment)	Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration

Impact on the adoption of HKFRS 9 and HKFRS 15 are set out in Note 1.1. 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, interpretations and amendments to standards have been issued, but are not effective for the financial year beginning on 1 January 2018 and have not been early adopted.

		Effective for annual periods beginning on or after
Annual Improvements Project 2017	Annual Improvements 2015-2017 Cycle	1 January 2019
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
HKAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement	1 January 2019
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures	1 January 2019
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 3 (Amendments)	Definition of Business	1 January 2020
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contract	1 January 2022
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
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 has assessed the financial impact on the Group of the adoption of the above new standards, amendments and interpretations. Except for HKFRS 16, there are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the futures reporting periods and on foreseeable future transactions. The Group intends to adopt the above new standards, amendments and interpretation to existing standards when they become effective.

HKFRS 16, "Leases"

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

HKFRS 16 will primarily affect the accounting for the Group's operating leases. As at 31 December 2018, the Group had non-cancellable operating lease commitments of US$2,871,000. The Group estimates those related to payments for short-term and low value lease which will be recognised on straight line basis as an expense in profit or loss are insignificant.

The Group has not yet assessed what other adjustments, if any, are necessary, for example, the change in the definition of the lease term, the different treatment of variable lease payments and the extension or termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

The directors of the Company expect that the impact on the Group's financial positions regarding the adoption of HKFRS 16 as compared with the current accounting policy would not be material. However, some additional disclosures will be required from next year.

Date of adoption by the Group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

1.1 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 and HKFRS 15 on the consolidated financial statements.

(a) Impact on the financial statements

The following explains the impact of the adoption of HKFRS 9 and HKFRS 15 on the Group's financial statements.

The Group elected to adopt HKFRS 9 and HKFRS 15 without restating comparatives. The reclassifications and the adjustments are therefore not reflected in the consolidated balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

There is no impact on the consolidated financial statements as at 1 January 2018, except for the reclassifications of receipt in advance to contract liabilities.

(b) HKFRS 9 "Financial Instruments"

HKFRS 9 replaces the provisions of HKAS 39 "Financial Instruments: Recognition and Measurement" that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies. In accordance with the transitional provisions in HKFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated.

There is no impact on the Group's retained earnings as at 1 January 2018.

(i) Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. On the date of initial application, 1 January 2018, the financial instruments of the Group were measured at amortised cost, with no reclassification noted.

(ii) Impairment of financial assets

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. There is no impact of the change in impairment methodology on the Group's retained earnings and equity.

(c) HKFRS 15 "Revenue from Contracts with Customer"

The Group has adopted HKFRS 15 "Revenue from Contracts with Customers" from 1 January 2018 which resulted in changes in accounting policies. In accordance with the transition provisions in HKFRS 15, the Group has adopted the simplified transition method and did not restate the comparatives. In summary, there is no adjustment or reclassification to the amounts recognised in the balance sheet at the date of initial application (1 January 2018), except for a reclassification for the following:

	HKAS 18 carrying amount 31 December 2017	**Reclassification**	**HKFRS 15 carrying amount 1 January 2018**
	US$'000	*US$'000*	*US$'000*
			(Restated)
Trade payables, accruals and other payables (extract)			
Receipts in advance	1,296	(1,296)	–
Contract liabilities	–	1,296	1,296

Presentation of assets and liabilities related to contracts with customers

The Group has voluntarily changed the presentation of certain amounts in the note to the financial statements to reflect the terminology of HKFRS 15 and HKFRS 9:

- Contract liabilities in relation to receipts in advance from customers for sales of goods not yet delivered to customers, were previously presented as receipts in advance in trade and other payables (US$1,296,000 as at 1 January 2018).

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$43,301,000 (2017: US$45,843,000) 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 (2017: same).

(a) Segment revenue

	2018	2017
	US$'000	*US$'000*
By geographical location:		
Vietnam	**177,753**	162,986
Japan	**63,015**	64,199
The PRC	**39,004**	29,056
America	**20,327**	16,761
Taiwan	**17,335**	10,630
ASEAN member countries (other than Vietnam)	**31,593**	31,792
Other regions	**7,745**	7,381
	356,772	322,805

	2018	2017
	US$'000	*US$'000*
By product nature:		
MSG/GA	**231,502**	220,491
Modified starch/Native starch	**43,955**	34,005
Specialty chemicals	**32,552**	29,012
Fertiliser and feed products	**21,165**	18,425
Others	**27,598**	20,872
	356,772	322,805

	2018	2017
	US$'000	*US$'000*
Timing of revenue recognition		
At a point in time	**356,772**	322,805

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.

