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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 Group has been engaging in certain continuing connected transactions with the Taiwan Vedan Group and Xue Hua in its ordinary and usual course of business, some of which are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and some of which are also subject to the independent shareholders' approval requirements under the said rules.

References are made to the announcements of the Company dated 15 December 2005 and 4 January 2007, respectively, relating to, amongst other things, the following continuing connected transactions between the Taiwan Vedan Group and the Group:

- (1) the provision of certain technological support services by the Taiwan Vedan Group to the Group pursuant to the Existing Technology Support Agreement; and
- (2) the sales of certain GA, MSG and cassava starch-based industrial products by the Group to the Taiwan Vedan Group pursuant to the Existing Taiwan Sales Agreement.

In addition, the Company has been engaging in certain continuing connected transactions with Taiwan Vedan which are exempted from all reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Pursuant to the Existing Agency Agreement, each of Taiwan Vedan and the Company has agreed to appoint the Company and Taiwan Vedan respectively to act as its sole and exclusive agent to sell, distribute, supply and/or provide the Group's Product Portfolio to the Customers in the Group's Exclusive Markets or in Taiwan (as the case may be).

The Existing Taiwan Agreements will expire on 31 December 2008.

References are also made to the announcement and circular of the Company dated 23 December 2005 and 15 February 2006, respectively, relating to, amongst other things, the supply of certain raw materials by Xue Hua to the JV Company. Ordino, Xue Hua and the JV Company entered into the Existing Raw Materials Purchase Agreement to govern such transactions and such Existing Raw Materials Purchase Agreement will expire on 27 December 2008.

As the transactions contemplated under each of the Existing Taiwan Agreements and the Existing Raw Materials Purchase Agreement are expected to continue after the expiration of their respective terms, the Company and Taiwan Vedan have entered into the Taiwan Agreements on substantially the same terms as the Existing Taiwan Agreements and each for a term of three years from 1 January 2009 to 31 December 2011 (except for the Technology Support Agreement, which shall be for a term of one year from 1 January 2009 to 31 December 2009); and Ordino, Xue Hua and the JV Company have entered into the Raw Materials Purchase Agreement to renew the Existing Raw Materials Purchase Agreement on substantially the same terms and for a term of three years from 28 December 2008 to 27 December 2011 (with the JV Company's right to renew for a successive term of three years each until the end of the term of the JV Company subject to compliance with the relevant requirements under the Listing Rules), subject to compliance with the relevant requirements under the Listing Rules and approval of the independent shareholders of the Company (if required) having been obtained.

As at the date of this announcement, 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, and Xue Hua is a substantial shareholder of the JV Company holding 30% of the equity interest in the JV Company, the transactions contemplated under each of the Taiwan Agreements and the Raw Materials Purchase Agreement therefore constitute 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 contemplated under each of the Taiwan Agreements is, on an annual basis, less than 2.5% 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 are exempt from the 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 contemplated under the Raw Materials Purchase Agreement is, on an annual basis, more than 2.5% and the annual consideration is more than HK\$10,000,000, such transactions are 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 Raw Materials Purchase Agreement, and the Company has obtained a written approval dated 13 December 2008 from Billion Power, King International, Concord Worldwide and High Capital, a closely allied group of shareholders of the Company who together hold 884,563,097 shares of the Company (representing approximately 58.09% 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 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 Board has (i) formed an independent board committee to consider and advise the independent shareholders of the Company on the terms of the Raw Materials Purchase Agreement and the proposed annual caps in relation thereto for the three financial years ending 31 December 2011 and (ii) appointed an independent financial adviser to advise the independent board committee and the independent shareholders of the Company as to whether such transactions are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and its shareholders as a whole.

A circular containing, amongst other things, details of the Raw Materials Purchase Agreement and the proposed annual caps of the transactions contemplated thereunder for the three financial years ending 31 December 2011, the recommendation of the independent board committee and the advice of the independent financial adviser to the independent board committee and the independent shareholders of the Company will be dispatched to the shareholders of the Company as soon as practicable in compliance with the Listing Rules.

