

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **VEDAN INTERNATIONAL (HOLDINGS) LIMITED**

**味丹國際（控股）有限公司**

*(Incorporated under the laws of the Cayman Islands with limited liability)*  
**(Stock code: 2317)**

### **CONTINUING CONNECTED TRANSACTIONS**

The Board is pleased to announce that on 4 January 2007, the Company entered into the Supplemental Agreements to increase the Existing Cap under the Technology Support Agreement and the Taiwan Sales Agreement respectively.

As Taiwan Vedan is one of the controlling shareholders of the Company holding indirectly approximately 30.22% of the entire issued share capital of the Company as at the date of this announcement, the transactions contemplated under each of the Supplemental Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the Revised Cap under each of the Technology Support Agreement and the Taiwan Sales Agreement represents less than 2.5% of each of the applicable percentage ratios (as defined in the Listing Rules) of the Company under Rule 14A.34 of the Listing Rules, such transactions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **INTRODUCTION**

Reference is made to the announcement of the Company dated 15 December 2005 relating to, amongst other things, the renewal of the Technology Support Agreement and the Taiwan Sales Agreement.

#### **1. The Supplemental Technology Support Agreement**

***Date***

4 January 2007

***Parties***

The Company and Taiwan Vedan (as service provider)

### ***Revised Cap***

It is expected that for the financial year ended 31 December 2006, the aggregate annual amount of service charges payable by the Company to Taiwan Vedan will amount to approximately US\$2,642,000 (equivalent to approximately HK\$20,607,600), and will exceed the Existing Cap of US\$2,500,000 (equivalent to approximately HK\$19,500,000) under the Technology Support Agreement by the amount of approximately US\$142,000 (equivalent to approximately HK\$1,107,600). The aggregate amount of service charges for the period from 1 January 2006 up to 30 November 2006 is within the Existing Cap but the actual amount for the entire financial year ended 31 December 2006 is not available as at the date of this announcement.

In view of the anticipated excess of the Existing Cap, the Company has entered into the Supplemental Technology Support Agreement with Taiwan Vedan to increase the Existing Cap to the Revised Cap of US\$2,800,000 (equivalent to approximately HK\$21,840,000) for each financial year during the term of the Technology Support Agreement i.e. the three financial years ended 31 December 2006, 2007 and 2008 respectively. The Revised Cap has been determined by reference to the budget of the Company based on estimated growth in market demand of the Products for the financial year ending 31 December 2007.

Save as aforesaid, all other terms of the Technology Support Agreement shall remain in full force and effect.

## **2. The Supplemental Taiwan Sales Agreement**

### ***Date***

4 January 2007

### ***Parties***

The Company (as seller) and Taiwan Vedan (as buyer)

### ***Revised Cap***

The aggregate amount of sales of the Products to the Taiwan Vedan Group for the period from 1 January 2006 up to 31 October 2006 is within the Existing Cap. As at 30 November 2006, the aggregate annual amount of sales of the Products to the Taiwan Vedan Group has increased up to approximately US\$4,030,000 (equivalent to approximately HK\$31,434,000) as a result of the unexpected growth of demand for native starch and modified starch in the Taiwan market, and has exceeded the Existing Cap of US\$3,800,000 (equivalent to approximately HK\$29,640,000) under the Taiwan Sales Agreement by the amount of approximately US\$230,000 (equivalent to approximately HK\$1,794,000).

The Company has entered into the Supplemental Taiwan Sales Agreement with Taiwan Vedan to increase the Existing Cap under the Taiwan Sales Agreement to the Revised Cap of US\$4,100,000 (equivalent to approximately HK\$31,980,000) for each financial year during the term of the Taiwan Sales Agreement i.e. the three financial years ended 31 December 2006, 2007 and 2008 respectively. The Revised Cap has been determined by reference to (i) the production and marketing policy of the Group in respect of the Products; and (ii) the increasing estimated market demand for the Products in Taiwan.

Save for the Revised Cap, all other terms of the Taiwan Sales Agreement shall remain in full force and effect.

### **3. Reasons for entering into the Supplemental Agreements**

The Directors (including independent non-executive Directors) consider that the entering into of the Supplemental Agreements is in the ordinary and usual course of business of the Group and the terms and conditions of the Supplemental Agreements (including the Revised Cap) are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

#### **INFORMATION ABOUT TAIWAN VEDAN**

Taiwan Vedan is a company incorporated under the laws of Taiwan and its principal business is the production of food additive products, including MSG products, and beverages in Taiwan. It is one of the controlling shareholders of the Company holding indirectly approximately 30.22% of the entire issued share capital of the Company as at the date of this announcement and is therefore a connected person of the Company.

#### **INFORMATION ABOUT THE GROUP**

The current principal activities of the Group are the manufacturing of fermentation-based amino acids, food additive products and cassava starch based products in Asia.