	Year ended 31 December 2018
	US$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**1,296**

(b) Capital expenditures

	2018	2017
	US$'000	*US$'000*
Vietnam	**25,396**	20,404
The PRC	**121**	135
Cambodia	**3**	–
	25,520	20,539

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

	2018	2017
	US$'000	*US$'000*
Vietnam	**308,623**	288,357
The PRC	**45,544**	48,424
Hong Kong	**12,358**	21,188
Taiwan	**704**	688
Singapore	**487**	44
Cambodia	**89**	–
Total assets per consolidated balance sheet	**367,805**	358,701

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 profit of an associate for each operating segment.

	Amortisation and depreciation	**Income tax expense**	**Share of profit of an associate**
	US$'000	*US$'000*	*US$'000*
2018			
Vietnam	**17,648**	**4,361**	**44**
The PRC	**965**	**242**	**–**
Others	**–**	**10**	**–**
	18,613	**4,613**	**44**
2017			
Vietnam	17,182	4,125	205
The PRC	1,183	433	–
Others	–	12	–
	18,365	4,570	205

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

	2018	2017
	US$'000	*US$'000*
Vietnam	**151,333**	141,501
The PRC	**17,029**	18,778
Cambodia	**3**	–
Total	**168,365**	160,279

(e) Liabilities

	2018	2017
	US$'000	*US$'000*
Vietnam	**72,860**	65,768
The PRC	**3,751**	4,604
Hong Kong	**3,338**	3,316
Taiwan	**1,108**	2,382
Singapore	**46**	48
Cambodia	**20**	–
Total liabilities per consolidated balance sheet	**81,123**	76,118

3 Trade receivables

	2018	2017
	US$'000	*US$'000*
Trade receivables from third parties	**33,649**	32,162
Less: loss allowance	**(498)**	(511)
Trade receivables – net	**33,151**	31,651

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:

	2018	2017
	US$'000	*US$'000*
0 – 30 days	**21,372**	18,627
31 – 90 days	**10,870**	12,161
91 – 180 days	**789**	667
181 – 365 days	**251**	189
Over 365 days	**367**	518
	33,649	32,162

4 Trade payables

At 31 December 2018, the ageing of trade payables based on invoice date is as follows:

	2018	2017
	US$'000	*US$'000*
0 – 30 days	**19,232**	13,912
31 – 90 days	**1,634**	1,567
91 – 180 days	**–**	111
181 – 365 days	**–**	142
Over 365 days	**9**	40
	20,875	15,772

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 2018 and 2017 were US$356,772,000 and US$322,805,000 respectively.

6 Other gains – net

	2018	2017
	US$'000	*US$'000*
Net exchange (losses)/gains	**(289)**	647
Gain on disposal of non-current assets held for sales	**307**	–
Loss on disposal of property, plant and equipment	**(426)**	(340)
Impairment of amount due from the non-controlling interest of a subsidiary	**(68)**	(847)
Sales of scrap materials	**454**	596
Government grant	**219**	392
Others	**262**	487
	459	935

7 Expenses by nature

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

	2018	2017
	US$'000	*US$'000*
Changes in inventories and consumables used	**238,143**	202,763
Amortisation of intangible assets	**132**	134
Amortisation of land use rights	**52**	61
Auditor's remuneration		
– Audit services	**345**	345
– Non-audit services	**4**	115
Depreciation on property, plant and equipment	**18,429**	18,170
Write-off of impairment of inventories	**30**	–
Reversal of impairment of inventories	**(400)**	–
Operating leases expenses in respect of leasehold land, warehouses and offices	**316**	294
Employee benefit expenses	**35,717**	35,097
(Reversal of)/provision for loss allowance of trade receivables	**(13)**	125
Technical support fee	**2,180**	2,181
Travelling expenses	**1,629**	1,484
Transportation expenses	**8,262**	9,400
Advertising expenses	**3,898**	2,962
Other expenses	**26,641**	27,555
Total cost of sales, selling and distribution expenses and administrative expenses	**335,365**	300,686

