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 2024

FINANCIAL HIGHLIGHTS

	Unaudited six months ended 30 June		
	2024	2023	**Change**
	US$'000	*US$'000*	
Revenue	**185,155**	188,909	-2.0%
Gross profit	**32,903**	22,456	46.5%
Profit/(loss) for the period	**8,344**	(1,465)	N/A
Profit/(loss) attributable to owners of the Company	**8,331**	(1,468)	N/A
Basic earnings/(loss) per share	**0.55 US cents**	(0.10) US cents	
Diluted earnings/(loss) per share	**0.55 US cents**	(0.10) US cents	
Interim dividend proposed per share	**0.273 US cents**	0.229 US cents	
Total dividends paid and proposed per share	**0.273 US cents**	0.229 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 2024 together with the comparative figures for the corresponding period in the previous year.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**Unaudited 30 June 2024** *US$'000*	Audited 31 December 2023 *US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**129,960**	138,193
Right-of-use assets		**4,470**	4,600
Intangible assets		**1,005**	1,527
Long-term prepayments		**758**	1,527
Investment in an associate		**4,551**	5,013
Deferred tax assets		**143**	–
Total non-current assets		**140,887**	150,860
Current assets			
Inventories		**148,762**	137,680
Trade receivables	*4*	**34,880**	33,755
Prepayments and other receivables		**8,411**	10,084
Amount due from a related party		**447**	772
Structured bank deposits		**561**	990
Short-term bank deposits and pledged bank deposits		**7,377**	19,693
Cash and cash equivalents		**38,620**	29,676
Total current assets		**239,058**	232,650
Total assets		**379,945**	383,510

	Note	Unaudited 30 June 2024 *US$'000*	Audited 31 December 2023 *US$'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital		**15,228**	15,228
Reserves		**283,767**	279,330
		298,995	294,558
Non-controlling interest		**238**	225
Total equity		**299,233**	294,783
LIABILITIES			
Non-current liabilities			
Bank borrowings		**1,328**	1,992
Lease liabilities		**2,702**	2,744
Deferred income tax liabilities		**–**	150
Retirement benefit obligations		**1,411**	1,484
Total non-current liabilities		**5,441**	6,370
Current liabilities			
Trade payables	*5*	**9,934**	18,391
Accruals and other payables		**16,592**	18,265
Amounts due to related parties		**1,719**	596
Bank borrowings		**44,254**	41,662
Lease liabilities		**349**	319
Current income tax liabilities		**2,423**	3,124
Total current liabilities		**75,271**	82,357
Total liabilities		**80,712**	88,727
Total equity and liabilities		**379,945**	383,510

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
		2024	2023
	Note	***US$'000***	*US$'000*
Revenue	*3*	**185,155**	188,909
Cost of sales	*7*	**(152,252)**	(166,453)
Gross profit		**32,903**	22,456
Other gains – net	*6*	**1,354**	265
Selling and distribution expenses	*7*	**(9,768)**	(9,953)
Administrative expenses	*7*	**(12,118)**	(11,351)
Operating profit		**12,371**	1,417
Finance income		**454**	196
Finance costs		**(872)**	(1,636)
Finance costs – net	*8*	**(418)**	(1,440)
Share of post-tax loss of an associate		**(462)**	(398)
Profit/(loss) before income tax		**11,491**	(421)
Income tax expense	*9*	**(3,147)**	(1,044)
Profit/(loss) for the period		**8,344**	(1,465)
Profit/(loss) attributable to:			
– Owners of the Company		**8,331**	(1,468)
– Non-controlling interest		**13**	3
		8,344	(1,465)
Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company			
– Basic and diluted earnings/(loss) per share *(expressed in US cents)*		**0.55**	(0.10)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2024	2023
	US$'000	*US$'000*
Profit/(loss) for the period	**8,344**	(1,465)
Other comprehensive loss		
Items that may be reclassified to profit or loss		
Currency translation differences	**(395)**	(1,410)
Total comprehensive profit/(loss) for the period	**7,949**	(2,875)
Total comprehensive profit/(loss) for the period attributable to:		
– Owners of the Company	**7,936**	(2,878)
– Non-controlling interest	**13**	3
	7,949	(2,875)

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 2024 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institution of Certified Public Accountants ("**HKICPA**"). The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, it should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**"), and any public announcements made by Vedan International (Holdings) Limited during the interim reporting period.

