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VEDAN

INTERNATIONAL

VEDAN INTERNATIONAL (HOLDINGS) LIMITED

味丹國際(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2317)

CONNECTED TRANSACTION

On 22 June 2005, Vietnam Vedan, Gia Lai, Bangna Steel, Sin Thai and Taiwan Vedan entered into the Acquisition Agreement pursuant to which Vietnam Vedan will acquire 100% of the entire issued share capital of Ve-Thai Tapioca-Starch Co., Ltd.

As Vietnam Vedan is an indirect wholly-owned subsidiary of the Company and 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 entering into of the Acquisition Agreement constitutes a connected transaction of the Company under the Listing Rules and would be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

THE ACQUISITION AGREEMENT

Date:

22 June 2005

Parties:

Gia Lai, Bangna Steel, Sin Thai and Taiwan Vedan as sellers
Vietnam Vedan as purchaser

Assets to be acquired:

100% of the entire issued share capital of Ve-Thai Tapioca-Starch Co., Ltd. Ve-Thai Tapioca-Starch Co., Ltd. will become an indirect wholly-owned subsidiary of the Company upon completion of the Acquisition Agreement and the Company will consolidate the accounts of Ve-Thai Tapioca-Starch Co., Ltd. to its accounts after completion of the Acquisition Agreement.

Consideration:

The purchase price for the Sale Shares is US\$3,330,000 (equivalent to about HK\$25,934,040), inclusive of all taxes in relation to the assignment of and payment for the Sale Shares.

The basis of the Purchase Price was principally determined by reference to the owner's equity amount and the amount receivables (including the amount of Advances) as stated in the latest audited balance sheet of Ve-Thai Tapioca-Starch Co., Ltd. for the financial year ended 31 December 2004, the cash in bank(s) of Ve-Thai Tapioca-Starch Co., Ltd. amounts to approximately US\$1,000,000 and the existing operation of Ve-Thai Tapioca-Starch Co., Ltd. and the potential growth of the business of Ve-Thai Tapioca-Starch Co., Ltd.

Payment:

Subject to the fulfilment of the Conditions Precedent, the Purchase Price shall be funded by the internal resources of Vietnam Vedan and paid to the Sellers by way of cash as follows:

- First instalment: Within 15 days from the date of execution of the Acquisition Agreement, the Purchaser shall transfer 10% of the Purchase Price to the Sellers;
- Second instalment: The Purchaser shall transfer a further 80% of the Purchase Price to the Sellers on Completion; and
- Third instalment: The Purchaser shall transfer the remaining 10% of the Purchase Price to the Sellers within 3 months from the Completion Date, subject to the proviso below.

Notwithstanding the foregoing, the Purchaser has been authorized to withhold and deduct from the third instalment of the Purchase Price, any taxes levied in accordance with the tax laws of Vietnam or any other country, including, without limitation, any tax in relation to the assignment of and payment for the Sale Shares and required to be paid by the Purchaser to the taxing authority on the Sellers' behalf.

Conditions Precedent:

Unless waived in writing by the Purchaser (to the extent permitted by the laws of Vietnam), the obligation of the Purchaser to pay the Purchase Price to the Sellers is subject to the fulfilment to the satisfaction of the Purchaser of the following Conditions Precedent no later than 31 July 2005:

- the representations, warranties and statement of the Sellers contained in the Acquisition Agreement and in all schedules, exhibits, financial statements, the accounts of Ve-Thai Tapioca-Starch Co., Ltd. duly audited by the auditor of Ve-Thai Tapioca-Starch Co., Ltd. for the year ended 31 December 2004 and other documents are true and complete in all material respects as of the date of the Acquisition Agreement and shall be true and complete in all material respects on the Effective Date;
 - the Sellers shall have performed and complied with all material agreements, covenants and conditions required by the Acquisition Agreement to have been performed and complied with by the Sellers at or prior to the Effective Date;
 - a result satisfactory to the Purchaser of its investigation and review of the financial documents of Ve-Thai Tapioca-Starch Co., Ltd. and its condition prior to the Effective Date and the accuracy and fulfilment of the Sellers' representations and warranties;
 - the Sellers have executed and delivered their respective written consents to the sale of the Sale Shares from the Sellers to the Purchaser;
 - the Sellers have produced due evidence that all necessary corporate and governmental consents and authorisations and all other documents which must be obtained or satisfied by the Sellers permitting it to sell the Sale Shares as may be required by the laws of Vietnam have been obtained for the entering into the Acquisition Agreement;
 - the Sellers have agreed to approve the assignment of the Sale Shares;
 - the relevant licensing bodies have approved in writing the assignment of the Sale Shares to the Purchaser by the issuance of the Amended Investment Licence on terms satisfactory to the Purchaser;
 - at the time all these Conditions Precedents are met, there has been no material breach by the Sellers of any of the representations and warranties given by the Sellers in the Acquisition Agreement;
 - the relevant personnel of Ve-Thai Tapioca-Starch Co., Ltd. appointed by the Sellers have been resigned;
 - Ve-Thai Tapioca-Starch Co., Ltd. has obtained the certificate on finalisation of investment capital contribution and the certificate on finalisation of construction works;
 - the Purchaser has completed to its satisfaction the negotiation with the provincial authorities regarding the terms of its taking over the project of Ve-Thai Tapioca-Starch Co., Ltd.; and
 - the Sellers have repaid their respective Advances to Ve-Thai Tapioca-Starch Co., Ltd.
- The Sellers agree that the first instalment of the Purchase Price shall be immediately refunded to the Purchaser upon notice by the Purchaser to the Sellers if any of the Conditions Precedent are not satisfied and/or waived by the Purchaser.

Completion:

Completion shall take place within thirty (30) days from the Effective Date at the place and time as the Sellers and the Purchaser shall separately agree, provided, however, that all the Conditions Precedent remain fulfilled and/or waived as of the Completion Date.

Other terms:

The parties to the Acquisition Agreement also agreed that the Purchaser shall not assume any liability of Ve-Thai Tapioca-Starch Co., Ltd. of whatever nature that arise prior to the Completion Date.

INFORMATION ABOUT THE SELLERS

Gia Lai is a company incorporated under the laws of Vietnam and its principal business is the export of agricultural products. Gia Lai is an independent third party not connected with the Company, its directors, chief executive or substantial shareholder and its subsidiaries and any of their respective associates (as defined in the Listing Rules).

Bangna Steel is a company incorporated under the laws of Thailand and its principal business is the production of equipment and machineries used for cassava starch production. Bangna Steel is an independent third party not connected with the Company, its directors, chief executive or substantial shareholder and its subsidiaries and any of their respective associates (as defined in the Listing Rules).

Sin Thai is a company incorporated under the laws of Thailand and its principal business is the trading of agricultural products. Sin Thai is an independent third party not connected with the Company, its directors, chief executive or substantial shareholder and its subsidiaries and any of their respective associates (as defined in the Listing Rules).

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. The investment cost of Taiwan Vedan in Ve-Thai Tapioca-Starch Co., Ltd. was US\$690,000 (equivalent to about HK\$5,373,720).

INFORMATION ON VE-THAI TAPIOCA-STARCH CO., LTD.

Prior to Completion, Ve-Thai Tapioca-Starch Co., Ltd. is owned as to 30% by Gia Lai, 20% by Bangna Steel, 20% by Sin Thai and 30% by Taiwan Vedan. Ve-Thai Tapioca-Starch Co., Ltd. is a limited liability company incorporated in Vietnam in January 1994. It has been engaging in the business of the production and trade of cassava starch

and cassava starch based products for about 11 years and its business operation is based in Vietnam. The products of Ve-Thai Tapioca-Starch Co., Ltd. are for export and also for local consumption in the Vietnam and are mainly sold to customers which are in the aquacultural, paper, textile and food industries.

Based on the audited financial statements of Ve-Thai Tapioca-Starch Co., Ltd. for the two financial years ended 31 December 2004 (prepared under the Vietnam GAAP), recorded an audited net profit (before taxation and extraordinary items) of US\$7,996.25 (equivalent to about HK\$62,274.80) and US\$11,804.85 (equivalent to about HK\$87,736.17) respectively and an audited net profit (after taxation and extraordinary items) of US\$7,996.25 (equivalent to about HK\$62,274.80) and US\$104,742.42 (equivalent to about HK\$815,733.97) respectively. The recorded net asset of Ve-Thai Tapioca-Starch Co., Ltd. on the audited balance sheet of Ve-Thai Tapioca-Starch Co., Ltd. for the financial year ended 31 December 2004 (prepared under the Vietnam GAAP) was US\$2,362,961.91 (equivalent to about HK\$18,402,747.36).

