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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)

MAJOR TRANSACTION
DISPOSAL OF ASSETS, LAND DEVELOPMENT AND
RIGHT OF FIRST REFUSAL

THE DISPOSAL

The Board is pleased to announce that after trading hours of the Stock Exchange on 9 September 2010, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Framework Agreement with the Purchaser, pursuant to which, amongst other things, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Interest and the Sale Property at an aggregate consideration of RMB150 million (approximately US\$22.04 million) plus certain additional amount, further details of which are set out in this announcement.

RIGHT OF FIRST REFUSAL

Pursuant to the Framework Agreement, the Purchaser has for nil consideration granted to the Vendor and/or its designated party(ies) a right of first refusal to purchase all or certain parts of New Property A, together with the corresponding land use rights, subject to the terms and conditions of the Framework Agreement.

LISTING RULES IMPLICATIONS

The profits ratio (as defined in the Listing Rules) in respect of the Disposal is more than 25% but less than 75%, the entering into of the Framework Agreement and the Disposal therefore constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are subject to the approval of the Shareholders. As no Shareholder has a material interest in the Framework Agreement and the transactions contemplated thereunder (including without limitation the Disposal) which is different from the other Shareholders, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Framework Agreement and the transactions contemplated thereunder (including without limitation the Disposal). Billion Power, King International, Concord Worldwide and High Capital, a closely allied group of Shareholders who together hold 884,563,097 shares of the Company (representing approximately 58.09% of the Company's issued shares) as at the date hereof, has given its written approval for the Framework Agreement and the transactions contemplated thereunder (including without limitation the Disposal). The written approval has been given in lieu of holding a general meeting to approve the Framework Agreement and the transactions contemplated thereunder (including without limitation the Disposal) pursuant to Rule 14.44 of the Listing Rules.

GENERAL

A circular containing, amongst other things, details of the Framework Agreement and the Disposal and other information as required under the Listing Rules will be dispatched to the Shareholders as soon as practicable in compliance with the Listing Rules.

THE DISPOSAL

The Board is pleased to announce that after trading hours of the Stock Exchange on 9 September 2010, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Framework Agreement with the Purchaser, pursuant to which, amongst other things, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Interest and the Sale Property, subject to the terms and conditions of the Framework Agreement.

RIGHT OF FIRST REFUSAL

Pursuant to the Framework Agreement, the Purchaser has for nil consideration granted to the Vendor and/or its designated party(ies) a right of first refusal to purchase all or certain parts of New Property A, together with the corresponding land use rights, subject to the terms and conditions of the Framework Agreement.

THE FRAMEWORK AGREEMENT

Summarised below are the principal terms of the Framework Agreement:

Date

9 September 2010

Parties

Vendor: 上海味丹企業有限公司 (Shanghai Vedan Enterprise Co. Ltd.*), an indirect wholly-owned subsidiary of the Company

Purchaser: 上海事澄泉實業發展有限公司 (Shanghai Shichengquan Development INC.*)

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Subject matter of the Framework Agreement

Sale Interest Disposal:

Pursuant to the Framework Agreement, the Vendor agreed to establish the Target Company and transfer Land A and Property A to the Target Company as capital contribution. Upon the establishment of the Target Company, the Target Company will become an indirect wholly-owned subsidiary of the Company, and the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Interest, being the Vendor's entire interest in the Target Company at the relevant time.

Within two weeks after Land A and Property A have been transferred to the Target Company, the parties shall apply for registration of the Sale Interest Disposal. The parties shall sign definitive agreement(s) and ancillary document(s) and complete the registration procedures in accordance with the terms of the Framework Agreement. Upon completion of the Sale Interest Disposal, the Target Company will cease to be a subsidiary of the Company.

If the Vendor fails to establish the Target Company and transfer Land A and Property A to the Target Company on or before 28 February 2011, the Framework Agreement shall lapse and be of no further effect, and the Vendor shall return to the Purchaser all payments which have been made by the Purchaser as consideration for the Sale Interest and the Sale Property.

Right of First Refusal:

Pursuant to the Framework Agreement, the Purchaser has for nil consideration granted to the Vendor and/or its designated party(ies) a right of first refusal to purchase all or certain parts of New Property A, together with the corresponding land use rights. The Vendor may exercise such right after the legal conditions for transfer of New Property A as a construction-in-progress are satisfied and/or after New Property A has satisfied conditions of use by passing the completion inspection (as the case may be). The consideration for such transfer shall be determined on the basis of the actual site area occupied by such properties, at the price of RMB0.6 million per 667 sq.m. and the actual construction costs of such New Property A.