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 in (a) below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in the annual financial statements.

(a)	HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current (amendments)
	HKAS 1 (Amendments)	Non-current Liabilities with Covenants (amendments)
	HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback (amendments)
	HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)
	HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements (amendments)

(b) The following new standards, amendments to standards and interpretation (collectively "**Amendments**") have been issued, but are not effective for the financial year beginning on 1 January 2024 and have not been early adopted.

		Effective for annual periods beginning on or after
HKAS 21 and HKFRS 1 (Amendments)	Lack of Exchangeability (amendments)	1 January 2025
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard)	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard)	1 January 2027
HK Int 5 (Amendments)	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

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. During the period ended 30 June 2024, the Group has been operating in one single business segment, i.e. the manufacture and sale of fermentation-based food additives, biochemical products and cassava starch-based industrial products including modified starch, glucose syrup, MSG, soda, GA and others (2023: same).

(i) Segment revenue

	Unaudited	
	Six months ended 30 June	
	2024	2023
	US$'000	*US$'000*
Sales of goods		
Timing of revenue recognition		
At a point in time	**185,155**	188,909

The Group's revenue by geographical location, which is determined by the geographical presence of customers, is as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	US$'000	*US$'000*
Vietnam	**79,505**	82,311
Japan	**35,218**	34,328
The PRC	**29,126**	27,247
The US	**13,011**	14,706
Taiwan	**6,384**	6,469
ASEAN member countries (other than Vietnam)	**14,813**	14,536
Other regions	**7,098**	9,312
Total revenue	**185,155**	188,909

(ii) Non-current assets, other than deferred tax assets and long-term prepayments, by location, which is determined by the country in which the asset is located, are as follows:

	Unaudited As at 30 June 2024 ***US$'000***	Audited As at 31 December 2023 *US$'000*
Vietnam	**131,507**	140,093
The PRC	**8,479**	9,240
	139,986	149,333

4. Trade receivables

	Unaudited As at 30 June 2024 ***US$'000***	Audited As at 31 December 2023 *US$'000*
Trade receivables from third parties	**35,187**	34,105
Less: loss allowance	**(307)**	(350)
Trade receivables – net	**34,880**	33,755

The credit terms of trade receivables generally range from cash on delivery to 90 days. The Group may grant a longer credit period to certain customers subject to the satisfactory results of credit assessment. At at 30 June 2024 and 31 December 2023, the ageing of the trade receivables based on invoice date was as follows:

	Unaudited As at 30 June 2024 ***US$'000***	Audited As at 31 December 2023 *US$'000*
0 – 30 days	**20,801**	31,949
31 – 90 days	**13,193**	793
91 – 180 days	**691**	706
181 – 365 days	**283**	326
Over 365 days	**219**	331
	35,187	34,105

Loss allowance of trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The closing loss allowance for trade receivables as at 30 June 2024 and 2023 reconciles to the opening loss allowance as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	US$'000	*US$'000*
Opening loss allowance as at 1 January	**350**	389
Decrease in loss allowance recognised in condensed consolidated income statement during the period	**(43)**	–
Closing loss allowance as at 30 June	**307**	389

5. Trade payables

As at 30 June 2024 and 31 December 2023, the ageing of the trade payables based on invoice date was as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2024	2023
	US$'000	*US$'000*
0 – 30 days	**8,731**	17,734
31 – 90 days	**1,203**	657
	9,934	18,391

6. Other gains – net

	Unaudited Six months ended 30 June	
	2024	2023
	US$'000	*US$'000*
Net exchange gains	**1,443**	46
Loss on disposal of property, plant and equipment	**(24)**	(23)
Sales of scrap materials	**199**	144
Government grant	**13**	9
Fair value gain on structured bank deposits	**4**	1
Impairment of goodwill	**(491)**	–
Others	**210**	88
Other gains – net	**1,354**	265