BACKGROUND

The Group has been engaging in certain continuing connected transactions with the Taiwan Vedan Group and Xue Hua in its ordinary and usual course of business, some of which are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and some of which are also subject to the independent shareholders' approval requirements under the said rules.

References are made to the announcements of the Company dated 15 December 2005 and 4 January 2007, respectively, relating to, amongst other things, the following continuing connected transactions between the Taiwan Vedan Group and the Group:

- (1) the provision of certain technological support services by the Taiwan Vedan Group to the Group pursuant to the Existing Technology Support Agreement; and
- (2) the sales of certain GA, MSG and cassava starch-based industrial products by the Group to the Taiwan Vedan Group pursuant to the Existing Taiwan Sales Agreement.

In addition, the Company has been engaging in certain continuing connected transactions with Taiwan Vedan which are exempted from all reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Pursuant to the Existing Agency Agreement, each of Taiwan Vedan and the Company has agreed to appoint the Company and Taiwan Vedan respectively to act as its sole and exclusive agent to sell, distribute, supply and/or provide the Group's Product Portfolio to the Customers in the Group's Exclusive Markets or in Taiwan (as the case may be).

The Existing Taiwan Agreements will expire on 31 December 2008.

References are also made to the announcement and circular of the Company dated 23 December 2005 and 15 February 2006, respectively, relating to, amongst other things, the supply of certain raw materials by Xue Hua to the JV Company. Ordino, Xue Hua and the JV Company entered into the Existing Raw Materials Purchase Agreement to govern such transactions and such Existing Raw Materials Purchase Agreement will expire on 27 December 2008.

As the transactions contemplated under each of the Existing Taiwan Agreements and the Existing Raw Materials Purchase Agreement are expected to continue after the expiration of their respective terms, the Company and Taiwan Vedan have entered into the Taiwan Agreements on substantially the same terms as the Existing Taiwan Agreements and each for a term of three years from 1 January 2009 to 31 December 2011 (except for the Technology Support Agreement, which shall be for a term of one year from 1 January 2009 to 31 December 2009); and Ordino, Xue Hua and the JV Company have entered into the Raw Materials Purchase Agreement to renew the Existing Raw Materials Purchase Agreement on substantially the same terms and for a term of three years from 28 December 2008 to 27 December 2011 (with the JV Company's right to renew for a successive term of three years each until the end of the term of the JV Company subject to compliance with the relevant requirements under the Listing Rules), subject to compliance with the relevant requirements under the Listing Rules and approval of the independent shareholders of the Company (if required) having been obtained.

AGREEMENTS

1. Technology Support Agreement

Nature of Transaction

Pursuant to the Technology Support Agreement dated 23 December 2008 entered into between Taiwan Vedan and the Company, Taiwan Vedan has agreed to continue to provide and/or to procure other member(s) of the Taiwan Vedan Group to continue to provide to the Group during the Relevant Period certain technological support services (including provision of staff training and staff secondment to the Group's production complexes in Vietnam and the PRC upon request of the Group) for the purpose of supporting the product research and development activities of the Group for the development of polyglutamic acid products and other advanced fermentation technology as may be required by the Group from time to time.

The Company has agreed to pay or procure to be paid to Taiwan Vedan a service fee at the rate of one per cent. of the turnover of Xiamen Mao Tai and Vietnam Vedan during the Relevant Period, for the financial year ending 31 December 2009 of the Company or a pro-rata proportion thereof in respect of an incomplete year, which is the same as the service fee rate under the Existing Technology Support Agreement. The basis of the service fee rate was principally determined after arm's length negotiations and on normal commercial terms after taking into account factors such as the experience and background of the Taiwan Vedan Group.

The service fee shall be paid by cash in US dollars within 60 days from the publication of the Company's audited accounts for the financial year ending 31 December 2009 and shall be subject to a cap of US\$1,700,000 (equivalent to approximately HK\$13,175,000) notwithstanding that the actual annual total amount of the service fee may exceed such amount.