8 Finance income – net

	2018	2017
	US$'000	*US$'000*
Bank interest income	**842**	853
Unwinding of discount of other receivable *(Note)*	**87**	–
Finance income	**929**	853
Interest expense on bank borrowings	**(1,106)**	(812)
Less: amounts capitalised on qualifying assets	**274**	143
Discounting effect on non-current other receivable *(Note)*	**–**	(135)
Finance costs	**(832)**	(804)
Finance income – net	**97**	49

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 2018 of US$2,040,000 (2017: US$2,040,000) is repayable in the amount of US$680,000, US$680,000 and US$680,000 in 2018, 2019 and 2020, respectively. The repayment of US$680,000 for 2018 was settled in January 2019. 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:

	2018	2017
	US$'000	*US$'000*
Enterprise income tax ("EIT")	**4,638**	4,592
Under-provision of income tax in previous years	**–**	131
Total current tax	**4,638**	4,723
Deferred income tax	**(25)**	(153)
	4,613	4,570

10 Dividends

A final dividend of US$6,750,000 that relates to the year ended 31 December 2017 was declared on 23 May 2018 and was paid in 2018 (2017: US$12,740,000).

The interim dividends paid in 2018 was US$4,532,000 (0.298 US cents per share) (2017: US$4,675,000, 0.307 US cents per share). A final dividend in respect of the year ended 31 December 2018 of 0.265 US cents per share, amounting to a total dividend of US$4,042,000, is to be proposed for approval at the forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

	2018	2017
	US$'000	*US$'000*
Interim dividend paid of 0.298 US cents (2017: 0.307 US cents) per ordinary share	**4,532**	4,675
Proposed final dividend of 0.265 US cents (2017: 0.443 US cents) per ordinary share	**4,042**	6,750
	8,574	11,425

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.

	2018	2017
Profit attributable to owners of the Company *(US$'000)*	**14,285**	19,061
Weighted average number of ordinary shares in issue *(thousands)*	**1,522,742**	1,522,742
Basic earnings per share *(US cents per share)*	**0.94**	1.25

(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 2018 and 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS OVERVIEW

Global economic growth in 2018 slowed down when compared to 2017 as the year-on-year global GDP growth was roughly flat. Different countries showed a mixed performance in terms of economic growth, with the emerging economies generally outperforming the developed countries. Apart from a few products, the price of bulk commodities and various raw materials had generally declined. However, the unemployment rate was relatively low around the world as a whole. According to statistics released by the International Monetary Fund (IMF), among the major economies, in terms of GDP, only the US saw an upward trend, while the Eurozone and Japan faced a downslide. In the emerging markets, aside from very few countries such as India and Vietnam, other economies slowed down to varying degrees. Economic analysis reports mentioned that, despite the international financial crisis showing signs of easing, there are still risks of uncertainty. In particular, since the second quarter of 2019, the Sino-US trade conflict has added uncertainties to the global economy, trading and exchange rates. Hence, how to maintain steady progress in the path of recovery and making adjustment to maintain stable growth has become the top agenda item on the economic policy of many countries.

The GDP of Vietnam in 2018 reached 7.08%, the highest in the past decade, exceeding the pre-set growth target of 6.7%. The GDP growth in both the first and fourth quarters was above 7%, mainly attributable to the steady growth of the manufacturing industry and personal consumption, strong export and the inflow of foreign direct investment (FDI). The average consumer price index (CPI) was 3.54%, higher than that of last year. Total import and export trading value set a new historical high of approximately US$482.2 billion. Total exports rose by 13.8% year-on-year while total imports increased by 11.5%, resulting in a trade surplus for the third consecutive year. Meanwhile, the inflow of FDI amounted to US$19.1 billion, climbing to a new high for the third consecutive year and representing a year-on-year growth of 9.1%. The total capital arising from registration of new enterprises with foreign investors, the increase in capital injection and the acquisition of equity interest by foreign investors together was approximately 99% of that in 2017. Foreign exchange reserves also jumped to a new high. Vietnam's stock market outperformed other Asian countries, reaching the highest investment by foreign capital of the past three years. The interest rate and exchange rate still remained within a stable range. The exchange rate of the Vietnam Dong against the US dollar depreciated only slightly by 1.8% during the year. The economic growth in Vietnam in 2018 continued to contribute to the outstanding performance, making the country one of the most attractive investment destinations in the Asia Pacific region.

