



[For immediate release]

**VEDAN'S 2003 ANNUAL TURNOVER UP 11.5% TO US\$203,797,000
NET PROFIT RISES SIGNIFICANTLY BY 34.6% TO US\$22,079,000**

Results Highlights

	12 months ended 31 December		Change (%)
	2003 (US\$' 000)	2002 (US\$' 000)	
Turnover	203,797	182,790	+ 11.5
Gross Profit	54,619	45,616	+ 19.7
Net Profit	22,079	16,409	+ 34.6
Earnings per Share			
- Basic (US cents)	1.72	1.43	+ 20.3
- Fully Diluted (US cents)	1.64	1.43	+ 14.7
Total Dividend for the Year (US cents)	0.876	N/A	N/A
- Interim dividend per share (US cents)	0.321	N/A	N/A
- Final Dividend per Share (US cents)	0.555	N/A	N/A
Gross Profit Margin (%)	26.8	25.0	+ 7.2
Net Profit Margin (%)	10.8	9.0	+ 20.0

(Hong Kong, 30 March 2004) – **Vedan International (Holdings) Limited** (“Vedan International” / the “Group”) (SEHK: 2317) today announced its final results for the twelve months ended 31 December 2003.

For the year, Vedan International achieved record high levels of both turnover and profits. Turnover was reported at US\$203,797,000 (HK\$1,589,617,000), 11.5% higher compared to 2002. Gross profit rose 19.7% to reach US\$54,619,000 (HK\$426,028,000). Net profit for the year amounted to US\$22,079,000 (HK\$172,216,000), representing an increase of 34.6%. This level of net profit is also 15.6% higher than the profit forecast as released in the prospectus for the Group’s share offer last year. Basic earnings per share were 1.72 US cents (13.42 HK cents). The Board of Directors recommends the payment of a final dividend of 0.555 US cent (4.33 HK cents). Together with the interim dividend paid of 0.321 US cents (2.50 HK cents), total dividend for 2003 will amount to 0.876 US cent (6.83 HK cents). Dividend pay out ratio for the year is 60%.

Mr. Yang Tou Hsiung, Chairman of Vedan International said, “2003 is a very significant year for us as we successfully became a listed company on the Stock Exchange of Hong Kong Limited in June last year. Performance of our core markets and core products were also very satisfactory, which helped us to attain new heights in our operating results. In addition, we also made important progress in our business operations. Our improved fermentation technologies boosted both capacities and efficiencies. We also completed our switch from crude oil to natural gas for energy source at our Vietnam plant, which allows substantial cost saving year after year.”

As a result of better economies of scale, higher operational leverage and stringent cost measures, Vedan International achieved improvements in both gross profit margin and net profit margin, which went up from 25.0% to 26.8% and 9.0% to 10.8% respectively.

For the year, sales in Vietnam was up by 28.6%. Turnover contribution from this market was up from 50.7% to 58.4%, further strengthening the Group's leading position. Sales from Japan was up by 8.6%, and remained the second largest market, accounting for 22.9% of turnover. With its committed efforts in innovating new products, the Group won several new starch customers during the year. The ASEAN markets also expanded rapidly, with a 22.0% sales growth mainly from the volume increase of MSG. Due to the outbreak of SARS in the first half of last year, performance of the PRC market for the year did not reach the expected growth target. Despite this, the Group's counter measures helped to minimize the impact. As a result, sales was only down slightly by 3.1%, with a lower turnover contribution of 10.6%, compared to 12.2% in 2002.

On the product side, MSG remained the most important product, accounting for 69.0% of total turnover. Turnover contribution of Glutamic Acid (GA), a raw material for MSG was at 6.3%. As for lysine and cassava starch-based products, they contributed 13.5% and 6.3% of turnover respectively.

Sales of MSG increased satisfactorily last year, with ORSAN, a Vietnam MSG brand which the Group acquired in 2001 showing a 31.6% growth. Sales of lysine, which is mainly used for producing animal feeds, was also 21.5% higher than 2002. Another star performer was cassava starch-based products, where sales doubled as a result of new customers and higher orders from old customers. Because of their wide applications, Vedan International remained committed to developing more of these new products. The Group can now supply over 50 different types of modified starch products to customers from diverse industries.

“Our encouraging growth in product sales was attributable to a mix of factors: the economies of our major markets were quite strong last year, which boosted both our household and industrial sales; there was also robust demand for our core products, especially MSG, lysine and cassava starch based products. We also enjoyed a positive pricing environment, especially our lysine and MSG.” **said Mr. Yang Kun Hsiang, CEO of Vedan International.**

In addition to the above, the Group also attributes its performance to its established strengths, including a highly flexible production model, large scale integrated facilities, access to abundant material supplies, high cost competitiveness as well as its 40 year-old brand value.

As at 31 December 2003, total bank borrowings fell by 46.8% to US\$55,784,000 (HK\$435,115,000), as compared with the figure at the end of 2002. Gearing ratio was reported at 24.8%. Cash and bank balance stood at US\$35,447,000 (HK\$276,487,000).

Looking ahead, the encouraging economic growth forecasts in Asia, especially in Vietnam and the PRC are expected to lay a positive ground for the Group's business expansion. The main growth drivers will include the US\$4,000,000 annual cost savings from the switch to natural gas as energy source, and higher cost competitiveness from expansion of raw material supply base. In addition, the planned capacity expansion, launch of new products and improvements in production expertise will also contribute significantly to the top line and bottom line of business. To realize these goals, the Group has set aside US\$35,000,000 (HK\$273,000,000) as capital expenditure for 2004.

Mr. Yang continued, "Despite ongoing capacity expansion over the last few years, rapid business growth has necessitated the addition of facilities to boost capacity. We have plans to expand our MSG, starch and specialty chemical products by phase. For example, we are planning to raise our annual MSG production from the existing level of 148,000 tones to 180,000 tones in the near term. Also, as raw materials make up approximately 50% of our production costs, we also plan to enhance our raw material supply base to lower costs. Part of the plan in this area is to set up three more starch raw material processing plants in Vietnam. This should significantly boost our sales of starch products which are enjoying increasingly high demand."

Another important element for growth will be the launch of new products, including Poly Glutamic Acid (PGA), a highly water absorbent substance with diverse household and industrial applications such as foods, cosmetics, agricultural and pharmaceutical, and environmental and water treatment. PGA is expected to be launched by the end of the year or early next year. The Group will also launch four to five different types of high value-added food seasonings in the second half of 2004 or early part of 2005. These should help to enhance the overall profit margins.

Vedan International also has a solid plan in developing the PRC market further. The management will expand the MSG business through possible merger, acquisition or strategic alliance opportunities. We have identified several targets and are underway active negotiation with them.. Mr. Yang said, “We will regard our existing plant in Xiamen as a base and expand our presence to cover other provinces along the coast. At the same time, we will also work towards securing a reliable supply of GA by establishing strategic alliance with leading local suppliers.”

Apart from these well defined plans, the Group will continue to improve performance through raising operational controls, strengthening sales network and increasing brand awareness in both existing and new markets.

Mr. Yang concluded, “With Vedan International’s established strengths and our determination, I am confident to continue to deliver the best returns for all our shareholders.”

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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. Leveraging its production facilities in Vietnam and Xiamen, 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

For more information:

Strategic Financial Relations Limited

Veron Ng 2864 4831 veron@strategic.com.hk
Cecilia Chui 2864 4895 cecilia@strategic.com.hk
Shelley Yeung 2864 4806 shelley@strategic.com.hk
Fax: 2804 2789 / 2527 1196