Historical Figures and Pricing Basis

For the two financial years ended 31 December 2007 and the 11 months ended 30 November 2008, the total aggregate amount of service fee paid by the Group to the Taiwan Vedan Group directly or through Tung Hai amounted to approximately HK\$18,762,000, HK\$20,569,000 and HK\$21,674,000, respectively. The transaction amount for each of the three financial years ending 31 December 2008 was or is expected to be within the relevant annual cap as disclosed in the announcement of the Company dated 4 January 2007, which is US\$2,800,000 (equivalent to approximately HK\$21,700,000) for each of the three financial years ending 31 December 2008.

The Company currently estimates that the annual total aggregate amount of service fee calculated at the rate described above will be around or may exceed US\$1,700,000 (equivalent to approximately HK\$13,175,000) for the financial year ending 31 December 2009. This estimate was based on the proposed production plan of the Group in light of the current market situation. However, it was agreed by the Company and Taiwan Vedan that the annual total aggregate amount of service fee payable by the Group shall be subject to a cap of US\$1,700,000 (equivalent to approximately HK\$13,175,000) as a support extended by Taiwan Vedan to the Group. The Company will comply with the relevant requirements of the Listing Rules if such agreed cap is exceeded for whatever reason.

As the annual cap 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, the transactions contemplated under the Technology Support Agreement are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reasons for entering into the Technology Support Agreement

The Taiwan Vedan Group has been providing to the Group technological support services for the development of polyglutamic acid products and to the Directors' knowledge there are no companies in the market the business of which is to provide such technological support services. The Directors believe that the continuous technological support from the Taiwan Vedan Group will benefit the Group's future business developments.

2. Taiwan Sales Agreement

Nature of Transaction

Pursuant to the Taiwan Sales Agreement dated 23 December 2008 entered into between Taiwan Vedan and the Company, the Group will continue to sell certain GA, MSG and cassava starch-based industrial products ("**Products**") to the Taiwan Vedan Group for use in Taiwan during the Relevant Period.

The price of the Products payable by Taiwan Vedan and/or other member(s) of the Taiwan Vedan Group to the relevant member of the Group shall be determined in accordance with the price charged by the relevant member of the Group to other unrelated customers of the Group in respect of the relevant Products.

The price of the Products shall be paid to the relevant member of the Group by Taiwan Vedan and/or other member(s) of the Taiwan Vedan Group within 60 days from the end of the month in which the relevant Products are delivered by the Group.

Historical Figures and Pricing Basis

For the two financial years ended 31 December 2007 and the 11 months ended 30 November 2008, the total aggregate amount of sales of the Products to the Taiwan Vedan Group amounted to approximately HK\$31,662,000, HK\$19,935,000 and HK\$18,163,000, respectively. The transaction amount for each of the three financial years ending 31 December 2008 was or is expected to be within the relevant annual cap as disclosed in the announcement of the Company dated 4 January 2007, which is US\$4,100,000 (equivalent to approximately HK\$31,775,000) for each of the three financial years ending 31 December 2008. The Company currently estimates that the annual total aggregate amount of sales of the Products to the Taiwan Vedan Group pursuant to the Taiwan Sales Agreement will not exceed the maximum cap of US\$1,700,000 (equivalent to approximately HK\$13,175,000) for each of the three financial years ending 31 December 2011. This estimate was based on (i) the production and marketing policy of the Group in respect of the Products; and (ii) the estimated market demand for the Products in Taiwan.

As the annual cap 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, the transactions contemplated under the Taiwan Sales Agreement are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reasons for entering into the Taiwan Sales Agreement

The Group has been selling the Products to the Taiwan Vedan Group and the Directors believe that the continuous sale of the Products to the Taiwan Vedan Group will generate additional income to the Group.

3. Agency Agreement

Nature of Transaction

Pursuant to the Agency Agreement dated 23 December 2008 entered into between Taiwan Vedan and the Company, each of Taiwan Vedan and the Company has agreed to continue to appoint the Company and Taiwan Vedan respectively to act as its sole and exclusive agent to sell, distribute, supply and/or provide the Group's Product Portfolio to the Customers in the Group's Exclusive Markets or in Taiwan (as the case may be) during the Relevant Period.