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	
	2024	2023
	US$'000	*US$'000*
Changes in inventories and consumables used	**121,448**	138,612
Amortisation of intangible assets	**35**	35
Amortisation of right-of-use assets	**284**	274
Auditors' remuneration		
– Audit services	**129**	129
– Non-audit services	**–**	2
Depreciation on property, plant and equipment	**10,992**	10,725
Employee benefit expenses	**20,745**	20,156
Reversal of loss allowance of trade receivables *(Note 4)*	**(43)**	–
(Reversal of)/provision for inventories	**(299)**	172
Payment for short-term leases	**145**	77
Technical support fee	**1,569**	1,602
Travelling expenses	**821**	905
Transportation expenses	**3,057**	3,432
Advertising expenses	**1,153**	740
Repair and maintenance expenses	**8,969**	5,560
Other expenses	**5,133**	5,336
Total cost of sales, selling and distribution expenses and administrative expenses	**174,138**	187,757

8. Finance costs - net

	Unaudited	
	Six months ended 30 June	
	2024	2023
	US$'000	*US$'000*
Finance income:		
– Interest income on short-term bank deposits	**452**	196
– Interest income from an associate	**2**	–
	454	196
Finance costs:		
– Interest expense on bank borrowings	**(833)**	(1,587)
– Interest expenses on lease liabilities	**(39)**	(49)
Finance costs	**(872)**	(1,636)
Finance costs – net	**(418)**	(1,440)

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 to the interim condensed consolidated income statement represents:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	US$'000	*US$'000*
Enterprise income tax ("**EIT**")	**3,440**	1,044
Deferred income tax	**(293)**	–
	3,147	1,044

EIT is provided on the basis of the statutory profit for financial reporting purposes, adjusted for income and expenses items which are not assessable or deductible for income tax purposes.

(i) ***Vietnam***

The applicable EIT rate for the Group's principal operation in Vietnam is 15%, which is an incentive tax rate offered by the Vietnam Government and is stipulated in the respective subsidiary's investment license. For non-principal operation in Vietnam, the applicable EIT rate for the Group is 20%.

(ii) ***The PRC***

The applicable EIT rate for the Group's operation in the PRC is 25%.

(iii) ***Singapore/Hong Kong/Cambodia***

No Singapore/Hong Kong/Cambodia profits tax has been provided as the Group had no estimated assessable profit arising in or derived from Singapore, Hong Kong and Cambodia during the period.

(iv) ***Taiwan***

The applicable EIT rate for the Group's operations in Taiwan is 20%.

10. Earnings/(loss) per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of US$8,331,000 (2023: loss attributable to owners of the Company of US$1,468,000) by weighted average of ordinary shares of 1,522,742,000 (2023: 1,522,742,000) in issue during the period.

Diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as there are no dilutive instruments for the periods ended 30 June 2024 and 2023.

11. Dividends

A final dividend of 0.2298 US cents per share amounting to US$3,499,000 that relates to the year ended 31 December 2023 was declared on 19 March 2024 and was paid on 11 June 2024.

On 20 August 2024, the Board resolved to declare an interim dividend of 0.273 US cents per share (2023: 0.229 US cents). This interim dividend, amounting to US$4,166,000 (2023: US$3,487,000), has not been recognised as a liability in this interim condensed consolidated financial information.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS OVERVIEW

In 2023, the global economy continued to face challenges and uncertainties as global energy and raw material prices continued to fluctuate due to the ongoing Russia-Ukraine war and the Middle East tensions, rising inflation risks and US interest rate hikes. However, with energy and raw material prices stabilizing, albeit still at high levels, and global inflation declining significantly in the first half of 2024, global market sentiment slowly recovered during the period.

Looking back at the first half of 2024, the impact of the Russia-Ukraine war lessened, while energy prices, although showing signs of decline, still affected the recovery of economic activities which global inflation previously caused. In the first half of 2024, Vietnam's central bank adopted a looser monetary policy to stimulate economic growth, and the exchange rate of the Vietnamese dong to the US dollar depreciated to the range of 25,000 to 25,500. The average year-on-year growth rate of the Consumer Price Index (CPI) was 4.08%, rising but still below the policy target of 4.5%.

Vietnam has been actively attracting foreign investment in recent years and has achieved long-term stable economic growth. In the midst of the Sino-US trade conflict, Vietnam has become a destination for many companies looking to relocate their production facilities. It has also actively participated in regional economic and trade consolidation, for example, by signing free trade zone agreements such as the Free Trade Agreement (FTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP) with developed economies such as the UK, the EU and the PRC, which is beneficial to the overall development of the country. Vietnam's overall economic growth rate (GDP) was 6.42% in the first half of 2024, meeting the Vietnamese government's target of 6.0% to 6.5%, showing good signs of economic recovery. The total import and export trade volume increased by 14.5% in the first half this year over the same period in 2023, with a trade surplus of US$11,630,000,000.