The parties agreed that upon completion of the Sale Interest Disposal, the Vendor shall be entitled to use Property A for nil consideration until three months after New Property A has satisfied conditions of use by passing the completion inspection. The Vendor shall determine whether to purchase New Property A or to relocate to other regions during the three-month period mentioned above. In the event that the Vendor is unable to use Property A as mentioned above due to the demolition of such property by the Purchaser or upon the request of the government, the Purchaser shall pay a relocation fee of RMB1.50 million (approximately US\$0.22 million) to the Vendor.

Development of Land B and Sale Property Disposal:

Pursuant to the Framework Agreement, after Land A and Property A are transferred to the Target Company, the Purchaser shall assist the Vendor to engage a construction company for development of Land B and construction of Property B. If the construction costs of Property B have exceeded the budget, the Purchaser shall increase the advance payment to the Vendor, failing which the Vendor shall have the right to terminate the Framework Agreement.

Within two weeks after the legal conditions for the Sale Property Disposal have been satisfied, the Purchaser shall acquire the entire interest in the Sale Property, being the interest in Land B and the interest in Property B as a construction-in-progress. The parties shall sign definitive agreement(s) and ancillary document(s) and complete the registration procedures in accordance with the terms of the Framework Agreement.

If the parties are unable to complete the transfer of the Sale Property due to policy reasons, the Sale Property shall be transferred to the Purchaser after completion of the construction of Property B and its passing of the completion inspection. In such circumstances, the Vendor shall, after retaining the advance payments for construction costs of Property B in accordance with the terms of the Framework Agreement, return to the Purchaser all payments made by the Purchaser for the Sale Property Disposal.

Consideration for the Disposal

The consideration for the Sale Interest Disposal shall be the aggregate of RMB131.91 million (approximately US\$19.38 million) and the amount representing the cash deposited by the Vendor into the bank account of the Target Company and maintained in such account as at the date of application for registration of the Sale Interest Disposal.

The consideration for the Sale Property Disposal shall be the aggregate of RMB18.09 million (approximately US\$2.66 million) for the disposal of Land B, the actual construction costs incurred by the Vendor for construction of Property B prior to the date of application for registration of the Sale Property Disposal and the taxes and government fees in relation thereto paid by the Vendor (if any). The Purchaser shall be responsible for all the unsettled debts in relation to the construction of Property B after completion of the Sale Property Disposal.

The consideration for the Disposal was determined after taking into account, amongst other things, the unaudited net book value of approximately RMB39.15 million, RMB36.79 million, RMB9.88 million and RMB0.18 million (approximately US\$5.75 million, US\$5.40 million, US\$1.45 million and US\$0.03 million, respectively) of Land A, Property A, Land B and the assets to be transferred by the Vendor to the Target Company as at 31 August 2010, respectively, and arm's length negotiations between the Vendor and the Purchaser on normal commercial terms.

Payment of consideration

The consideration for the Disposal shall be paid by the Purchaser in the following manner:

- (a) within seven business days after the signing of the Framework Agreement, the Purchaser shall pay RMB20 million (approximately US\$2.94 million) (inclusive of RMB0.1 million (approximately US\$0.01 million) earnest money paid by the Purchaser) to the Vendor as first payment and as advance payment for construction costs of Property B;
- (b) prior to submission of the documents in relation to the Sale Interest Disposal to the relevant authorities for registration, the Purchaser shall pay the consideration for the Sale Interest Disposal by way of a cashier order issued by a bank; and
- (c) prior to submission of the documents in relation to the Sale Property Disposal to the relevant authorities for registration, the Purchaser shall pay the balance of the consideration for the Sale Property Disposal, being the aggregate consideration for the Sale Property Disposal less any advance payment(s) made by the Purchaser for construction costs of Property B from time to time, by way of a cashier order issued by a bank.

Condition precedent

Completion of the Disposal is conditional upon the approval of the Framework Agreement and the transactions contemplated thereunder by the Shareholders in accordance with the Listing Rules having been obtained.