Each of the Company and Taiwan Vedan shall be entitled to a commission calculated and payable at the rate of 1% of the aggregate selling price of the Group's Product Portfolio sold by the Group or the Taiwan Vedan Group (as the case may be) as agent of the Taiwan Vedan Group or the Group (as the case may be) during the Relevant Period, which is the same as the commission rate under the Existing Agency Agreement. The basis of the commission rate was principally determined after arm's length negotiations and on normal commercial terms after taking into account factors such as the prevailing market rates for agency sales in the market. The commission shall be paid within 60 days from the end of the month in which the invoice in respect of the Group's Product Portfolio in question is issued to the Customers.

Historical Figures and Pricing Basis

For the two financial years ended 31 December 2007 and the 11 months ended 30 November 2008, the total aggregate amount of the commission received by the Group amounted to approximately HK\$562,000, HK\$660,000 and HK\$793,000, respectively, and no commission was payable by the Group to the Taiwan Vedan Group for the aforesaid periods. The transaction amount for each of the three financial years ending 31 December 2008 was or is expected to be within the relevant annual caps of US\$150,000 (equivalent to approximately HK\$1,162,500) and US\$80,000 (equivalent to approximately HK\$620,000) in respect of the commission received by the Group and the Taiwan Vedan Group for each of the three financial years ending 31 December 2008, respectively.

The Company currently estimates that the annual total aggregate amount of commission to be received by each of the Group and the Taiwan Vedan Group will not exceed the maximum cap of US\$150,000 (equivalent to approximately HK\$1,162,500) and US\$80,000 (equivalent to approximately HK\$620,000) for each of the three financial years ending 31 December 2011. This estimate was based on (i) the actual commission paid by the Group and the Taiwan Vedan Group in the previous financial years; and (ii) the estimated market demand of the Group's Product Portfolio in the Group's Exclusive Markets or in Taiwan. As the annual cap for the commission to be received by each of the Group and the Taiwan Vedan Group

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, the transactions contemplated under the Agency Agreement are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reasons for entering into the Agency Agreement

Each of Taiwan Vedan and the Company has been acting as the sole and exclusive agent of the other party to sell, distribute, supply and/or provide the Group's Product Portfolio to the Customers in the Group's Exclusive Markets or in Taiwan (as the case may be). The Directors believe that the Group will continue to benefit from the Agency Agreement as the Group will receive additional commission income from selling activities in the Group's Exclusive Markets that cannot be achieved by the Group's production capacity and the Group will also continue to benefit from the Agency Agreement in respect of additional sales to customers in Taiwan which may not be satisfied by the production capacity of, or the available products from, the Taiwan Vedan Group.

4. Raw Materials Purchase Agreement

Nature of Transaction

Pursuant to the Raw Materials Purchase Agreement dated 23 December 2008 entered into between Ordino, Xue Hua and the JV Company, the JV Company will purchase certain raw materials (including GA, steam, electricity, starch and sulfuric acid) ("**Raw Materials**") from Xue Hua during the term of the agreement. The Raw Materials Purchase Agreement will be for a term of three years from 28 December 2008 to 27 December 2011 (with the JV Company's right to renew for a successive term of three years each until the end of the term of the JV Company subject to compliance with the relevant requirements under the Listing Rules), subject to compliance with the relevant requirements under the Listing Rules and approval of the independent shareholders of the Company (if required) having been obtained.

Under the Raw Materials Purchase Agreement, Xue Hua will guarantee to the JV Company that in the event of the 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 produced do not reach 25,000 tonnes per annum), the lower of the following:

- (a) the average profit before tax for each tonne (i.e. the average selling price minus the average production costs and all related selling expenses) of such GA products will be not less than RMB450; or
- (b) the annual profit before tax for such GA products produced will reach RMB11,470,000 (equivalent to approximately HK\$12,961,100), and Xue Hua will reimburse the shortfall to the JV Company for a period, up to a maximum term of five years from 1 May 2006 to 30 April 2011 or when an amount of RMB71,420,000 (equivalent to approximately HK\$80,704,600) (which includes the service fees payable by Xue Hua to Ordino under the Technology Services Agreement) or RMB60,570,000 (equivalent to approximately HK\$68,444,100) (which excludes the service fees payable under the Technology Services Agreement) is reached, whichever is earlier. The Company confirmed that the amount of RMB71,420,000 (equivalent to approximately HK\$80,704,600) was arrived at with reference to relevant consideration for the acquisition of the GA manufacturing

