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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)

**ANNOUNCEMENT
AND
RESUMPTION OF TRADING**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules in response to a newspaper article published in Ming Pao Daily on 15 January 2010.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 10:00 a.m. on 15 January 2010 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 18 January 2010.

THE ENVIRONMENTAL ISSUES

Reference is made to the announcements of the Company dated 25 September 2008 and 9 October 2008 respectively (collectively the “**Announcements**”). Capitalised terms not otherwise defined in this announcement shall have the same meaning as in the Announcements.

As disclosed in the Announcements, Vietnam Vedan had been under the Inspection by the Inspection Unit since mid-September 2008 in respect of the Environmental Issues. On 8 October 2008, Vietnam Vedan received the Decision from the Inspection Unit. According to the Decision, Vietnam Vedan had been in violation of certain environmental laws in Vietnam and, amongst other things, Vietnam Vedan is required to (a) pay the Environmental Fees in the amount of approximately US\$7.6 million; (b) compensate the damage suffered by relevant parties in accordance with the legal requirements if such damage is caused by Vietnam Vedan; and (c) implement remedial measures.

The Board noted there was a newspaper article published in Ming Pao Daily on 15 January 2010 (the “**Article**”) reporting that, amongst other things, (a) the local farmers affected by the Environmental Issues (“**Claimants**”) have claimed the Company for compensation of more than US\$31 million (“**Claimed Amount**”) but the Company has refused to make such payment; (b) four factories of Vietnam Vedan which produce monosodium glutamate (“**MSG**”), cassava starch and lysine, etc. have ceased operation, with 67% of the production capacity of MSG being temporarily suspended; (c) the Company has fully paid the Environmental Fees in the amount of approximately US\$6.9 million to the relevant authorities in Vietnam; and (d) the profit of the Company for the year 2008 was only around US\$8.4 million.

The Board would like to clarify as follows:

- a. The Claimed Amount has been unilaterally made by the Claimants. Vietnam Vedan has only agreed to pay reasonable compensation to the Claimants, with the exact amount to be determined. Vietnam Vedan is in the process of conducting on-site inspection with the relevant environmental institution in Vietnam for the purpose of ascertaining the level of responsibility to be borne by Vietnam Vedan for the Environmental Issues. Vietnam Vedan will endeavour to reach consensus with such environmental institution within a reasonable period of time.
- b. To comply with the relevant environmental standards, four factories of Vietnam Vedan have suspended operation temporarily, three of such factories produce polyglutamic acid, lysine and native starch respectively, and the fourth one generates electricity. The factory which produces MSG, the major product of the Group, is still in operation, with 33% (not 67% as reported in the Article) of its production capacity being temporarily suspended. Vietnam Vedan has arranged for the affected employees to take up other job duties within Group to utilize human resources effectively.

- c. As at the date of this announcement, Vietnam Vedan has fully paid the Environmental Fees in the amount of approximately US\$7.6 million (not US\$ 6.9 million as reported in the Article) to the relevant authorities in Vietnam.
- d. The Environmental Fees of approximately US\$7.6 million have been recognized as a one-off fee incurred in 2008. Profit of the Group for the year ended 2008 in the amount of approximately US\$8.4 million was the net profit for the year after taking into account the payment of Environmental Fees. Further, as published in the interim report of the Company for the six months ended 30 June 2009, the net profit of the Group for the six months ended 30 June 2009 amounted to approximately US\$8.3 million.
- e. As at the date of this announcement, the Directors do not consider that the Environmental Issues have any material adverse impact on the business operations or management of the Group.

RESUMPTION OF TRADING AND GENERAL

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 10:00 a.m. on 15 January 2010 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 18 January 2010.

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Further announcement will be made by the Company on any significant development regarding the Environmental Issues in such circumstances if so required in compliance with the requirements of the Listing Rules. Investors and shareholders of the Company are advised to take caution when dealing in the Shares.

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

Hong Kong, 15 January 2010

As at the date of this announcement, the board of directors of the Company 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