With the easing of the pandemic in 2023, the industrial and supply chains in China gradually recovered in the first half of 2024. Actual economic growth increased by 5.0% year-on-year, which corresponds with the government's policy target of 5.0%. However, in the face of a complex, challenging, and uncertain external environment, people have reduced their spending. In the first half of 2024, inflation was relatively mild at 0.1%, which is well below the target inflation rate of 3%, adding uncertainty to the consumer market, while the urban unemployment rate reached approximately 5.0%. The unemployment rate in the PRC has increased since 2018, with the COVID-19 pandemic and the decline in the real estate market have exacerbated the labor issue, so market growth momentum remains uncertain.

In the first half of 2024, the Group's revenue decreased by around 2.0%, or approximately US$3,754,000, from the previous period to approximately US$185,155,000, mainly due to the weak consumer sentiment and demand in various markets. Among the Group's major products, the selling price and revenue of MSG products decreased due to declining market demand and intensified competition. However, the cost of energy fell compared with the same period last year, resulting in a significant year-on-year increase in gross profit margin in the first half. Sales volume and revenue of modified starch decreased due to the slowdown in the Europe and US export markets. However, as customers in Europe and the US reduced their inventories last year and started to increase their orders this year, sales volume and revenue of starch sugar rebounded during the period. As for specialty chemicals, demand remained weak amid the market downturn, and the Group adjusted prices downward to stimulate sales, resulting in a slight decrease in revenue compared with the same period last year. The average selling price of hydrochloric acid continued to fall due to weak demand in the industry, leading to a decrease in revenue compared with the same period last year. However, the significant decline in energy costs resulted in an increase in gross profit compared with the last corresponding period. With regard to fertilizers and feed products, the Group focused on consolidating its sales channels and adjusting the product mix, and sought to develop higher margin products. In addition, revenue of some of the Group's other products, including coffee and bulk food ingredients, were higher compared with the same period last year, as consumption in China recovered following the lifting of pandemic control measures in 2023.

Benefiting from the decline in energy prices in the first half of 2024, the Group's overall gross profit margin increased from 11.9% in the first half of 2023 to 17.8% in current period. Gross profit was US$32,903,000, an increase of US$10,447,000 over the same period last year. Net profit margin increased from -0.8% in the same period of 2023 to 4.5% in current period, and net profit was US$8,344,000, an increase of US$9,809,000 over the same period last year.

II. BUSINESS ANALYSIS

(1) Sales Analysis by Market

Unit: US$'000

Country	First half of 2024		First half of 2023		Difference	
	Amount	***%***	*Amount*	*%*	*Amount*	*%*
Vietnam	**79,505**	**43.0%**	82,311	43.6%	-2,806	-3.4%
Japan	**35,218**	**19.0%**	34,328	18.2%	890	2.6%
PRC	**29,126**	**15.7%**	27,247	14.4%	1,879	6.9%
ASEAN	**14,813**	**8.0%**	14,536	7.7%	277	1.9%
US	**13,011**	**7.0%**	14,706	7.8%	-1,695	-11.5%
Others	**13,482**	**7.3%**	15,781	8.4%	-2,299	-14.6%
Total	**185,155**	**100.0%**	188,909	100.0%	-3,754	-2.0%

1. Vietnam

Vietnam is the Group's largest market. Its revenue was approximately US$79,505,000 in the first half of 2024, a decrease of approximately US$2,806,000, or 3.4%, from the same period in 2023, with its share of revenue falling from 43.6% in the first half of 2023 to 43.0% in current period. The decline in revenue from Vietnam during the period was mainly due to weak market sentiment and thus reduced demand for MSG, fertilizer and feed, and specialty chemical products. The Group had to adjust selling prices to reflect the cautious attitude of customers, which in turn affected revenue. During the period, the Group made efforts to consolidate its sales channels, introduce new products to adjust its product structure, and flexibly adjust its pricing strategy, with the aim of driving sales volume and revenue growth in the second half of the year.

