



For immediate release

**VEDAN INTERNATIONAL FORMS JOINT VENTURE WITH
SHANDONG XUE HUA BIO-CHEMICAL**

TO DEVELOP AND MANUFACTURE GA & MSG IN THE PRC

(Hong Kong, - 27 December 2005) – **Vedan International (Holdings) Limited** (“Vedan International” / the “Group”) (SEHK: 2317) announced that it has signed a Joint Venture Contract with Shandong Xue Hua Bio-chemical Co., Ltd. (“Shandong Xue Hua”) to form a JV company, Shandong Vedan Snowflake Enterprise Co., Ltd. (“JV Company”), to develop and manufacture Glutamic Acid (“GA”) and Monosodium Glutamate (“MSG”) in the PRC.

The registered capital of the JV Company amounts to USD12 million (approximately HK\$93.6 million), and the total investment cost will be USD25 million (approximately HK\$195 million). Vedan International will hold 70% interest in the company, while Shandong Xue Hua will hold the remaining 30%. The annual production capacity of the JV Company for GA is expected to reach up to 25,500 tones and it can make up to 30,000 tones of MSG.

Mr. Yang Tou Hsiung, Chairman of Vedan International, said, “I am so pleased that we reached this cooperative agreement with Shandong Xue Hua as they are a leading GA producer in China boasting scale and cost advantages. Vedan is a leading producer of fermentation-based amino acids, food additive products and cassava starch-based industrial products carrying established brand name, supported by an extensive distribution network and pioneer technological know-how. I believe our cooperation will yield for both sides significant synergies in production technologies and raw material sourcing, plus realizing the Group’s goal of localizing purchase of raw materials. ”

The JV Company is expected to commence operation in March 2006. It will become an integral part of Vedan International’s global supply chain, guaranteeing the Group a stable source of raw materials at steady prices, hence facilitate its business development in China.

According to the agreement, to speed up the start of operation, the JV Company will acquire Shandong Xue Hua's certain factory buildings and equipment for the production of GA and MSG in Jining, Shandong province at RMB96,480,000 (approximately HK\$92,769,231). Furthermore, Shandong Xue Hua will receive from the JV Company an annual fee of RMB240,000 (approximately HK\$230,770) for providing certain general administration and utility services. Shandong Xue Hua will also supply certain raw materials to the JV Company.

Vedan International will provide certain technology services to Shandong Xue Hua in the production of GA for a year and charge a fee of RMB10,850,000 (approximately HK\$10,432,692) for the service.

Mr. Yang Kun Hsiang, CEO of Vedan International, said, "Shandong Xue Hua has been a trusted supplier of the Group since 2001. Thus, the management is confident of Shandong Xue Hua's operation and considers it as an ideal strategic partner for the Group."

"In the future, we will continue to deepen penetration of the China market and ensure steady raw material supply through forging strategic alliances and mergers and acquisitions. The China market will be a major driver of the our business in the future." He continued.

Established in 1982, Shandong Xue Hua is the largest GA manufacturer in Shandong province. It is an integrated bio-chemical and fermentation-based products manufacturer with a wide product portfolio led by its primary product GA. Besides producing up to 130,000 tonnes of GA annually, it also runs co-generation power plants and production facilities that produce starch-based products, organic compound fertilizers and sulphuric acids.

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About Vedan International (Holdings) Limited

Vedan International is a leading producer of fermentation-based amino acids, food additive products and cassava starch-based industrial products in Asia. It has production facilities in Vietnam and Xiamen, and sells its products to food distributors, international trading companies and the food, paper, textile and chemical products producers in Vietnam, other ASEAN countries, the PRC, Japan and Taiwan. Most of its products are marketed under the **VEDAN** brand name. For details, please refer to www.vedaninternational.com.

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