factory (together with crystal transfer factory) and the related equipment by the JV Company from Xue Hua as part of the assets acquired by the JV Company from Xue Hua under the Assets Transfer Agreement. The Company will comply with the requirements under Rule 14A.57 of the Listing Rules, pursuant to which the Company must publish an announcement in accordance with the requirements of the Listing Rules if the said actual profit before tax is less than the amount guaranteed.

Pursuant to the Raw Materials Purchase Agreement, Xue Hua is entitled to claim reasonable damages from the JV Company (in terms of cost differential or otherwise) in case of the JV Company sells products to the Group at a price level lower than the then average selling price available from Xue Hua of a comparable product.

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

Raw Materials	Purchase price
(a) GA	the average selling price (ex-factory price, exclusive of tax) of the comparable products charged by Xue Hua to its three largest customers (in terms of sales amount) (<i>Note 1</i>), to be deducted by packaging cost and transportation cost
(b) steam	the relevant assigned price level (<i>Note 2</i>) to be adjusted proportionately if triggered by a 10% movement of the market coal price from the then market level prevailing around the date of the Joint Venture Contract
(c) electricity	the relevant assigned price level (<i>Note 3</i>) to be adjusted proportionately if triggered by a 10% movement of the market coal price from the then market level prevailing around the date of the Joint Venture Contract
(d) starch	the relevant market price (<i>Note 4</i>) to be deducted by a fixed sum of (1) drying cost per tonne and (2) packaging cost per tonne
(e) sulfuric acid	the relevant market price (<i>Note 4</i>) to be deducted by a fixed sum of transportation cost per tonne

Notes:

1. If the aggregate sales amount of the three largest customers of Xue Hua constitute 60% or less of the aggregate sales volume of Xue Hua for the relevant period, the selling price charged to the fourth and (if applicable) the subsequent largest customer(s) of Xue Hua shall be included in the calculation of the average selling price to take the aggregate sales volume of such largest customers to just above 60% of the sales amount of Xue Hua.
2. Not less favourable than the market price level available from independent third parties prevailing around the date of the Raw Materials Purchase Agreement.
3. Not less favourable than the market price level available from independent third parties prevailing around the date of the Raw Materials Purchase Agreement.
4. The relevant market price refers to the lowest ex-factory price of comparable products of Xue Hua to be deducted by the corresponding packaging cost.

Historical Figures and Pricing Basis

For the two financial years ended 31 December 2007 and the 11 months ended 30 November 2008, the total aggregate amount of the Raw Materials purchased by the JV Company from Xue Hua amounted to approximately HK\$100,159,000, HK\$109,212,000 and HK\$114,798,000, respectively. The transaction amount for each of the three financial years ending 31 December 2008 was or is expected to be within the relevant annual caps as disclosed in the announcement and circular of the Company dated 23 December 2005 and 15 February 2006, respectively, which is RMB120,000,000 (equivalent to approximately HK\$135,600,000) for each of the three financial years ending 31 December 2008. The Company currently estimates that the annual total aggregate amount of the Raw Materials to be purchased by the JV Company from Xue Hua pursuant to the Raw Materials Purchase Agreement will not exceed the maximum cap of RMB200,000,000 (equivalent to approximately HK\$226,000,000) for each of the three financial years ending 31 December 2011. This estimate was based on (i) the actual production volume of Xue Hua in November of 2008; (ii) the anticipated production capacity of the JV Company; and (iii) the estimated amount of Raw Materials which may be required by the JV Company for producing GA and MSG 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 transactions contemplated under the Raw Materials Purchase Agreement are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reasons for entering into the Raw Materials Purchase Agreement

The Directors are of the view that the entering into of the Raw Materials Purchase Agreement will continue to allow the Group to establish a channel source in the PRC for the supply of Raw Materials to be used by the Group in the PRC. Further, Xue Hua is a company which produces the Raw Materials 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 the Raw Materials. The entering into of the Raw Materials Purchase Agreement will provide stable supply of the Raw Materials and cost benefits to the Group for its businesses.