2. *Japan*

Japan is the Group's second largest market. While the US dollar interest rate was raised, the central bank of Japan maintained a low interest rate policy, resulting in a sharp depreciation of its currency and rising prices, which affected domestic consumption sentiment. This led to increased price competition of MSG products while the revenue from modified starch products continued to increase, resulting in a slight increase in revenue from this market. The Group will continue to develop new customer groups and promote cross-sector applications of its products. It will also actively develop high-value-added products to drive overall revenue and profit growth in the second half of the year. Revenue for the period was approximately US$35,218,000, a modest increase of approximately US$890,000, or 2.6%, over the same period in 2023, and its share of revenue increased from 18.2% to 19.0%.

3. *The PRC*

The industrial chain and supply chain in China have gradually recovered after the end of the pandemic. However, influenced by geopolitics, some foreign-funded industries and supply chains have moved out of China, which has increased the unemployment rate, resulting in low consumer market demand and slow economic recovery. In addition to stabilizing the seasoning market, the Group continued to expand its new products in order to drive revenue growth. During the period, revenue from the Chinese market was approximately US$29,126,000, an increase of approximately US$1,879,000, or 6.9%, over the same period in 2023, and its share of revenue rose from 14.4% to 15.7%.

4. *The ASEAN Market*

In the ASEAN market (excluding Vietnam), revenue for the period was approximately US$14,813,000, a slight increase of US$277,000, or 1.9%, over the same period in 2023, and its share of the Group's total revenue increased from 7.7% to 8.0%. Except for the increase in sales volume and revenue of modified starch in the region, the sales volume and revenue of other products also slightly declined. The ASEAN market has always been a key market for the Group's development. The Group hopes to leverage its industry advantages and expand into this market with its core products, seek new customers, explore new markets, establish closer partnerships and broaden its sales channels in a bid to achieve a breakthrough in sales performance.

5. The US

Revenue from the US market during the period was approximately US$13,011,000, a decline of approximately US$1,695,000, or 11.5%, from the same period in 2023, while the share of revenue slipped slightly from 7.8% to 7.0%. The decline in revenue during the period was mainly due to the continued destocking of US customers and the slowdown in business demand, resulting in a decline in sales of modified starch products. The Group will maintain key channels and customers, integrate the production and sales value chain, and continue to develop market-driven products in order to meet customer needs and improve the quality and competitiveness of its products. Future sales performance remains encouraging.

6. Other Markets

Other markets consist primarily of Taiwan, Korea, and the EU. Total revenue for the period was approximately US$13,482,000, a decrease of approximately US$2,299,000, or 14.6%, from the same period in 2023. Its contribution to the Group's total revenue decreased from 8.4% to 7.3%, mainly due to lower sales volumes and thus revenue of modified starch and CMS-related fertilizers and feed products.

(2) Sales Analysis by Product

Unit: US$'000

Item	**First half of 2024**		First half of 2023		**Difference**	
	Amount	***%***	*Amount*	*%*	*Amount*	*%*
MSG and seasonings	**105,611**	**57.0%**	112,826	59.7%	-7,215	-6.4%
Modified starch, native starch and starch sugar	**33,447**	**18.1%**	31,288	16.6%	2,159	6.9%
Specialty chemicals	**9,963**	**5.4%**	10,799	5.7%	-836	-7.7%
Fertilizers and feed products	**16,414**	**8.9%**	17,355	9.2%	-941	-5.4%
Others	**19,720**	**10.6%**	16,641	8.8%	3,079	18.5%
Total	**185,155**	**100.0%**	188,909	100.0%	-3,754	-2.0%

1. MSG and Seasonings

During the period, revenue from MSG and seasoning-related products was approximately US$105,611,000, a decrease of approximately US$7,215,000, or 6.4%, from the same period in 2023. Their contribution to total revenue decreased from 59.7% in first half of 2023 to 57.0% in current period. The decline in revenue was mainly due to the weakening in demand and increased competition, which led to price cuts in markets such as Vietnam, Japan, China, and ASEAN.

2. Modified Starch/Native Starch/Starch Sugar

Revenue from modified starch, native starch and starch sugar products was approximately US$33,447,000 in the first half of 2024, a increase of approximately US$2,159,000, or 6.9%, over the same period in 2023. The revenue of modified starch has been decreased by the continuous rise in interest rates of US dollar, sluggish consumption trends, and a shift towards more conservative customer orders. Sales of starch sugar have gradually rebounded due to the reduction of customer inventories. The Group values the development potential of these product categories, actively continues to develop high-value new products, and seeks partnerships with global industry leaders. The future profit potential remains promising.

