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VEDAN

INTERNATIONAL

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)

ESTABLISHMENT OF A JOINT VENTURE COMPANY POSSIBLE DISCLOSEABLE TRANSACTIONS, CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTION

On 22 December 2005, Ordino and Xue Hua entered into a joint venture contract to set up the JV Company in the PRC for the development and manufacturing of GA and MSG in the PRC. After the establishment of the JV Company, Ordino and Xue Hua will hold 70% and 30% of the equity interests in the JV Company respectively.

As each of the applicable percentage ratios (as defined in the Listing Rules) for the Joint Venture Contract is more than 5% but less than 25% under Rule 14.07 of the Listing Rules, the entering into of the Joint Venture Contract by Ordino constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and circular requirements under Chapter 14 of the Listing Rules.

Pursuant to the Joint Venture Contract, the JV Company, Ordino and/or Xue Hua have entered into or will enter into, among others, the following agreements at the time of signing of the Joint Venture Contract (in respect of the agreement under paragraph (2) below) or after the establishment of the JV Company (in respect of the other agreements):

- (1) the General Services Agreement in respect of the provision of certain general administration and utility services by Xue Hua to the JV Company;
- (2) the Technology Services Agreement in respect of the provision of certain technology services by Ordino to Xue Hua;
- (3) the Assets Transfer Agreement in respect of the transfer of certain assets by Xue Hua to the JV Company; and
- (4) the Raw Materials Purchase Agreement in respect of the supply of certain raw materials by Xue Hua to the JV Company.

Upon the establishment of the JV Company, the JV Company will become a 70% non wholly-owned subsidiary of the Company, and Xue Hua, which will hold 30% of the equity interest in the JV Company, will become a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into of each of the Agreements will constitute connected or continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined in the Listing Rules) for the transactions under the General Services Agreement is less than 0.1%, the entering into of the General Services Agreement will therefore be exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined in the Listing Rules) for the transactions under the Technology Services Agreement is less than 2.5%, the transactions under the Technology Services Agreement will, upon the establishment of the JV Company, be subject to the reporting and announcement requirements but will be exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined in the Listing Rules) for the transactions under the Assets Transfer Agreement is more than 2.5% and the total consideration will be more than HK\$10,000,000, the entering into of the Assets Transfer Agreement will be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as each of the applicable percentage ratios (as defined in the Listing Rules) for the transactions under the Assets Transfer Agreement is more than 5% but less than 25%, the entering into of the Assets Transfer Agreement will also constitute a discloseable transaction under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement and circular requirements under Chapter 14 of the Listing Rules.

As each of the applicable percentage ratios (as defined in the Listing Rules) for the transactions under the Raw Materials Purchase Agreement is more than 2.5% and the annual consideration will be more than HK\$10,000,000, the entering into of the Raw Materials Purchase Agreement will be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among other things, details of the Joint Venture Contract, the Assets Transfer Agreement and the Raw Materials Purchase Agreement, the recommendation of the independent board committee of the Company to the independent shareholders and an opinion letter from the independent financial adviser to the independent board committee and the independent shareholders will be dispatched to shareholders of the Company as soon as practicable in compliance with the Listing Rules.

Since no shareholder of the Company is required to abstain from voting at the general meeting for the approval of the Assets Transfer Agreement and the Raw Materials Purchase Agreement, and the Company has obtained a written approval from Billion Power, King International, Concord Worldwide, High Capital and DBS Trustee Limited, a closely allied group of shareholders who together hold 884,563,097 Shares (representing more than 50% in nominal value of the Company's issued shares) as at the date of this announcement, having the right to attend and vote at the Company's general meeting to approve the Assets Transfer Agreement and the Raw Materials Purchase Agreement, the Company has applied to the Stock Exchange for acceptance of such written approval in lieu of holding a general meeting pursuant to Rule 14A.43 of the Listing Rules.

THE JOINT VENTURE CONTRACT

Date: 22 December 2005

Parties: Ordino Investments Pte Ltd
山東雪花生物化工股份有限公司 (Shandong Xue Hua Bio-chemical Co., Ltd.)

JV Company:

山東味丹雪花實業有限公司 (Shandong Vedan Snowflake Enterprise Co., Ltd.), a PRC joint venture company to be established by Ordino and Xue Hua pursuant to the Joint Venture Contract for the development and manufacturing of GA and MSG in the PRC, subject to the approval by the relevant authority in the PRC.

