



[For immediate release]

**VEDAN INTERNATIONAL ACQUIRES THE MSG BUSINESS,
LAND, PROPERTY AND ANCILLARY FACILITIES FROM SHANGHAI VEDAN FOODS
AT CASH CONSIDERATION OF RMB144.38 MILLION**

(Hong Kong, 6 May 2004) – **Vedan International (Holdings) Limited** (“Vedan International” / the “Group”) (SEHK: 2317) today announced the acquisition of : 1) the MSG business, 2) the land and property and ancillary facilities from Shanghai Vedan Foods Co., Ltd. (“Shanghai Vedan Foods”) at a total cash consideration of RMB144.38 million (HK\$136.20 million). The acquisition of the MSG business is RMB51.80 million (HK\$48.87 million), whilst RMB92.58 million (HK\$87.34 million) is for the acquisition of land, property and ancillary facilities. The consideration will be financed out of the proceeds from the Group’s initial public offer in June 2003 and the internally generated financial resources.

Shanghai Vedan Foods has been engaged in the MSG business in the PRC for over twelve years and has established its own trademark of “Hoping” (皇品). For the financial year ended 31 December 2003, the audited turnover and net profit of the MSG business was approximately RMB77.44 million (HK\$73.06 million) and RMB3.57 million (HK\$3.37 million) respectively. Further more, there will be a profit guarantee to the Group of not less than US\$600,000 HK\$4.68 million for the financial year ending 31 December 2005.

Mr. Yang Tou Hsiung, Chairman of Vedan International said, “The acquisition conforms with our established PRC development plans, which include acquisition of MSG producers with recognized brand names, formation of strategic alliance with raw material suppliers and development of high profit margin products. It not only allows us to expand our PRC business in the most efficient manner, but also equips us with an important base on which we can boost our medium to long term growth.”

The acquisition is seen as a best fit for a number of reasons. Firstly, it will allow Vedan International to establish flagship operations in the PRC in order to capitalize on the vast market potential. Secondly, with its long operating history, it will equip the Group with many well-founded resources such as production, transportation and administrative facilities. This will facilitate an immediate expansion of business.

Commenting on other benefits from this acquisition, **Mr. Yang Kun Hsiang, CEO of Vedan International** said, “Upon the acquisition, our annual MSG production in the PRC will be increased from 24,000 metric tones (MT) to 34,000 MT, not to mention that it will also permit us to tap the market in the central part of the country. The high local brand awareness of “Hoping” is also an invaluable asset, considering that brand value is a vital element in the MSG business.”

For the financial year ended 31 December, 2003, the annual sales volume of Shanghai Vedan’s MSG products in the PRC amounted to approximately 10,000 MT. The Directors believe that it will be increased to approximately 18,000 MT per annum in 2007. Therefore the acquisition will help the Group in achieving its goal to increase MSG production capacity in the PRC to 100,000 MT by 2007.

Mr. Yang continued, “Upon the acquisition, we intend to set up production base for our new products, including Poly Glutamic Acid (PGA), starch related products and value-added compound seasoning products at the new plant. We will use part of the newly acquired land for production of these new products for selling in the PRC. Therefore, the acquisition will provide us with readily available infrastructure to implement all these business plans and develop China market for these important new products as well. ”

As Shanghai Vedan’s production facilities is located near Shanghai, an important market for the Vedan International’s products, its price competitiveness will also be enhanced due to lower transportation costs and reduced delivery time. This will present the Group with a geographical advantage in exploring the market in the central part of the PRC.

Mr. Yang concluded, “Together with our established strengths in the Asian food additive industry, I believe that this strategic move will open up new horizon for Vedan International to conquer. I look forward to reaping the benefits from this acquisition.”

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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.

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