3. Specialty Chemicals

Specialty chemical products include hydrochloric acid, soda, and bleach, all of which are sold in Vietnam. In the first half of 2024, total revenue from specialty chemical products amounted to approximately US$9,963,000, a decrease of approximately US$836,000, or 7.7%, from the same period in 2023, and its share of the Group's total revenue fell from 5.7% to 5.4%. During the period, industry demand for soda products was still weak, and the Group adjusted selling prices, resulting in a decline in revenue. The selling price of hydrochloric acid products continued to fall due to weak demand and low-price competition in the industry, resulting in a decrease in overall revenue.

4. *Fertilizers and Feed Products*

Revenue from fertilizers and feed products was approximately US$16,414,000 in the first half of 2024, a decrease of US$941,000, or 5.4%, from the same period in 2023, and its share of the Group's total revenue decreased from 9.2% in the first half of 2023 to 8.9% in current period. This was because international fertilizer and urea prices continued to fall, leading to a wait-and-see approach in the market, which affected sales quantities and revenue. The Group continued to invest in products with new specifications, improve its product structure, and explore new markets and customers in order to regain revenue and profit growth.

5. *Other Products*

Revenue from other products was approximately US$19,720,000 in the first half of 2024, an increase of approximately US$3,079,000, or 18.5%, over the same period in 2023, and its share of the Group's total revenue increased from 8.8% in the first half of 2023 to 10.6% in current period. The business growth achieved during the period was mainly due to the modest recovery of the consumer market in China after the pandemic control measures were lifted in the country in 2023. The sales volume of coffee beans and water products operated by the Group increased, which drove the increase in revenue.

III. MAJOR RAW MATERIALS/ENERGY OVERVIEW

1) Cassava/Starch

During the 2023/24 production season, output in major plantation areas such as Thailand, Vietnam and Cambodia decreased, cassava was in short supply, and prices remained at relatively high levels throughout the season. As part of the Group's annual strategy to centralize procurement and develop new sources of supply during the production season, the Group secured most of the required raw materials at a competitive price to control production costs and increase profitability in 2024.

2) Molasses

In 2022/23, only 64,170,000 tons of molasses were produced worldwide after settlement, around 1,420,000 tons less than the previous year. The second consecutive year of declining production, in addition to being used for ethanol production, kept the price of molasses relatively high.

Total molasses production is expected to rebound in 2023/24, but outlook for export trade volume is still not very optimistic, especially as India has started to impose a 50% export tax. The Group expects the international price to remain strong. In addition to ensuring the domestic supply of molasses in Vietnam, the Group will continue to monitor changes in the international molasses market and actively develop additional supply sources to ensure a stable supply of the raw material.

3) Energy

Crude oil: At the end of 2023, the international crude oil market was on a strong upward trajectory, as the Red Sea shipping crisis had caused congestion and made it difficult to transport oil smoothly. A large amount of oil can only be stored at sea, resulting in faster than expected consumption of crude oil on land. However, entering 2024, the geopolitical risks from the Russia-Ukraine war and the Middle East conflict subsided, and international oil prices stood at US$70-US$90 per barrel. In addition, OPEC+ has sufficient spare capacity and can adjust the supply and demand in the crude oil market in a timely manner, preventing global oil supply from becoming too tight and keeping the price stable.

Coal: In the first half of 2023, the global supply of natural gas, crude oil, and coal stabilized as the impact of the Russia-Ukraine war lessened, and international coal prices also stabilized, albeit still at relatively high levels. The Group will continue to monitor changes in the energy industry and plan accordingly and in a flexible manner.

Electricity: In 2023, Vietnam experienced a shortage of electricity as extreme weather conditions affected hydroelectric power generation. The Vietnamese government raised electricity tariffs by 3% for the first time in May 2023 and then by approximately 4.5% on 9 November 2023, an increase of approximately 7.6% for the year. The Vietnamese government has decided to review electricity prices every three months from 15 May 2024 in order to balance the rights and interests of businesses, people and the country. The Group has adopted a cogeneration power system to ensure a stable supply of electricity, but will continue to seek fuel supply countermeasures to mitigate the impact of rising energy costs on the Group.