Total investment amount and registered capital:

According to the Joint Venture Contract, the total investment amount of the JV Company is US\$25,000,000 (equivalent to approximately HK\$195,000,000) and the total registered capital is US\$12,000,000 (equivalent to approximately HK\$93,600,000).

Equity Interests:

Ordino and Xue Hua will hold 70% and 30% of the equity interests in the JV Company respectively upon the establishment of the JV Company.

Other Agreements:

Pursuant to the Joint Venture Contract, the JV Company, Ordino and/or Xue Hua have entered into or will enter into, among others, the following agreements at the time of signing of the Joint Venture Contract (in respect of the agreement under paragraph (2) below) or after the establishment of the JV Company (in respect of the other agreements below):

1. General Services Agreement

Pursuant to the General Services Agreement to be entered into between Ordino, Xue Hua and the JV Company, Xue Hua will provide certain general administration and utility services (including but not limited to water supply, waste water treatment, staff quarters and office equipment) to the JV Company. The JV Company's use of water supply and waste water treatment services to be provided by Xue Hua will be more cost effective than those provided by other entities. In addition, since the JV Company will be situated at the existing location of Xue Hua, it would be more convenient for the JV Company to utilise other services (for example, staff quarters and office equipment to be provided by Xue Hua).

The General Services Agreement will be entered into after the establishment of the JV Company and will take effect from the date of approval by the relevant authority in the PRC, subject to the establishment of the JV Company and the approval of the Shareholders (if required) having been obtained. The term of the General Services Agreement shall be the same as the term of the JV Company, which is 50 years.

The service fees payable by the JV Company to Xue Hua under the General Services Agreement will be approximately RMB240,000 per annum (equivalent to approximately HK\$230,770) were determined on normal commercial terms and will be incurred on cost basis or on terms no less favourable to the JV Company than terms available to other independent third parties.

The entering into of the General Services Agreement will constitute a connected transaction exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3)(a) of the Listing Rules.

2. Technology Services Agreement

Pursuant to the Technology Services Agreement dated 22 December 2005 entered into between Ordino and Xue Hua, Ordino agrees to provide to Xue Hua certain technology services for the production of GA ("Services") during the term of the agreement.

The Technology Services Agreement will take effect from the date of approval by the relevant authority in the PRC, subject to the establishment of the JV Company and the approval of the Shareholders (if required) having been obtained, for a period of one year.

The service fees payable by Xue Hua to Ordino in respect of the provision of the Services is RMB10,850,000 (equivalent to approximately HK\$10,432,692) and were determined after arm's length negotiation and on normal commercial terms and shall be paid by cash in Renminbi or United States dollars.

As the amount of service fees payable under the Technology Services 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.32(1) of the Listing Rules, the transactions under the Technology Services Agreement will, upon the establishment of the JV Company, be subject to the reporting and announcement requirements but will be exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

3. Assets Transfer Agreement

Pursuant to the Assets Transfer Agreement to be entered into between Ordino, Xue Hua and the JV Company, the JV Company will purchase from Xue Hua certain factory buildings and equipment for the production of GA and MSG in Jining of the Shangdong Province of the PRC ("Assets") at an aggregate consideration of RMB96,480,000 (equivalent to approximately HK\$92,769,231). The original aggregate purchase cost of the Assets to Xue Hua is RMB95,160,000 (equivalent to approximately HK\$91,500,000).

The consideration was principally determined with reference to a valuation report of the Assets prepared by an independent valuer appointed by Ordino and having taken into account the profit guarantee to be provided by Xue Hua to the JV Company under the Raw Materials Purchase Agreement as set out below and shall be paid by cash in Renminbi.

The Assets Transfer Agreement will be entered into after the establishment of the JV Company and will take effect from the date of approval by the relevant authority in the PRC, subject to the establishment of the JV Company and the approval of the Shareholders (if required) having been obtained.

As the aggregate consideration for the transfer of the Assets represents more than 2.5% of each of the applicable percentage ratios (as defined in the Listing Rules) of the Company and is more than HK\$10,000,000, the entering into of the Assets Transfer Agreement will therefore be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as the aggregate consideration for the transfer of the Assets represents more than 5% but less than 25% of each of the applicable percentage ratios (as defined in the Listing Rules) of the Company, the entering into of the Assets Transfer Agreement will also constitute a discloseable transaction under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement and circular requirements under Chapter 14 of the Listing Rules.

