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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)

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 23 December 2008 relating to, amongst other things, the provision of certain technological support services by the Taiwan Vedan Group to the Group pursuant to the Existing Technology Support Agreement.

The Existing Technology Support Agreement will expire on 31 December 2009.

As the transactions contemplated under the Existing Technology Support Agreement are expected to continue after the expiration of its term, the Company and Taiwan Vedan have entered into the Technology Support Agreement on substantially the same terms as the Existing Technology Support Agreement and for a term of two years from 1 January 2010 to 31 December 2011, subject to compliance with the relevant requirements under the Listing Rules.

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, the transactions contemplated under the Technology Support 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 the Technology Support Agreement 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.

BACKGROUND

Reference is made to the announcement of the Company dated 23 December 2008 relating to, amongst other things, the provision of certain technological support services by the Taiwan Vedan Group to the Group pursuant to the Existing Technology Support Agreement.

The Existing Technology Support Agreement will expire on 31 December 2009.

As the transactions contemplated under the Existing Technology Support Agreement are expected to continue after the expiration of its term, the Company and Taiwan Vedan have entered into the Technology Support Agreement on substantially the same terms as the Existing Technology Support Agreement and for a term of two years from 1 January 2010 to 31 December 2011, subject to compliance with the relevant requirements under the Listing Rules.

TECHNOLOGY SUPPORT AGREEMENT

Nature of Transaction

Pursuant to the Technology Support Agreement dated 24 December 2009 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 each financial year 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 relevant financial year and shall be subject to a cap of US\$3,000,000 (equivalent to approximately HK\$23,250,000).

Historical Figures and Pricing Basis

For the two financial years ended 31 December 2008 and the 11 months ended 30 November 2009, the total aggregate amount of service fee paid by the Group to the Taiwan Vedan Group directly or through Tung Hai amounted to approximately US\$2,654,189, US\$2,796,713 and US\$1,641,130, respectively (equivalent to approximately HK\$20,569,965, HK\$21,674,526 and HK\$12,718,758, respectively). The transaction amount for each of the two financial years ended 31 December 2008 was 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) and the transaction amount for the financial year ending 31 December 2009 is expected to be within the relevant annual cap as disclosed in the announcement of the Company dated 23 December 2008, which is US\$1,700,000 (equivalent to approximately HK\$13,175,000).

The Company currently estimates that the annual total aggregate amount of service fee calculated at the rate described above will not exceed the maximum cap of US\$3,000,000 (equivalent to approximately HK\$23,250,000 for each of the two financial years ending 31 December 2011. This estimate was based on (i) the actual service fee paid by the Group to the Taiwan Vedan Group in the previous financial years and (ii) the estimated growth in market demand of the Group's Product Portfolio in Vietnam and the PRC.

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.

The Directors (including independent non-executive Directors) present at the board meeting of the Company for approving the Technology Support Agreement and the transactions contemplated thereunder (including the proposed annual cap(s) for such agreement) consider that the entering into of the Technology Support Agreement is in the ordinary and usual course of business of the Group and the terms and conditions of the Technology Support Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole. Mr. Yang, Tou-Hsiung, Mr. Yang, Cheng, Mr. Yang, Kun-Hsiang and Mr. Yang, Chen-Wen, being members of the Yang Family, the ultimate owner of Taiwan Vedan, had abstained from voting at such board meeting.

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 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, the transactions contemplated under the Technology Support 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 the Technology Support Agreement 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.

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;
“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;
“Director(s)”	the director(s) of the Company;
“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 23 December 2008;
“Group”	the Company and its subsidiaries;
“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;

“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;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan;
“Relevant Period”	the period from 1 January 2010 to 31 December 2011;
“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 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 in respect of the provision of certain technological support services by the Taiwan Vedan Group to the Group dated 24 December 2009;
“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;
“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; 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.

* *For identification purpose only*

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

Hong Kong, 24 December 2009

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

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.