While the growth of the global economy slowed down, various economic indicators in Vietnam showed an outstanding performance. This was also accompanied by more intense competition and the rise in raw material and energy prices. The Group saw both growth and decline in its main products. For instance, the growth in market demand for specialty chemicals, fertilisers and feed products pushed up revenue and gross profit, while the rising costs of energy and main raw materials led to a drop in gross profit of MSG, modified starch and maltose products despite the Group recorded an increase in revenue in these products. In 2018, the Group's revenue increased by 10.5% or US$33,967,000 year-on-year to US$356,772,000, gross profit decreased by 0.9% or US$639,000 year-on-year to US$67,498,000, while the overall gross profit margin was down from 21.1% in 2017 to 18.9%. The Group's net profit declined by 7.2% or US$1,344,000 year-on-year to US$17,394,000, with net profit margin down from 5.8% to 4.9% year-on-year. To cope with market competition, the cost increased could not be fully reflected in the selling prices. Hence, cost climbing higher than the increase in product prices led to a slight decrease in the Group's profit despite the growth in revenue recorded during the year.

It is generally forecast that the global economy will continue to show a sluggish growth trend in 2019 and will still face uncertainties caused by the policies of major nations. Apart from the changes to the Sino-US trade friction, the political tension arising from Brexit and populism, the effects of extreme weather and the conflicts in the Middle East and South Asia, the economic factors such as the possible continued interest rate hikes in the US, the implementation of supply-side structural reform in the PRC as well as the rising energy prices will also add uncertainties which may affect economic growth. On the contrary, in Vietnam, the government has actively participated in the consolidation of the regional economy. It has benefitted from the introduction of FDI facilitated by, for example, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the European Union's free trade agreements (FTA). Vietnam has also benefitted from the shift of investment from foreign investors to the country to avoid the trade tensions. However, it still has to face the risks caused by the Sino-US trade disputes and non-tariff barriers for export products. Amid such changes, the Group will remain prudent and will formulate and execute flexible action plans to respond to the challenges of the business environment. It will endeavour to expand to new businesses, develop new products and new markets, control production costs and review its strategic alliance, in a bid to achieve further breakthroughs and development.

II. BUSINESS ANALYSIS

(1) Sales Analysis by Market

Unit: US$'000

	2018		2017		**Difference**	
Country	***Amount***	*%*	*Amount*	*%*	*Amount*	*%*
Vietnam	**177,753**	**49.8%**	162,986	50.5%	14,767	9.1%
Japan	**63,015**	**17.7%**	64,199	19.9%	(1,184)	(1.8%)
PRC	**39,004**	**10.9%**	29,056	9.0%	9,948	34.2%
ASEAN	**31,593**	**8.9%**	31,792	9.8%	(199)	(0.6%)
US	**20,327**	**5.7%**	16,761	5.2%	3,566	21.3%
Others	**25,080**	**7.0%**	18,011	5.6%	7,069	39.2%
Total	**356,772**	**100.0%**	322,805	100.0%	33,967	10.5%

1. *Vietnam*

Vietnam is the largest market of the Group. In 2018, due to the steady growth in the economic sentiment in Vietnam, the market consumption power there increased. As such, the Group's revenue from the market rose by 9.1% or US$14,767,000 year-on-year to approximately US$177,753,000. The increase in revenue was mainly attributable to the Group's mounting of vigorous sales promotions and other business activities for MSG and seasonings to boost sales volume. The sales and selling prices of soda, modified starch and maltose increased due to the growth in market demand, which resulting in the rise in revenue. At the same time, selling price of fertilisers and feed products was adjusted upward. The revenue rose despite a drop in overall sales volume. The Group also actively developed new special fertiliser products. As revenue from other markets increased, the share of the revenue from the Vietnam market decreased slightly to 49.8% of the Group's total revenue from 50.5% in 2017.

2. *Japan*

Japan is the second largest market of the Group. The performance of the market declined during the year, mainly due to the slower-than-expected recovery of the Japanese economy and the competition in the MSG product market. Thus, to maintain a stable performance in this long standing market, the Group has adopted a more flexible sales strategy which led to a drop in revenue. Revenue from modified starch and fertiliser and feed products rose due to the increase in the selling prices of these products to maintain a reasonable profit. In Japan, apart from MSG, the Group's active efforts to develop and expand the modified starch segment also made a noteworthy contribution to the performance during the year. Revenue from the market amounted to US$63,015,000 during the year, representing a decrease of 1.8% or US$1,184,000 from 2017. The share of revenue generated from Japan accounted for 17.7% of the Group's total revenue, slightly lower than the 19.9% recorded in 2017.