4. Raw Materials Purchase Agreement

Pursuant to the Raw Materials Purchase Agreement to be entered into between Ordino, Xue Hua and the JV Company, the JV Company will purchase certain raw materials (including starch, steam, electricity and sulfuric acid) ("Raw Materials") from Xue Hua during the term of the agreement.

The Raw Materials Purchase Agreement will be entered into after the establishment of the JV Company and will take effect from the date of approval by the relevant authority in the PRC, subject to the establishment of the JV Company and the approval of the Shareholders (if required) having been obtained, for a period of 3 years (with the JV Company's right to renew for a successive term of 3 years each until the end of the term of the JV Company subject to compliance with the relevant requirements under the Listing Rules).

Under the Raw Materials Purchase Agreement, Xue Hua will guarantee to the JV Company that in the event of GA products produced by the JV Company utilising the Raw Materials reaching 25,000 tonnes per annum (no guarantee will be provided if the GA products do not reach 25,000 tonnes per annum), the average profit before tax for each tonne of such products will be not less than RMB450 and Xue Hua will reimburse the shortfall to the JV Company if the actual profit before tax for each tonne of such products is less than RMB450 (including any loss for each tonne) subject to an annual cap of RMB11,470,000 (equivalent to approximately HK\$11,028,846). The Company will comply with the requirements under Rule 14A.57 of the Listing Rules.

The price of the Raw Materials payable by the JV Company to Xue Hua shall be determined in accordance with the relevant market price and shall be paid by cash in Renminbi.

The Company currently estimates that the annual aggregate amount of the Raw Materials to be purchased by the JV Company from Xue Hua will not exceed the maximum cap of RMB\$120,000,000 (equivalent to approximately HK\$115,384,615) for each of the three financial years ending 31 December 2008. This estimate was based on the production capacity of the JV Company and the estimated amount of Raw Materials which may be required by the JV Company in the forthcoming three financial years.

As the annual cap represents more than 2.5% of each of the applicable percentage ratios (as defined in the Listing Rules) of the Company and the annual consideration is more than HK\$10,000,000, the entering into of the Raw Materials Purchase Agreement will be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

REASONS FOR ENTERING INTO THE JOINT VENTURE CONTRACT AND THE AGREEMENTS

The Directors are of the view that the entering into of the Joint Venture Contract and the Agreements will allow the Group to establish a channel source in the PRC for the supply of GA and MSG to be used by the Group in the PRC. Further, Xue Hua is a company which produces GA and MSG and is strategically located in Jining of the Shandong Province of the PRC where there is abundant natural resources and cost-competitive utility resources for the production of GA and MSG. The establishment of the JV Company with Xue Hua and the entering into of the Agreements will provide cost benefits to the Group for its GA and MSG manufacturing businesses. The acquisition of the Assets and the entering into of the General Services Agreement, the Technology Services Agreement and the Raw Materials Purchase Agreement will enable the JV Company to operate its GA and MSG manufacturing businesses immediately upon its establishment.

The Directors are also of the view that the entering into of the Joint Venture Contract and the Agreements are in the ordinary course of business of the Group after negotiated on an arm's length basis and the terms and conditions of such agreements are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT XUE HUA

Xue Hua is a company established in the PRC and its principal business is the production of GA, starch and fertilizer in the PRC.

To the best of knowledge, information and belief of the Directors having made all reasonable enquiry, Xue Hua and its ultimate beneficial owners are independent third parties and not connected persons of the Company as at the date of this announcement.

Upon the establishment of the JV Company, the JV Company will become a 70% non wholly-owned subsidiary of the Company, and Xue Hua, which will hold 30% of the equity interest in the JV Company, will become a connected person of the Company under Chapter 14A of the Listing Rules.

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.

The JV Company will become a subsidiary of the Company upon its establishment.

REGULATORY ASPECTS

As each of the applicable percentage ratios (as defined in the Listing Rules) for the Joint Venture Contract is more than 5% but less than 25% under Rule 14.07 of the Listing Rules, the entering into of the Joint Venture Contract by Ordino constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and circular requirements under Chapter 14 of the Listing Rules.