Breach of agreement

In the event of the happening of any of the following events, the Vendor shall be deemed to have materially breached the Framework Agreement:

- (a) the Vendor transfers Land A and Property A to parties other than the Purchaser and its designated party(ies) after the first payment of the consideration for the Disposal as mentioned above has been paid by the Purchaser;

- (b) the Vendor fails to register the Sale Interest Disposal intentionally after the Purchaser has fully settled the consideration for the Sale Interest; and
- (c) the Vendor fails to register the Sale Property Disposal intentionally after the Purchaser or its designated party(ies) has fully settled the consideration for the Sale Property.

In any of the circumstances mentioned above, the Vendor shall return to the Purchaser all payments which have been paid by the Purchaser and shall pay a penalty fee of RMB10 million (approximately US\$1.47 million) to the Purchaser. The Purchaser is also entitled to terminate the Framework Agreement.

In the event of the happening of any of the following events, the Purchaser shall be deemed to have materially breached the Framework Agreement:

- (a) the Purchaser fails to pay the consideration for the Sale Interest in accordance with the payment schedule after Land A and Property A have been transferred to the Target Company as capital contribution;
- (b) the Purchaser fails to pay the construction costs in excess of the budgeted amount during the development of Land B in accordance with the Framework Agreement;
- (c) the Purchaser or its designated party(ies) fails to fully settle the consideration for the Sale Property in accordance with the payment schedule and all relevant taxes in relation to such disposal; and
- (d) the Purchaser has impaired the right of first refusal of the Vendor in respect of New Property A.

In any of the circumstances mentioned above, the Vendor shall be entitled to forfeit all payments which have been paid by the Purchaser, and a penalty fee of RMB10 million (approximately US\$1.47 million) to be paid by the Purchaser. The Vendor is also entitled to terminate the Framework Agreement.

INFORMATION ON THE TARGET COMPANY

Subject to compliance with the relevant PRC laws and regulations, the Target Company will be established in the PRC by the Vendor and will become an indirect wholly-owned subsidiary of the Company upon its establishment. Subject to and upon completion of the Sale Interest Disposal, the Target Company will cease to be a subsidiary of the Company and will be wholly-owned by the Purchaser.

The land and properties to be owned by the Target Company will consist of Land A and Property A, which are used by the Vendor as office premises and manufacturing and packaging workshops. The unaudited net book value of Land A and Property A are set out in the subparagraph headed “Consideration for the Disposal” in the paragraph headed “The Framework Agreement above”.

INFORMATION ON THE SALE PROPERTY

Land B is a vacant industrial site situated at Song Jiang Lot CD-08-018 Che Dun Town, Song Jiang District, Shanghai City, the PRC. The total site area of Land B is approximately 20,120 sq.m.. It is intended that Property B will be constructed on Land B and disposed to the Purchaser together with Land B.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group intends to continue its business operation in Shanghai after the Disposal. The Directors consider that it is in the Group’s interest to realize additional cash inflow of approximately RMB125.80 million (approximately US\$18.48 million) for the Group’s working capital through the Disposal, whereas at the same time retaining a right of first refusal to acquire all or certain parts of New Property A in accordance with its business needs at an opportune time in the future. The terms of the Framework Agreement were arrived at after arm’s length negotiations between the Vendor and the Purchaser and on normal commercial terms. Taking into account the above reasons, the Directors consider that the terms of the Framework Agreement are fair and reasonable and the entering into of the Framework Agreement is in the best interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The Group intends to apply the sale proceeds from the Disposal as the working capital of the Group. The Group also intends to apply part of such amount for acquisition of all or certain parts of New Property A if it exercises the right of first refusal granted to it by the Purchaser under the Framework Agreement.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon completion of the Sale Interest Disposal, the Group will cease to have any interest in the Target Company and accordingly, the financial results of the Target Company will not be consolidated in the accounts of the Group. With reference to the unaudited financial statements of the Vendor as at 31 August 2010 and the consideration for the Sale Interest Disposal, it is estimated that upon completion of the Sale Interest Disposal, a gain on disposal of approximately RMB55.79 million (approximately US\$8.19 million) will be recorded. Such amount is based on the initial consideration of RMB131.91 million (approximately US\$19.38 million) of the Sale Interest Disposal less the total unaudited net book value of Land A, Property A and the relevant assets to be transferred to the Target Company of RMB76.12 million (approximately US\$11.18 million) as at 31 August 2010.