The Directors (including the independent non-executive Directors) consider that the entering into of the Taiwan Agreements and the Raw Materials Purchase Agreement is in the ordinary course of business of the Group 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 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 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. It is a substantial shareholder of the JV Company holding 30% of the equity interest in the JV 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 and sale of fermentation-based amino acids, food additive products and cassava starch based products in Asia.

LISTING RULES REQUIREMENTS

As at the date of this announcement, 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, and Xue Hua is a substantial shareholder of the JV Company holding 30% of the equity interest in the JV Company, the transactions contemplated under each of the Taiwan Agreements and the Raw Materials Purchase Agreement therefore constitute 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 contemplated under each of the Taiwan Agreements is, on an annual basis, less than 2.5% 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 are exempt from the 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 contemplated under the Raw Materials Purchase Agreement is, on an annual basis, more than 2.5% and the annual consideration is more than HK\$10,000,000, such transactions are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

Since no shareholder of the Company is required to abstain from voting at the general meeting for the approval of the Raw Materials Purchase Agreement, and the Company has obtained a written approval dated 13 December 2008 from Billion Power, King International, Concord Worldwide and High Capital, a closely allied group of shareholders of the Company who together hold 884,563,097 shares of the Company (representing approximately 58.09% 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 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 Board has (i) formed an independent board committee to consider and advise the independent shareholders of the Company on the terms of the Raw Materials Purchase Agreement and the proposed annual caps in relation thereto for the three financial years ending 31 December 2011 and (ii) appointed an independent financial adviser to advise the independent board committee and the independent shareholders of the Company as to whether such transactions are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and its shareholders as a whole.

A circular containing, amongst other things, details of the Raw Materials Purchase Agreement and the proposed annual caps of the transactions contemplated thereunder for the three financial years ending 31 December 2011, the recommendation of the independent board committee and the advice of the independent financial adviser to the independent board committee and the independent shareholders of the Company will be dispatched to the shareholders of the Company as soon as practicable in compliance with the Listing Rules.

DEFINITIONS

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

“Agency Agreement”	the agreement in respect of the sale, distribution, supply and/or provision of the Group’s Product Portfolio to the Customers in the Group’s Exclusive Markets or in Taiwan dated 23 December 2008;
“ASEAN”	the Association of South East Asian Nations, a multi-national organisation established to promote economic co-operation and development amongst member countries, such member countries are, for the purpose herein, Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore and Thailand;
“Assets Transfer Agreement”	the agreement 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 the “Letter from the Board” contained in the circular of the Company dated 15 February 2006;
“associate(s) “	has the meaning ascribed thereto under the Listing Rules;
“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;
“Board”	the 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;
“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 per cent., 26.7 per cent., 26.7 per cent., and 19.9 per cent., respectively, all of whom together with Concord Worldwide Holdings Ltd., are members of the Yang Family. It directly holds 127,297,646 Shares as at the date of this announcement;

“connected person”	has the meaning ascribed thereto under the Listing Rules;
“Customers”	any purchaser or potential purchaser of any of the Group’s Product Portfolio in the Group’s Exclusive Markets or Taiwan (as the case may be);
“Director(s)”	the director(s) of the Company;
“Existing Agency Agreement”	the agreement in respect of the sale, distribution, supply and/or provision of the Group’s Product Portfolio to the Customers in the Group’s Exclusive Markets or in Taiwan dated 14 December 2005;
“Existing Raw Materials Purchase Agreement”	the agreement in respect of the supply of certain raw materials by Xue Hua to the JV Company entered into between Ordino, Xue Hua and the JV Company on 28 December 2005 as supplemented by a supplemental agreement dated 31 December 2006 entered into between Xue Hua and the JV Company;
“Existing Taiwan Agreements”	the Existing Technology Support Agreement, the Existing Taiwan Sales Agreement and the Existing Agency Agreement;
“Existing Taiwan Sales Agreement”	the agreement in respect of the sales of certain GA, MSG and cassava starch-based industrial products by the Group to the Taiwan Vedan Group dated 14 December 2005 as supplemented by a supplemental agreement dated 4 January 2007;
“Existing Technology Support Agreement”	the agreement in respect of the provision of certain technological support services by the Taiwan Vedan Group to the Group dated 14 December 2005 as supplemented by a supplemental agreement dated 4 January 2007;
“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;
“Group’s Exclusive Markets”	Vietnam, ASEAN countries and the PRC;
“Group’s Product Portfolio”	the products that are produced or proposed to be produced by the Group from time to time;

