



【 For immediate release 】

## VEDAN ANNOUNCES 2006 INTERIM RESULTS

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### Price of raw materials stabilizes Business continues to grow steadily

#### Results Highlights

	6 months ended 30 June		
	2006 (US\$'000)	2005 (US\$'000)	Change (%)
Turnover	<b>141,473</b>	117,354	+20.6%
Gross Profit	<b>26,588</b>	23,361	+13.8%
Net Profit	<b>6,051</b>	5,673	+6.7%
Earnings per Share—Basic (US cents)	<b>0.40</b>	0.37	+8.1%
Interim Dividend (US cents)	<b>0.200</b>	0.201	-0.50%

(Hong Kong, 29 August 2006) – **Vedan International (Holdings) Limited** (“Vedan International” or the “Group”) (SEHK: 2317) today announced its interim results for the six months ended 30 June 2006.

For the period under review, Vedan International achieved turnover of US\$141,473,000 (HK\$1,100 million), 20.6% higher when compared with the same period last year. Gross profit increased 13.8% to US\$26,588,000 (HK\$207 million) compared with the last corresponding period. Net profit was US\$6,051,000 (HK\$47.08 million), representing a substantial increase of 166% when compared with the second half of 2005 and a growth of 6.7% against the last corresponding period. Basic earnings per share were 0.40 US cents (3.11 HK cents). The Board of Directors recommended the payment of an interim dividend of 0.200 US cent (1.56 HK cents).

**Mr. Yang Tou Hsiung, Chairman of Vedan International**, said, “2006 is a significant year for the Group in overcoming the tough business environment. By implementing prudent and flexible strategy in the first half-year, we stopped the profit slide that had persisted for three consecutive half year and achieved satisfactory growth.”

## **Product and Market**

On the product front, MSG and GA remained as the Group's major growth drivers. The turnover of the two products grew by 14.3% and 152.2% to US\$96,300,000 and US\$16,008,000 respectively. As for the starch business, the total turnover of modified starch and native starch grew 4.1% and 887.7% to US\$7,314,000 and US\$1,363,000 respectively. Turnover of lysine amounted to US\$9,212,000, a decrease of 11.9% when compared with the same period last year. This was because the Group has freed some of the lysine production facilities to produce GA and MSG with higher profit. The turnover of specialty chemicals amounted to US\$5,977,000, up 9.5% when compared with the corresponding period last year.

By market, Vietnam and Japan remained as the Group's two major markets. Turnover from sales in these markets amounted to US\$74,765,000 and US\$28,107,000 respectively, accounting for 52.8% and 19.9% of the Group's total turnover and increasing 17% and 11.9% when compared with the same period last year. The turnover in the PRC market was US\$20,203,000, an increase of 19.1% when compared with the last corresponding period. The growth mainly came from the increase in sales of GA in the country and Shandong Vedan Snowflake commencing operation. The ASEAN countries also achieved outstanding results and rapid growth with turnover at US\$12,564,000, a remarkable 104% jump compared with the same period last year.

**Mr. Yang Kun-Hsiang, CEO of Vedan International**, said, "Benefiting from the more stable prices of raw materials and lysine, our business continued to grow steadily in the first half of the year. All of our products achieved satisfactory growth except for lysine. The product's performance was affected as its international sales price was still suppressed."

## **Prospects**

Looking ahead, the Group will continue to strengthen its brand to establish brand leadership and develop new products such as value-added seasonings and modified starch for food applications to explore new income streams. It will also strive to strengthen its sales system and add more shipping warehouses, as well as enlarge market share of second tier cities and towns to expand its sales network and strengthen the supply chain system.

As for production and R&D, the Group will strengthen production technology to improve efficiency and reduce cost. It will also accelerate the development of application technology for new products and the development of different carbohydrate substitutes to create added value and lower production costs. This will also help secure stable supply of raw materials and raise profit.

The Group will actively expand production capacity in the second half of 2006 to satisfy overall market needs. Ve-Yu Starch Factory in Gia Lai province has expanded daily production capacity from 60 tonnes to 100 tonnes. If cassava supply can meet the requirement, its daily production capacity can be raised gradually to 150 - 200 tonnes to meet market demand. Phase one of the starch factory in Ha Tinh province has secured an investment license. The trial run of the  $\gamma$ -PGA plant is also expected to complete in the third quarter of the year. If the results are satisfactory, the two plants will start operation in the first half of 2007 and fourth quarter of this year respectively. As for the PRC market, a value-added seasoning production line is being built in Shanghai and will be ready for operation in the fourth quarter. The Group is also planning and evaluating to add MSG production line in Shandong Vedan Snowflake early next year.

**Mr. Yang Tou Hsiung** concluded, “The next half of the year will still be challenging to the Group, mainly due to lingering high raw materials costs and the international sales price of lysine still suppressed. Despite that, we will push forward our prudent and flexible market strategies to develop new products and new markets so as to remain competitive and deliver better results for our shareholders.”

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**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE SIX MONTHS ENDED 30<sup>TH</sup> JUNE 2006**

	<b>Unaudited</b>	
	<b>Six months ended 30<sup>th</sup> June</b>	
	<b>2006</b>	<b>2005</b>
	<b>US'000</b>	<b>US'000</b>
Turnover	<b>141,473</b>	117,354
Cost of sales	<b>(114,885)</b>	(93,993)
Gross profit	<b>26,588</b>	23,361
Other revenues	<b>456</b>	314
Selling and distribution expenses	<b>(7,330)</b>	(7,627)
Administration expenses	<b>(9,248)</b>	(8,647)
Net other operating income	<b>378</b>	1,610
Operating profit	<b>10,844</b>	9,011
Finance costs	<b>(2,958)</b>	(1,844)
Profit before taxation	<b>7,886</b>	7,167
Taxation	<b>(1,791)</b>	(1,494)
Profit attributable to shareholders	<b>6,051</b>	5,673
Interim dividends	<b>3,026</b>	3,060
Basic earnings per share (US cents)	<b>0.40</b>	0.37

**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. Leveraging its production facilities in Vietnam and the PRC, its products are sold to food distributors, international trading companies and the food, paper, textile and chemical products producers in Vietnam, the 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](http://www.vedaninternational.com).

**For more information**

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