#### **LISTING RULES REQUIREMENTS**

As Taiwan Vedan is one of the controlling shareholders of the Company holding indirectly approximately 30.22% of the entire issued share capital of the Company as at the date of this announcement, the transactions contemplated under each of the Supplemental Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the Existing Cap is/is expected to be exceeded, the Company must according to Rule 14A.36 re-comply with Rules 14A.35(3) and (4). The Revised Cap under each of the Technology Support Agreement and the Taiwan Sales Agreement represents less than 2.5% of each of the applicable percentage ratios (as defined in the Listing Rules) of the Company under Rule 14A.34 of the Listing Rules, therefore such transactions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has issued an "Unusual price & volume movements" tele-text at around 2:19 p.m. on the date of this announcement. In such tele-text it was stated, among other things, the following:

*"We have noted the recent increases in the price and trading volume of the shares of the Company today and wish to state that we are not aware of any reasons for such increases.*

*We also confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09, which is or may be of a price-sensitive nature."*

The Stock Exchange is still considering as to whether the Company has fulfilled the requirements of Rule 13.10 of the Listing Rules.

## GENERAL

As at the date of this announcement, Mr. Yang, Tou-Hsiung, Mr. Yang, Cheng, Mr. Yang, Kun-Hsiang, Mr. Yang, Chen-Wen and Mr. Wang, Joel J. are executive Directors, Mr. Huang, Ching-Jung and Mr. Chou, Szu-Cheng are non-executive Directors and Mr. Chao, Pei-Hong, Ms. Chuang, Shu-Fen and Mr. Ko, Jim-Chen are independent non-executive Directors.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Company”	Vedan International (Holdings) Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Existing Cap”	the existing (i) maximum aggregate amount of service charges payable by the Company to Taiwan Vedan under the Technology Support Agreement; and (ii) maximum aggregate annual amount of the sales of the Products permitted under the Taiwan Sales Agreement, as the case may be;
“GA”	acronym as “glutamic acid”, which is a non-essential amino acid occurring widely in plant and animal tissue and is used by the body to build proteins. MSG is a form of glutamic acid that is used as a food flavour enhancing product;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MSG”	acronym as “monosodium glutamate”, which is a white odorless crystalline compound that is a salt of GA; it is used as a food flavour enhancing product;
“Product(s)”	GA, MSG and cassava starch-based industrial products manufactured by the Group from time to time;
“Revised Cap”	the revised (i) maximum aggregate annual amount of service charges payable by the Company to Taiwan Vedan as amended by the Supplemental Technology Support Agreement; and (ii) maximum aggregate annual amount of the sales of the Products as amended by the Supplemental Taiwan Sales Agreement, as the case may be;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Supplemental Agreements”	the Supplemental Technology Support Agreement and the Supplemental Taiwan Sales Agreement;
“Supplemental Taiwan Sales Agreement”	the supplemental agreement dated 4 January 2007 between the Company and Taiwan Vedan supplemental to the Taiwan Sales Agreement;
“Supplemental Technology Support Agreement”	the supplemental agreement dated 4 January 2007 between the Company and Taiwan Vedan supplemental to the Technology Support Agreement;
“Taiwan Sales Agreement”	the agreement dated 14 December 2005 between the Company and Taiwan Vedan in relation to sales of certain GA, MSG and cassava starch-based industrial products by the Group to the Taiwan Vedan Group;
“Taiwan Vedan”	味丹企業股份有限公司 (Vedan Enterprise Corporation*) (formerly known as味丹工業股份有限公司 (Vedan Industrial Corporation*) and味正食品工業股份有限公司 (Ve Cheng Food Industry Corporation*)), a company incorporated in Taiwan and ultimately owned by the Yang Family;
“Taiwan Vedan Group”	Taiwan Vedan and its subsidiaries (other than members of the Group);
“Technology Support Agreement”	the agreement dated 14 December 2005 between the Company and Taiwan Vedan in respect of the provision of certain technology support services by the Taiwan Vedan Group to the Group;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“Yang Family”	Messrs. Yang, Tou-Hsiung, Yang, Wen-Chung, Yang, Cheng, Yang, Ching-Han, Yang, Yung-Huang, Yang, Kun-Hsiang, Yang, Kun-Chou, Yang, Yung-Jen, Yang, Chen-Wen, Yang, Wen-Hu, Yang, Tung, Ms. Yang, Wen-Yin, Ms. Yang, Shu-Hui and Ms. Yang Shu-Mei and their respective associates, King International Limited, Concord Worldwide Holdings Ltd., High Capital Investments Limited, Taiwan Vedan, 東海醱酵工業股份有限公司 (Tung Hai Fermentation Industrial Co., Ltd.*) and Billion Power Limited.

By Order of the Board of  
**Vedan International (Holdings) Limited**  
**Yang, Kun-Hsiang**  
*Executive Director*

Hong Kong, 4 January 2007

*\* For identification purpose only*

*For the purpose of this announcement, conversion of US\$ into HK\$ or vice versa has been calculated by using an exchange rate of US\$1 to HK\$7.80.*

Please also refer to the published version of this announcement in South China Morning Post.