



[For immediate release]

**VEDAN ANNOUNCES 2004 INTERIM RESULTS
NET PROFIT JUMPED 58% TO US\$15.7 M ON HIGHER MARGINS**

Results Highlights

| | 6 months ended 30 June | | Change (%) |
|-----------------------------|---------------------------|--------------------|-----------------|
| | 2004 (US\$'000) | 2003 (US\$'000) | |
| Turnover | 109,439 | 94,756 | +15.5% |
| Gross Profit | 37,374 | 23,964 | +56.0% |
| Net Profit | 15,677 | 9,927 | +57.9% |
| Earnings per Share | | | |
| - Basic (US cents) | 1.04 | 0.94 | +10.6% |
| - Fully Diluted (US cents) | 1.02 | 0.86 | +18.6% |
| Interim Dividend (US cents) | 0.506 | 0.321 | 57.6% |
| Gross Profit Margin (%) | 34.2% | 25.3% | [N/A] |
| Net Profit Margin (%) | 14.3% | 10.5% | [N/A] |

(Hong Kong, 31 August 2004) – **Vedan International (Holdings) Limited** (“Vedan International” or the “Group”) (SEHK: 2317) today announced its interim results for the six months ended 30 June 2004.

For the period under review, Vedan International achieved turnover of US\$109,439,000 (HK\$853,624,000), 15.5% higher compared to the same period last year. Gross profit rose 56.0% to reach US\$37,374,000 (HK\$291,517,000). Net profit for the period amounted to US\$15,677,000 (HK\$122,281,000), representing a jump of 57.9%. Basic earnings per share were 1.04 US cents (8.11 HK cents). The Board of Directors recommends the payment of an interim dividend of 0.506 US cent (3.947 HK cents).

Mr. Yang Tou Hsiung, Chairman of Vedan International said, “I am pleased that Vedan International has pushed forward along its growth path. Market environment in the first half was quite challenging. Manufacturers were faced with higher material costs as a result of rising oil prices. Outbreak of bird flu affected many parts of Asia. The Chinese government also introduced various macroeconomic control measures. However, these factors have had little effect on our business and we were able to deliver sequential improvements in operating results. We also made satisfactory progress in securing our future growth by making important moves to generate higher corporate value.”

Vedan International has again achieved improvements in both gross profit margin and net profit margin, which went up from 25.3% to 34.2% and 10.5% to 14.3% respectively. This was mainly attributable to the cost saving effect brought by the switch from expensive imported fuel oil to natural gas at the Group's Vietnam plant and higher operational efficiencies.

Sales in every major market rose. In Vietnam, it was up by 12.0% to US\$61,142,000, accounting for 56.0% of turnover. In Japan, it was up by 12.9% and in China, by 32.1%. The respective turnover share of these two markets was 23.8% and 10.6%. The ASEAN became the fastest growing market, where sales were 59.9% higher at US\$4,023,000. The Group had identified both China and ASEAN as growth markets and these performances reflected its commitment in exploring their potential. Vedan International also successfully made a market presence in Europe, Australia, Russia and South Africa during the period.

Mr. Yang Kun Hsiang, CEO of Vedan International said, "We implemented very stringent control measures during the bird flu period and hence the episode did not have any impact on our Vietnam operations. Higher sales in Japan were mainly due to growing lysine sales at higher prices. As for ASEAN markets, sales of MSG and starch products were particularly impressive. In addition, I am very glad to see significant leap in our China market turnover. Sales rise of our starch products in this market was excellent as we recorded over 15 times increase compared to the same period last year."

On the product side, MSG remained the most important product, accounting for 66.2% of total turnover. Lysine and starch-based products contributed 17.2% and 7.8% of turnover respectively. Mr. Yang Kun Hsiang said, "Our ability to customize diversified product types helped to explain the impressive growth of our starch products. In addition, we also won new customers from China, Europe and Australia."

In addition to delivering these pleasing results, Vedan International also acquired Shanghai Vedan Foods, formally securing a new flagship production base for the Group's development in China. The acquisition not only allows Vedan International to further its MSG market share with the addition of "Hoping" (皇品) MSG brand, but also facilitate a speedy set up of new production lines. The Group also signed a letter of intent with a major GA supplier last month, demonstrating its commitment in strengthening its raw material base to support China business development.

As at 30 June 2004, the Group had bank cash balance of US\$39,589,000, it was US\$4,142,000 higher than the level at 31 December 2003. Net gearing ratio was lower at 7.4% whilst current ratio improved to 212.1%.

Looking ahead, the encouraging economic growth forecasts in Asia, especially in Vietnam and China are expected to lay a positive ground for the Group's business expansion. Cost savings from the switch to natural gas as energy source will provide a major boost to profit for the year. In addition, planned capacity expansion, launch of new products, including poly-glutamic acid (PGA) and high value-added seasonings will also help to bring about more business growth.

Mr. Yang Kun Hsiang continued, "We have many drivers in place to take our business higher. In addition to savings in energy costs, we will set up more starch raw material processing plants and purchase molasses from suppliers directly in order to enhance our niche in this area. Secondly, our scale of business will escalate further upon commencement of new production lines, which we expect will take place by the end of year. Thirdly, we expect to launch PGA and high value-added seasonings by the end of 2004 or early 2005. They will help to lift our business margins. Judging from the initial market response during the trial launch period last year, we have every confidence in these new products. Finally, we will also continue to commit ourselves in capitalizing on the China market."

Mr. Yang Kun Hsiang concluded, "In our first year of becoming a listed company, we have proven our ability to deliver promising shareholder value. We will remain focused in growing our business. I look forward to reporting more satisfactory results in the years to come."

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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.

**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 30TH JUNE 2004**

| | Unaudited | |
|---------------------------------------|--|---------------|
| | Six months ended 30th June | |
| | 2004 | 2003 |
| | US'000 | US'000 |
| Turnover | 109,439 | 94,756 |
| Cost of sales | (72,065) | (70,792) |
| Gross profit | 37,374 | 23,964 |
| Other revenues | 165 | 451 |
| Selling and distribution expenses | (7,742) | (5,845) |
| Administration expenses | (9,813) | (4,245) |
| Net other operating income | 64 | 101 |
| Operating profit | 20,048 | 14,426 |
| Finance costs | (810) | (2,761) |
| Profit before taxation | 19,238 | 11,665 |
| Taxation | (3,561) | (1,738) |
| Profit attributable to shareholders | 15,677 | 9,927 |
| 2004 Interim Dividends | (7,650) | (4,852) |
| Basic earnings per share (US cents) | 1.04 | 0.94 |
| Diluted earnings per share (US cents) | 1.02 | 0.86 |

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