Upon completion of the Sale Property Disposal, the Group will cease to hold any interests in the Sale Property. With reference to the unaudited financial statement of the Vendor as at 31 August 2010, the net book value of the Sale Property was approximately RMB9.88 million (approximately US\$1.45 million). It is estimated that upon completion of the Sale Property Disposal, the Group will record a gain on disposal of approximately RMB8.21 million (approximately US\$1.21 million), which is based on the initial consideration of RMB18.09 million (approximately US\$2.66 million) of the Sale Property Disposal less the net book value of Land B of approximately RMB9.88 million (approximately US\$1.45 million).

INFORMATION ON 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.

INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC. The current principal activities of the Purchaser include, amongst other things, the development and leasing of production workshops.

LISTING RULES IMPLICATIONS

The profits ratio (as defined in the Listing Rules) in respect of the Disposal is more than 25% but less than 75%, the entering into of the Framework Agreement and the Disposal therefore constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are subject to the approval of the Shareholders. As no Shareholder has a material interest in the Framework Agreement and the transactions contemplated thereunder (including without limitation the Disposal) which is different from the other Shareholders, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Framework Agreement and the transactions contemplated thereunder (including without limitation the Disposal). Billion Power, King International, Concord Worldwide and High Capital, a closely allied group of Shareholders who together hold 884,563,097 shares of the Company (representing approximately 58.09% of the Company's issued shares) as at the date hereof, has given its written approval for the Framework Agreement and the transactions contemplated thereunder (including without limitation the Disposal). The written approval has been given in lieu of holding a general meeting to approve the Framework Agreement and the transactions contemplated thereunder (including without limitation the Disposal) pursuant to Rule 14.44 of the Listing Rules.

GENERAL

A circular containing, amongst other things, details of the Framework Agreement and the Disposal and other information as required under the Listing Rules will be dispatched to the Shareholders 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:

“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;
“Director(s)”	the director(s) of the Company;
“Disposal”	the Sale Interest Disposal and the Sale Property Disposal;
“Framework Agreement”	the agreement in respect of, amongst other things, the Sale Interest Disposal and the Sale Property Disposal dated 9 September 2010;
“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, 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;
“Hong Kong”	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;
“Land A”	a parcel of land situated at No. 158 Cheshin Road, Che Dun Town, Song Jiang District, Shanghai City, the PRC with a site area of approximately 144,582 sq.m. to be transferred by the Vendor to the Target Company pursuant to the Framework Agreement;
“Land B”	a parcel of land situated at Song Jiang Lot CD-08-018, Che Dun Town, Song Jiang Region, Shanghai City, the PRC with a site area of approximately 20,120 sq.m., to be disposed of by the Vendor to the Purchaser together with Property B pursuant to the Framework Agreement;
“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;
“New Property A”	new buildings to be constructed on designated area of Land A after completion of the Sale Interest Disposal;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan;

“Property A”	the buildings registered in the property ownership certificate of Land A as buildings erected on Land A, with a total gross floor area of approximately 28,000 sq.m., comprising offices and production workshops on Land A;
“Property B”	the new buildings to be constructed on Land B, which shall include the construction-in-progress;
“Purchaser”	上海事澄泉實業發展有限公司 (Shanghai Shichengquan Development INC.*);
“Sale Interest”	the entire equity interest in the Target Company;
“Sale Interest Disposal”	disposal of the Sale Interest to the Purchaser by the Vendor pursuant to the Framework Agreement;
“Sale Property”	Land B and Property B to be disposed of by the Vendor to the Purchaser pursuant to the Framework Agreement;
“Sale Property Disposal”	disposal of the Sale Property to the Purchaser by the Vendor pursuant to the Framework Agreement;
“Share(s)”	share(s) of US\$0.01 per share in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s) from time to time;
“sq.m.”	square metre;
“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;

“Target Company”	the company to be established by the Vendor in the PRC and to be named as 上海星尚實業發展有限公司, subject to compliance of the PRC laws and regulations;
“US\$”	the lawful currency of the United States of America;
“Vendor”	上海味丹企業有限公司 (Shanghai Vedan Enterprise Co. Ltd.*), 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, 東海醱酵工業股份有限公司 (Tung Hai Fermentation Industrial Co., Ltd.*) and Billion Power.

By Order of the Board of
Vedan International (Holdings) Limited
Yang, Tou-Hsiung
Chairman and Executive Director

Hong Kong, 9 September 2010

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 RMB into US\$ or vice versa has been calculated by using an exchange rate of RMB6.8067 to US\$1.

* For identification purposes only