3. The PRC

Revenue from the PRC market increased by 34.2% or US$9,948,000 to US$39,004,000 during the year. Its share of the Group's total revenue climbed from 9.0% in 2017 to 10.9%. The changes in the sales volume and selling price of the MSG market during the year resulted in the rise of sales volume and selling price of MSG. The demand for modified starch, fertiliser and feed products increased, which led to a year-on-year growth in sales volume and revenue. Moreover, the trading of the distribution products in the PRC market developed by the Group in recent years saw a gradual growth during the year, which drove the increase in revenue. Consequently, the sales of the PRC market jumped significantly when compared with last year.

4. ASEAN member countries

During the year, revenue from ASEAN member countries, excluding Vietnam, modestly decreased by 0.6% or US$199,000 year-on-year to US$31,593,000. Its contribution to the Group's total revenue was down from 9.8% to 8.9%. The decrease was mainly because the revenue growth of MSG in the ASEAN market was below expectation. Sales volume of its customers dropped due to the continued price competition of MSG, leading to the decrease of revenue. However, the revenue of modified starch, fertiliser and feed grew due to the greater demand for these products. The ASEAN market is a major long-term development focus of the Group. A subsidiary was thus set up in Cambodia by the Group in the second half of 2018, which will, in the initial stage, focus on developing the market and deploying related networks, and will put more effort to develop the market by strengthening sales and promotion of different products. The subsidiary is positioned as a base for further development, and is expected to facilitate a breakthrough in the growth in ASEAN market.

5. The US

Revenue from the US market reached US$20,327,000 during the year, representing a rise of 21.3% or US$3,566,000 from 2017. The proportion of its revenue from the market increased to 5.7% from 5.2% in 2017. The improvement was mainly attributable to the increase in sales volume of MSG. Also, driven by a higher shipment of maltose in the second half of the year to cater to the demand, sales performance of this product was better than the same period last year. Besides, the Group is actively developing new markets and new clientele for organic maltose and modified starch.

6. Other regions

Other regions mainly include Taiwan, Korea and the European Union ("EU"). Total revenue rose by 39.2% or US$7,069,000 during the year amounting to US$25,080,000. The growth in revenue was mainly driven by higher sales of MSG and modified starch. The share of the revenue from other regions increased to 7.0% of the Group's total revenue from 5.6%.

(2) Sales Analysis by Product

Unit: US$'000

	2018		2017		**Difference**	
Item	***Amount***	*%*	*Amount*	*%*	*Amount*	*%*
MSG and seasonings	**235,331**	**66.0%**	223,612	69.3%	11,719	5.2%
Modified starch & native starch & maltose	**56,128**	**15.7%**	44,182	13.7%	11,946	27.0%
Specialty chemicals	**32,552**	**9.1%**	29,012	9.0%	3,540	12.2%
Fertilisers and feed products	**21,165**	**5.9%**	18,425	5.7%	2,740	14.9%
Others	**11,596**	**3.3%**	7,574	2.3%	4,022	53.1%
Total	**356,772**	**100.0%**	322,805	100.0%	33,967	10.5%

1. MSG and seasonings

During the year, revenue from MSG and seasonings-related products amounted to US$235,331,000, representing a year-on-year increase of 5.2%, or US$11,719,000. The revenue growth of MSG was mainly owed to the rising of sales volume caused by the strengthening of promotion and business activities in Vietnam and the easing of import competition between the PRC and Vietnam. Beside revenue of MSG from Taiwan, the US and Europe also increased. Notwithstanding the revenue from Japan and ASEAN dropped in varying degrees, the Group's revenue from MSG achieved a modest growth. Generally speaking, the revenue growth of MSG and seasonings-related products was less than that of other products of the Group. The contribution of these products decreased to 66% of the Group's total revenue from 69.3% in 2017.

2. Modified starch/Native starch/Maltose

During the year, cassava, the raw material for producing modified and native starch and maltose products, was in serious supply shortage due to a plague of pests on its plantations. The price of cassava starch surged as a result of the jump in market demand, leading also to the rise in both the selling price and sales volume of the Group's cassava products. However, the growth in revenue was not able to offset the growth in costs. During the year, revenue from modified and native starch and maltose products climbed 27.0% year-on-year, or US$11,946,000, to US$56,128,000. Sales of modified starch showed higher growth in Vietnam, the ASEAN market, the PRC and Europe. The sales volume and selling price of maltose also improved due to a continuous increase in demand. At present, the Group is actively developing and expanding new products with higher added values, including organic syrup and starch products as well as new markets. Growth is expected in this segment in the future.