“High Capital”	High Capital Investments Limited, a company incorporated in the British Virgin Islands and beneficially owned by Messrs. Yang, Chen-Wen, Yang, Tung, Yang, Wen-Hu, Ms. Yang, Wen-Yin, Ms. Yang, Shu-Hui and Ms. Yang, Shu-Mei as to 26.33 per cent., 26.33 per cent., 26.33 per cent., 7 per cent., 7 per cent., and 7 per cent., respectively, all of whom, together with High Capital Investments Limited, are members of the Yang Family. It directly holds 127,297,646 Shares as at the date of this announcement;
“HK\$”	Hong Kong dollars, the lawful currency for the time being of the Hong Kong Special Administrative Region of the PRC;
“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;
“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 established by Ordino and Xue Hua pursuant to the Joint Venture Contract, and the equity interests in which are held as to 70% by Ordino and 30% by Xue Hua;
“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 per cent., 20 per cent., 20 per cent., and 20 per cent., respectively, all of whom, together with King International Limited, are members of the Yang Family. It directly holds 169,730,196 Shares as at the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Main Board”	the Stock Exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of 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 in respect of the renewal of the Existing Raw Materials Purchase Agreement dated 23 December 2008;

“Relevant Period”	for the Taiwan Sales Agreement and the Agency Agreement, the period from 1 January 2009 to 31 December 2011; and for the Technology Support Agreement, the period from 1 January 2009 to 31 December 2009;
“RMB” and “Renminbi”	Renminbi, the lawful currency of the PRC;
“Share(s)”	share(s) of US\$0.01 per share in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Taiwan Agreements”	the Technology Support Agreement, the Taiwan Sales Agreement and the Agency Agreement;
“Taiwan Sales Agreement”	the agreement in respect of the sales of certain GA, MSG and cassava starch-based industrial products by the Group to the Taiwan Vedan Group dated 23 December 2008;
“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 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 the announcement dated 23 December 2005;
“Technology Support Agreement”	the agreement in respect of the provision of certain technological support services by the Taiwan Vedan Group to the Group dated 23 December 2008;
“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 dollars” or “US\$”	the lawful currency of the United States of America;
“Vietnam Vedan”	Vedan (Vietnam) Enterprise Corporation Limited, a company incorporated under the laws of Vietnam and an indirect wholly-owned subsidiary of the Company;

* For identification purpose only

“Xiamen Mao Tai”	茂泰食品(廈門)有限公司 (Mao Tai Foods (Xiamen) Co., Ltd.), a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Xue Hua”	山東雪花生物化工股份有限公司 (Shandong Xue Hua Bio-chemical Co., Ltd.); 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, Concord Worldwide, High Capital, Taiwan Vedan, Tung Hai and Billion Power.

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

Hong Kong, 23 December 2008

As at the date of this announcement, the Board comprises the following members:—

Executive Directors:—

Mr. YANG, Tou-Hsiung
Mr. YANG, Cheng
Mr. YANG, Kun-Hsiang
Mr. YANG, Chen-Wen
Mr. WANG, Joel J.

Non-executive Directors:—

Mr. HUANG, Ching-Jung
Mr. CHOU, Szu-Cheng

Independent non-executive Directors:—

Mr. CHAO, Pei-Hong
Mr. KO, Jim-Chen
Mr. CHEN, Joen-Ray

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\$7.75, and conversion of RMB into HK\$ or vice versa has been calculated by using an exchange rate of RMB1 to HK\$1.13.