Upon the establishment of the JV Company, the JV Company will become a 70% non wholly-owned subsidiary of the Company, and Xue Hua will hold 30% of the equity interest in the JV Company, and be regarded as a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into of each of the Agreements will constitute connected or continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined in the Listing Rules) for the transactions under the General Services Agreement is less than 0.1%, the entering into of the General Services Agreement will therefore be exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined in the Listing Rules) for the transactions under the Technology Services Agreement is less than 2.5%, the transactions under the Technology Services Agreement will, upon the establishment of the JV Company, be subject to the reporting and announcement requirements but will be exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined in the Listing Rules) for the transactions under the Assets Transfer Agreement is more than 2.5% and the total consideration will be more than HK\$10,000,000, the entering into of the Assets Transfer Agreement will be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as each of the applicable percentage ratios (as defined in the Listing Rules) for the transactions under the Assets Transfer Agreement is more than 5% but less than 25%, the entering into of the Assets Transfer Agreement will also constitute a discloseable transaction under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement and circular requirements under Chapter 14 of the Listing Rules.

As each of the applicable percentage ratios (as defined in the Listing Rules) for the transactions under the Raw Materials Purchase Agreement is more than 2.5% and the annual consideration will be more than HK\$10,000,000, the entering into of the Raw Materials Purchase Agreement will be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since no shareholder of the Company is required to abstain from voting at the general meeting for the approval of the Assets Transfer Agreement and the Raw Materials Purchase Agreement, and the Company has obtained a written approval from Billion Power, King International, Concord Worldwide, High Capital and DBS Trustee Limited, a closely allied group of shareholders who together hold 884,563,097 Shares (representing more than 50% in nominal value of the Company's issued shares) as at the date of this announcement, having the right to attend and vote at the Company's general meeting to approve the Assets Transfer Agreement and the Raw Materials Purchase Agreement, the Company has applied to the Stock Exchange for acceptance of such written approval in lieu of holding a general meeting pursuant to Rule 14A.43 of the Listing Rules.

GENERAL

The Company has obtained the written independent shareholders' approval to approve each of the Assets Transfer Agreement and the Raw Materials Purchase Agreement.

An independent financial adviser will be appointed to advise on whether each of the Assets Transfer Agreement and the Raw Materials Purchase Agreement is entered into on normal commercial terms, in the ordinary and usual course of business of the Company, and whether the terms of each of the Assets Transfer Agreement and the Raw Materials Purchase Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

An independent board committee of the Company has been formed to advise the independent shareholders on the Assets Transfer Agreement and the Raw Materials Purchase Agreement.

A circular containing, among other things, details of the Joint Venture Contract, the Assets Transfer Agreement and the Raw Materials Purchase Agreement, the recommendation of the independent board committee of the Company to the independent shareholders and an opinion letter from the independent financial adviser to the independent board committee and the independent shareholders will be dispatched to shareholders of the Company as soon as practicable in compliance with the Listing Rules.

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. Lam, Tuan 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:

"Agreements"	the General Services Agreement, the Technology Services Agreement, the Assets Transfer Agreement and the Raw Materials Purchase Agreement;
"Assets Transfer Agreement"	the agreement to be entered into between Ordino, Xue Hua and the JV Company in respect of the transfer of certain assets by Xue Hua to the JV Company as referred to under the sub-section headed "Assets Transfer Agreement" of the section headed "Joint Venture Contract" of this announcement;
"Billion Power"	Billion Power Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Taiwan Vedan, which holds 460,237,609 Shares as at the date of this announcement;
"connected person"	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;
“Concord Worldwide”	Concord Worldwide Holdings Ltd., a company incorporated in the British Virgin Islands and beneficially owned by Messrs. Yang, Kun-Chou, Yang, Kun-Hsiang, Yang, Yung-Huang and Yang, Yung-Jen as to 26.7 percent., 26.7 percent., 26.7 percent., and 19.9 percent., respectively, all of whom, together with Concord Worldwide Holdings Ltd., are members of the Yang Family. It directly holds 62,172,933 Shares and is taken to be interested in the 362,152,555 Shares in which DBS Trustee Limited as trustee of the Royal Trust is interested and these 362,152,555 Shares include 62,172,933 Shares held by High Capital, 82,897,246 Shares held by King International and 217,082,376 Shares held by DBS Trustee Limited as trustee of the Royal Trust, as at the date of this announcement;
“DBS Trustee Limited”	DBS Trustee Limited, which holds 217,082,376 Shares as trustee of the Royal Trust and is interested in 82,897,246 Shares, 62,172,933 Shares and 62,172,933 Shares held by King International, Concord Worldwide and High Capital respectively pursuant to an agreement under section 317(1)(a) of the Securities and Futures Ordinance;
“Director(s)”	the director(s) of the Company;
“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;
“General Services Agreement”	the agreement to be entered into between Xue Hua and the JV Company in respect of, among others, the provision of certain general administration and utility services by Xue Hua to the JV Company referred to under the sub-section headed “General Services Agreement” of the section headed “Joint Venture Contract” of this announcement;
“Group”	the Company and its subsidiaries;
“High Capital”	High Capital Investments Limited, a company incorporated in the British Virgin Islands and beneficially owned by Messrs. Yang, Chen-Wen, Yang, Tung and Yang, Wen-Hu in equal shares, all of whom, together with High Capital Investments Limited, are members of the Yang Family. It directly holds 62,172,933 Shares and is taken to be interested in the 362,152,555 Shares in which DBS Trustee Limited as trustee of the Royal Trust is interested and these 362,152,555 Shares include 62,172,933 Shares held by Concord Worldwide, 82,897,246 Shares held by King International and 217,082,376 Shares held by DBS Trustee Limited as trustee of the Royal Trust, as at the date of this announcement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Joint Venture Contract”	the contract entered into between Ordino and Xue Hua in relation to the establishment of the JV Company in the PRC on 22 December 2005 as referred to under the section headed “Joint Venture Contract” of this announcement;
“JV Company”	山東味丹雪花實業有限公司 (Shandong Vedan Snowflake Enterprise Co., Ltd.), a PRC joint venture company to be established by Ordino and Xue Hua pursuant to the Joint Venture Contract;
“King International”	King International Limited, a company incorporated in the British Virgin Islands and beneficially owned by Messrs. Yang, Tou-Hsiung, Yang, Cheng, Yang, Wen-Chung and Yang, Ching-Han as to 40 percent., 20 percent., 20 percent., and 20 percent., respectively, all of whom, together with King International Limited, are members of the Yang Family. It directly holds 82,897,246 Shares and is taken to be interested in the 341,428,242 Shares in which DBS Trustee Limited as trustee of the Royal Trust is interested and these 341,428,242 Shares include 62,172,933 Shares held by each of Concord Worldwide and High Capital and 217,082,376 Shares held by DBS Trustee Limited as trustee of the Royal Trust, as at the date of this announcement;
“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;
“Ordino”	Ordino Investments Pte Ltd, a company incorporated under the laws of Singapore and a wholly-owned subsidiary of the Company;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan;
“Raw Materials Purchase Agreement”	the agreement to be entered into between Ordino, Xue Hua and the JV Company in respect of the supply of certain raw materials by Xue Hua to the JV Company as referred to under the sub-section headed “Raw Materials Purchase Agreement” of the section headed “Joint Venture Contract” of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Royal Trust”	a unit trust in Singapore, the units of which are held by King International, Concord Worldwide and High Capital, being members of the Yang Family, as to 40 percent., 30 percent. and 30 percent., respectively, as at the date of this announcement;
“Share(s)”	share(s) of US\$0.01 per share in the share capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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;
“Technology Services Agreement”	the agreement dated 22 December 2005 entered into between Ordino and Xue Hua in respect of the provision of certain technology services by Ordino to Xue Hua as referred to under the sub-section headed “Technology Services Agreement” of the section headed “Joint Venture Contract” of this announcement;
“Tung Hai”	東海醱酵工業股份有限公司 (Tung Hai Fermentation Industrial Co., Ltd.), a company incorporated in Taiwan and ultimately owned by the Yang Family;
“US\$”	United States dollars, the lawful currency of the United States of America;
“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 and Yang, Tung and their respective associates, King International, Concord Worldwide, High Capital, the Royal Trust, Taiwan Vedan, Tung Hai and Billion Power; and
“Xue Hua”	山東雪花生物化工股份有限公司 (Shandong Xue Hua Bio-chemical Co., Ltd.).

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

Hong Kong, 23 December 2005

* 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 and the conversion of HK\$ into RMB or vice versa has been calculated by using an exchange rate of HK\$1 to RMB1.04.

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