3. *Specialty chemicals/Fertilisers and feed products*

Specialty chemicals including hydrochloric acid, soda and bleach are sold in the Vietnam market. During the year, the Vietnam economy continued to grow steadily resulting in the increasing demand for basic industrial chemicals. Revenue from specialty chemicals was up by 12.2%, or US$3,540,000, year-on-year from US$32,552,000 during the year. Its proportion of the Group's total revenue increased from 9.0% to 9.1%. At the same time, global demand for soda products increased but supply was reduced. This translated into a higher sales volume and selling price and thus higher revenue for the Group. As for hydrochloric acid, the relatively large proportion of output used internally by the Group during the year, together with the price competition with imported products and local manufacturers combined to cause the drop of selling price and sales performance. The Group has carried out the expansion plan for specialty chemicals production facilities to boost the growth of this product.

During the year, the price of fertilisers and feed products were adjusted according to market conditions and a growth and drop in selling prices and sales volume were seen. Overall, revenue of this segment climbed resulting partly from the stronger demand from the PRC market which drove up selling price, and partly from the Group's efforts to promote and develope new special fertilisers and feed products and engage new agents in key development zones and conducting a trial run on farms. The Group's revenue from fertilisers and feed products increased by 14.9%, or US$2,740,000, year-on-year to US$21,165,000 and its contribution to the Group's total revenue rose from 5.7% to 5.9%.

4. Other products

Other products mainly include new products and agent products that the Group distributes and sells in Vietnam and the PRC. Revenue reached US$11,596,000, up 53.1% or US$4,022,000 year-on-year, making up 3.3% of the Group's total revenue, up from 2.3% in the past year. The growth in revenue was attributable to the Group's strategy to promote new trade product, to form a special sales unit and to strengthen the building of sales channels. The substantial growth in sales volume of products distributed in the PRC including coffee beans, frozen food and wines was another reason for the improvement in revenue.

III. MAJOR RAW MATERIALS/ENERGY OVERVIEW

1. Cassava

The area of cassava plantations were reduced in Vietnam, Thailand and Cambodia during the 2017/2018 harvest period. This, plus the pest attack on the crops at this time resulted in an ongoing cassava supply shortage, substantially pushed up the price of raw materials of cassava and starch. Due to the change in farmers' plantation habits, effects of climate change and market competition, it is expected that the supply of new material cassava will continue to be affected in 2019. As a result, the production of the Group's cassava starch-related products will face challenge. Hence, in addition to relying on information links to secure raw material supply sources, the Group will also strive to implement its procurement strategy effectively and form strategic alliances with supply channels to ensure the access to stable raw material supplies.

2. Molasses

The global sugar market experienced a supply shortage in 2016/2017. Sugar production reached a new high in the 2017/2018 harvest period while demand fell. Hence, the price of molasses stabilised in 2018. According to the report issued by the International Sugar Organisation, the excess global supply of sugar would compensate for a reduction in production volume of 2,000,000 tonnes by key sugar producing countries in 2018/2019. In 2019, as Brazil continues to use more sugar cane to produce ethanol, India remains vulnerable to adverse climate conditions and pest attacks, the EU is reducing the sugar plantation area, Thailand continues to implement a biomass energy business plan, as well as the food and beverage producers are reducing sugar content in their products to meet the rising health awareness of consumers, therefore production and export volume of sugar may continue to drop. As for molasses, the Group needs to monitor various factors that are expected to slightly push up the price of molasses including plantation area, climate change and biomass energy policy.

3. Energy

The global energy landscape has changed drastically in 2018. Among the oil producing countries, the US shale oil industry experienced rapid growth and increased crude oil production in 2018. Greater fluctuations in petroleum prices made renewable energy more competitive. The coal market has also recovered from the in-depth global adjustments conducted in preceding years. In 2018, except for countries in Europe and the US, all other major coal producing countries maintained their growth in coal production volume. A report issued by the International Energy Agency (IEA) stated that although developed countries are reducing the use of coal, emerging economies represented by India, Indonesia and Vietnam still have huge demand for coal as a means to quickly enhance power generation. Thus, coal price is expected to remain at a high level.