IV. FINANCIAL REVIEW

1) Liquidity and Financial Resources

During the period, the Group's cash and cash equivalents, short-term bank deposits and structured bank deposits totaled US$46,558,000, a decrease of US$3,801,000, or approximately 7.5%, from the end of 2023. Total borrowings amounted to US$45,582,000, an increase of US$1,928,000, or approximately 4.4%, from the end of 2023. The majority of borrowings were denominated in VND, accounting for 85.3%.

Trade receivables amounted to US$34,880,000, an increase of US$1,125,000, or approximately 3.3%, from the end of 2023. Total inventory amounted to US$148,762,000, an increase of US$11,082,000, or around 8.0%, from the end of 2023.

Trade payables were US$9,934,000, a decrease of US$8,457,000, or approximately 46.0%, from the end of 2023. The current ratio increased from 2.82 at the end of 2023 to 3.18. The financial structure of the Group remained stable.

2) Capital Expenditure

During the period, capital expenditure totaled US$2,835,000, a decrease from US$4,724,000 in the first half of 2023. The expenditure mainly related to the replacement of obsolete equipment at a Vietnamese subsidiary and the continuation of outstanding maintenance projects from the previous year. Affected by rising US dollar interest rates, the operating environment remained uncertain. The Group has continued to actively plan and carefully review several development and investment projects. As a result, there were no new major projects requiring significant capital expenditure during the period other than those mentioned above.

3) Exchange Rate

The Federal Reserve (FED) is currently maintaining the benchmark interest rate range at 5.25% to 5.5%. The central bank of Vietnam cut interest rates several times in the first half of 2024 in order to stimulate domestic demand and the economy. The VND came under depreciation pressure as the USD/VND exchange rate differential widened. The average exchange rate of Vietnamese bank transactions depreciated from VND23,866/USD at the end of 2023 to VND25,863/USD in June 2024. Vietnam is expected to resume its export growth trend and maintain a trade surplus in 2024. If the US initiates a rate cut in the second half of the year, the VND is expected to remain stable and rebound.

The Group's subsidiaries in the PRC are mainly engaged in local sales with transactions denominated in RMB. The geopolitical situation between the PRC and the US has caused short-term capital outflows, and this, together with the impact of USD rate hikes, meant that China's economic recovery was slow and the RMB remained weak. Currently, the RMB exchange rate remains basically stable at around 7.1. The Group will continue to monitor the exchange rate movement between RMB and the USD.

4) Earnings Per Share and Dividend

Basic earnings per share for the period were 0.55 US cents. The Board of Directors decided to pay an interim dividend of 0.273 US cents per share. The payout ratio was 49.6%.

V. PROSPECTS

The year 2023 was full of challenges. Global economic growth continued to slow due to the ongoing impact of international geopolitics, tighter monetary policies and weaker global trade and investment. In the first half of 2024, the impact of the Russia-Ukraine war faded. Although the prices of energy and raw materials have fallen from the same period last year, political and economic instability in the Middle East and the lag effect of interest rate hikes in the US are weighing on the economy. As a result, the operating environment is still not optimistic in 2024.

Global economic growth is expected to stabilize or decline slightly in 2024. In terms of social and economic development in 2024, the Vietnamese government has formulated a series of measures to achieve its economic growth targets, among which it emphasizes four key measures, including innovation, green growth and sustainable development; system optimization, especially in relation to green energy development, such as energy security and transformation; promoting the development of processing and manufacturing industries; strengthening employee training; and actively attracting foreign investment, especially FDI. The government is also committed to easing inflationary pressures and creating new business development space for enterprises. It has set an inflation control target of 4.5% and an economic growth target of 6.0% to 6.5% for 2024.

Amid geopolitical influences, foreign-invested industries and supply chains have continued to exit China. Unemployment rates have risen and consumer market demand has been sluggish. However, China's economic growth rate reached 5% in the first half of 2024, which was not an easy feat. Still, China's economy faces many challenges arising from the aging of its industrial and population structures, and it will be an arduous task to return to pre-COVID levels.