REASONS FOR ENTERING INTO THE ACQUISITION AGREEMENT

The Board (including the independent non-executive directors of the Company) is of the view that the acquisition of Ve-Thai Tapioca-Starch Co., Ltd. is beneficial to the Group. Since one of the principal businesses of the Group is the manufacturing of cassava starch based products, the acquisition of Ve-Thai Tapioca-Starch Co., Ltd., which is engaged in the production of cassava starch and cassava starch based products, will provide steady supply of cassava starch to the Group and strengthen the production base of cassava starch based products of the Group and thus to enhance profit to the Group's business.

The terms and conditions of the Acquisition Agreement have been determined as a result of arm's length negotiations between the parties. The Board considers that the Acquisition Agreement to be on normal commercial terms, in the ordinary and usual course of business of the Group, and that they are fair and reasonable and in the interest of the Company and its shareholders as a whole.

GENERAL INFORMATION OF 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.

CONNECTED TRANSACTION

As Vietnam Vedan is an indirect wholly-owned subsidiary of the Company and 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 entering into of the Acquisition Agreement constitutes a connected transaction of the Company under the Listing Rules and would be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 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-lung and Mr. Lam, Tsan 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:

"Acquisition Agreement"	an acquisition agreement dated 22 June 2005 entered into between the Sellers and the Purchaser in relation to the sale and purchase of the Sale Shares;
"Advances"	the amounts of advances in the aggregate sum of US\$536,251.56 (as at 30 September 2004 and for the avoidance of doubt, no further advance has been granted by Ve-Thai Tapioca-Starch Co., Ltd. thereafter) granted by Ve-Thai Tapioca-Starch Co., Ltd. to each of the Sellers and the breakdown of which is as follows: - Gia Lai: US\$160,875.47; - Bangna Steel: US\$107,250.31; - Taiwan Vedan: US\$ 160,875.47; and - Sin Thai: US\$107,250.31;
"Amended Investment Licence"	an amended Investment Licence to be issued by the relevant licensing issuing bodies approving the assignment of the Sale Shares by the Sellers to the Purchaser;
"Bangna Steel"	Bangna Steel Works Ltd. Part, a company incorporated under the laws of Thailand;
"Board"	board of Directors;
"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;
"Completion"	completion of the disposal and acquisition of the Sale Shares;
"Completion Date"	the date of Completion;
"Conditions Precedent"	the conditions precedent as set out in the sub-section headed "Conditions Precedent" above;
"Directors"	the directors of the Company;
"Effective Date"	the date when all the Conditions Precedent having been fulfilled or waived by the Purchaser;
"Gia Lai"	Gia Lai Export Agricultural Product Foodstuff Co., a company incorporated under the laws of Vietnam;
"Group"	the Company and its subsidiaries;
"Investment Licence"	the Investment Licence No. 767/GP issued to Ve-Thai Tapioca-Starch Co., Ltd. by the MPI on 18 January 1994 and Amended Investment Licence No. 767/GPDC issued by the MPI on 9 November 1998;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"MPI"	the State Committee of Co-operation and Investment in Vietnam (now renamed as the Ministry of Planning and Investment);
"Purchaser"	Vietnam Vedan;
"Purchase Price"	the purchase price of US\$3,330,000 as set out in the sub-section headed "Consideration" above;
"Sale Shares"	100% of the entire issued share capital of Ve-Thai Tapioca-Starch Co., Ltd.;
"Sellers"	Gia Lai, Bangna Steel, Sin Thai and Taiwan Vedan;
"Sin Thai"	Sin Thai Import-Export Co., Ltd., a company incorporated under the laws of Thailand;
"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 味丹食品工業股份有限公司(Ve Cheng Food Industry Corporation*));
"US\$"	United States dollars, the lawful currency of the United States of America;
"Ve-Thai Tapioca-Starch Co., Ltd."	Xi Ngheap Lican Doanh Tapioca Viet Thai (Ve-Thai Tapioca-Starch Co., Ltd.), a company incorporated under the laws of Vietnam; and
"Vietnam Vedan"	Vedan (Vietnam) Enterprise Corporation Limited, a company incorporated under the laws of Vietnam and an indirect wholly-owned subsidiary of the Company.

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

Hong Kong, 22 June 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\$7.788.