With regard to electricity price, the Vietnam Government continued to implement policy to stabilise related prices in 2018 which is essential for supporting steady economic growth and a stable inflation rate. However, as Vietnam has already achieved the goal of controlling its inflation rate at below 4% in 2018, the country has decided to adjust the electricity price in the second quarter of 2019.

IV. FINANCIAL REVIEW

(1) Liquidity and Financial Resources

The Group had cash and cash equivalent, short-term bank deposits, and structured bank deposits of US$58,445,000, US$11,200,000 or about 16.1% less than that at the end of 2017. Short-term bank borrowings increased year-on-year by US$1,590,000 or about 21.0% to US$9,173,000. The decrease in bank deposits and rise in short-term bank borrowings were mainly due to the increase in procurement of agricultural products to ensure stable raw material sources and prices. Long-term bank borrowings declined by US$821,000 or around 3.0% to US$26,993,000. Total bank borrowings amounted to US$36,166,000, US$769,000 or around 2.2% more than that at the end of 2017. All of the borrowings were denominated in US dollars. The proportions of short-term and long-term bank borrowings were 25.4% and 74.6% respectively. During the period, net finance income of US$97,000 was recorded in 2018 while US$49,000 was recorded in 2017.

Trade receivables were US$33,151,000, representing an increase of US$1,500,000 or around 4.7% when compared with that in the end of 2017. Around 63.5% of the trade receivables were aged within 30 days. As at 31 December 2018, total inventory was US$91,102,000, up by US$8,234,000 or around 9.9% when compared with that in the end of 2017. The increase in inventory was mainly attributable to the growth in the Group's finished products and raw materials for production in January 2019.

As a result of the slight increase in both bank borrowings and equity ratio, the Group's gearing ratio (total borrowings to total equity ratio) was 12.6%, nearly the same as the 12.5% recorded at the end of 2017. With cash on hand exceeding borrowings, net gearing ratio (total borrowings less cash and deposits to total equity ratio) was negative in both 2017 and 2018.

Current liabilities for the period increased at the increase of short-term borrowings and payables, the Group's current ratio slightly decreased from 3.8 in the end of 2017 to 3.3 in 2018, while the quick ratio declined from 2.2 in the end of 2017 to 1.8 due to the increase in inventory. Although both the current ratio and the quick ratio dropped, the financial position of the Group remained sound.

(2) Capital expenditure

During the period, capital expenditure amounted to approximately US$25,520,000, US$4,981,000 higher than the capital expenditure of US$20,539,000 recorded in 2017.

(3) Exchange rate

In 2018, Vietnam achieved the highest economic growth in the current decade with a record high import and export trading volume, foreign exchange reserves and foreign direct investment capital adequacy ratio. All these factors were favourable to stabilising the exchange rate of the Vietnam Dong. The State Bank of Vietnam announced that the Vietnam Dong depreciated by 1.78% in 2018, from 22,425 Vietnam Dong/US dollar in the end of 2017 down to 22,825 Vietnam Dong/US dollar in the end of 2018. But the depreciation of the Vietnam Dong was still far lower than other currencies. In 2018, affected by the escalation of the Sino-US trade dispute, the exchange rate of the RMB continued to fall which also caused the Vietnam Dong to depreciate. The bank rate in December was more than 23,100 Vietnam Dong to US$1. However, experts believe the depreciation pressure on exchange rates will be lessened as the PRC and US will continue to negotiate over trade issues in 2019 and which seems to have taken a favourable turn. That plus the inflation rate in Vietnam being under control in the past few years have led to a general expectation that the depreciation of the Vietnam Dong will only be mild.

The Group's subsidiaries in the PRC are mainly responsible for local sales with transactions denominated in RMB. The RMB exchange rate appreciated by 6% against the US dollar in 2017. The trend of the RMB exchange rate in 2018 was basically stabilized, followed by depreciating. In mid-to-late April, the exchange rate between the RMB and the US dollar fell due to the escalation of Sino-US trade friction, the strong rebound of US dollar indices, quicker depreciation of the currencies of the emerging markets, continuous fermentation of global disputes and the slowdown in PRC economic growth. The RMB and the US dollar fell by a total of 4.9% in 2018. The PRC could face greater impact if the Sino-US trade war lasts longer. Therefore the Group will keep a constant watch on changes in the exchange rates of the RMB.