In the face of a highly uncertain economic environment and variables in the future, the Group will continue to improve the flexibility of its overall operations, adjust its business portfolios and models, strengthen its organizational operations to enhance management efficiency, actively develop new products, expand the scale of production, place greater focus on satisfying customer demand, optimize the flexible cost structure and industrial chain integration, and implement its action plan to ultimately create new growth drivers and improve its ability to generate profits. The key tasks and directions are outlined below:

- Expand product lines and optimize product mix, partially transform existing products, assess and launch extended products, and gradually develop high value-added products. The Group will also increase the proportion of highly functional and high value-added products to enlarge its market share and boost its profitability.

- Actively expand into new channels and new markets, adjust product positioning and sales tactics, look for cooperative partnerships to expand market scale, strengthen brand positioning and competitive advantages so as to improve the Group's results performance.

- Continue to advance production technologies and enhance production efficiency, improve operational and management techniques and utilize key technologies to enhance its core competitiveness, so as to achieve the dual objectives of raising quality and lowering costs.

- Capture the market trends of bulk raw materials, actively seek alternative raw material solutions, maintain stable cooperative relations with domestic and overseas suppliers, and effectively execute procurement strategies to ensure a stable supply of raw materials.

- Adopt a "co-opetition" strategy to boost product and service value, leverage the Group's production base in Vietnam to actively develop the ASEAN market and the markets that are signatories of the Free Trade Agreement (FTA), Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Regional Comprehensive Economic Partnership (RCEP), and via mutual support within the Group to realize its core advantages and expand the Group's business presence.

- Accelerate the formation of strategic alliances or cross-industry cooperation to jointly develop the markets through effective consolidation of resources, strengthen its research and development (R&D) capabilities to realize and seize technological breakthroughs, promote the Group's upgrade and transformation, introduce new products, expand its business scale and improve its business performance.

- Establish a strategic organizational structure and dedicated strategic teams to enhance the organizational efficiency of all units, coordinate the Company's operational action plans, integrate the Group's resources, seek strategic mergers and acquisitions, and continue to expand the Group's operations to increase revenue, profit and scale.

- Expedite the introduction of an electronic process and information system for the management and application of big data, so as to obtain real-time feedback to optimize business processes and respond to customer needs in a timely manner.

- Continuously control capital deployment strategies, improve the operational efficiency of assets, and reduce risks associated with financial market fluctuations amid global financial market volatility.

Looking ahead to the second half of the year, the Group's operations will continue to face challenges as the economic situation will remain uncertain due to the ongoing economic tussle between China and the US, the impact of inflation and US dollar interest rates, and continuing regional wars. Nonetheless, the Group remains cautiously optimistic and will further cultivate markets with its existing operational strategies and well-established sales network, as well as actively explore new products, new businesses, and new areas of operation through strategic alliances. The Group is confident that it can leverage its operational synergies to promote the upward development of operations as a whole.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for the six months ended 30 June 2024 of 0.273 US cents per share. The interim dividend will be paid on 4 October 2024 in HK dollar to shareholders whose names appear on the register of members of the Company on 20 September 2024. The HK$ equivalent of the interim dividend is 2.11848 HK cents per share, which is based on the exchange rate of US$ against HK$ at US$1.00 to HK$7.76 as quoted by The Hong Kong Association of Banks on 20 August 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 16 September 2024 to Friday, 20 September 2024 (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 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Friday, 13 September 2024.

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 2024.

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 C3 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 2024.

COMPLIANCE WITH APPENDIX C1 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 C1 of the Listing Rules of the Hong Kong Stock Exchange during the reporting period up to 30 June 2024, save and except for the below code provision.

In respect of code provision F.2.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. YANG, Tou-Hsiung, the Chairman of the Board could not attend the annual general meeting of the Company held on 21 May 2024 and the adjourned annual general meeting of the Company held on 31 May 2024 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 2024. The Audit Committee comprises the four Independent Non-executive Directors of the Company since 22 October 2018.

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 have been reviewed by the Group's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has reviewed the interim results for the six months ended 30 June 2024.

PUBLICATION OF INTERIM REPORT

The Company's interim report for the six months ended 30 June 2024 containing all the relevant information required by Appendix D2 to the Listing Rules of the Hong Kong Stock Exchange will be dispatched to shareholders and published on the websites of Hong Kong Exchanges and Clearing 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, 20 August 2024

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. HUANG, Chung-Fong