(4) Earnings per share and dividends

Basic earnings per share were 0.94 US cents for the period. The Board has resolved to declare payment of final dividend of 0.265 US cents per share. The dividend payout ratio was 60%.

V. PROSPECTS

Looking ahead to 2019, though facing a changing global backdrop and shifting economic trends such as the uncertainties associated with the development of the Sino-US trade issues and conflicts in certain regions, the Group remains optimistic about the global economic trend. To address the uncertainties and risks arising from the unstable supply and prices of raw materials, excess production of a number of products in the market and rapid change in industry operation and competition, the Group will continue to strengthen its development, cooperation with partners and innovation and adopt effective measures to fuel market development and achieve higher growth.

The Group has reinforced its business foundation in recent years, striving diligently in various aspects including utilising resources to lower costs, enhancing product quality and production efficiency, maintaining long term and close relationships with customers, expanding domestic and overseas markets and developing new products, new markets and new customers. These efforts have started to bear fruit. Looking ahead, despite facing considerable operational uncertainties, the Group will continue to adhere to and forcefully implement its set development strategies to align its goals, mission and strategies, in order to realise long-term development and operational efficiency. These strategies include:

- Restructure the product lines to focus on core products, with an aim to raise the proportion of high value-added products and reduce the number of low gross profit items to maintain overall profit of products at a reasonable level.

- Actively develop new products and boost business in new markets to enhance market positioning and brand competitiveness; adjust its business structure, increase the number of new agents, secure new customers and at the same time enhance the existing distribution channels and sustain and apply its brand influence, with the objective of empowering overall business performance and expansion.

- Explore procurement channels for raw material diversification and strengthen its access to critical raw material sources to provide flexibility.

- Continue to improve production technologies thereby bolstering production efficiency, and also increase capital expenditure in order to expand production of high-potential products so as to maintain its industry leadership and continue to promote the implementation of energy-saving projects.

- Draw on the Group's own resources and innovations breakthroughs from the execution of its strategies, combine the strengths of industry peers and players in other industries and strengthen the communications with strategic partners; work closely with customers and gear up for developing customised products so as to boost its new product portfolio and expand the third party product business to diversify product channels and marketing strategies in order to meet the needs of customers in niche markets.

- Adopt the co-opetition strategy and use its production base in Vietnam to actively develop ASEAN and Free Trade Agreement (FTA) covered markets. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) that will take effect soon will also be conducive to the development of relevant new high-value businesses.

- Consider extending its foothold in ASEAN countries and continuing its development in these countries, expand into other business segments with its core products, extend its business and distribution network, create new market opportunities, broaden its brand influence and eventually expand its business presence.

- Promote diversified marketing and business management models to provide greater convenience and flexibility in product distribution and information exchange, as well as strengthen network marketing activities, marketing data analysis and customer relations management.

- Use financial management to devise strategies aiming to enhance operations efficiency and also lower operations costs and optimise asset utilisation rate, thus maxmising shareholder value. Steps will also be taken to carry out effective capital management to mitigate the risk of foreign exchange and interest rate fluctuations amidst increased turbulence in financial markets.

Operating in a rapidly changing environment, the Group will maintain flexibility in conducting its business and adjust its strategic approach in order to maintain its competitiveness and cooperative relations. Apart from tackling fundamental operational tasks, the Group will also devote greater efforts to implement strategies and target new business environments. While the current situation presents many challenges, the Group also sees many development opportunities. The management is confident that by implementing strategies based on its existing operational foundation as well as reviewing and implementing various strategies in a prudent and proactive manner, the Group will be able to seize more development opportunities in the industry and realise operational efficiency to achieve breakthroughs and advancement in its operations.

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 2018.

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 23 May 2018 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 2018 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 2018 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 0.265 US cents (2017: 0.443 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 14 May 2019 (the "**2019 Annual General Meeting**").

Shareholders whose names appear on the register of members of the Company on 14 May 2019 will be eligible to attend and vote at the 2019 Annual General Meeting. It is expected that the proposed final dividend, if approved, will be paid on 11 June 2019 to shareholders whose name appeared on the register of members on 29 May 2019.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 7 May 2019 to Tuesday, 14 May 2019, (both days inclusive), during such period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2019 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, 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 6 May 2019.

The register of members of the Company will also be closed from Monday, 27 May 2019 to Wednesday, 29 May 2019, (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, 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 24 May 2019.

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 2018 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, 26 March 2019

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