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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **VEDAN INTERNATIONAL (HOLDINGS) LIMITED**, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser(s) or the transferee(s).

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**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)**

**PROPOSALS FOR GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE SHARES  
RE-ELECTION OF RETIRING DIRECTORS  
REVISED ANNUAL CAP FOR  
CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders in relation to the continuing connected transactions**



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A notice convening the annual general meeting of the Company to be held at Alexandra Room, 2/F, Mandarin Oriental Hotel, 5 Connaught Road, Central, Hong Kong on Monday, 22 June 2009 at 3:00 p.m. is set out on pages 37 to 41 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete the form of proxy accompanying the notice of the annual general meeting in accordance with the instructions printed thereon and return it together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of that power of attorney or authority to the Company's principal place of business in Hong Kong, at Suite 3706, 37th Floor, Shun Tak Centre, West Tower, 200 Connaught Road Central, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the annual general meeting or any adjourned meeting. Completion of the form of proxy and its return to the Company will not preclude you from attending, and voting at, the annual general meeting if you so wish and in such event, the form of proxy will be deemed to be revoked.

20 May 2009

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held at Alexandra Room, 2/F, Mandarin Oriental Hotel, 5 Connaught Road, Central, Hong Kong on 22 June 2009 at 3:00 p.m., or any adjournment thereof;
“Articles of Association”	the articles of association of the Company;
“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 Latest Practicable Date;
“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 Latest Practicable Date;
“connected person”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	the director(s) of the Company;

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## DEFINITIONS

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“Existing Cap”	the existing maximum aggregate annual amount of the sales of the Products permitted under the Taiwan Sales Agreement;
“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;
“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 Latest Practicable Date;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Directors comprising all the independent non-executive Directors, namely Mr. Chao, Pei-Hong, Mr. Ko, Jim-Chen and Mr. Chen, Joen-Ray;
“Independent Financial Adviser”	Celestial Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Board to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions;
“Independent Shareholders”	Shareholders other than Billion Power, Concord Worldwide, High Capital, King International and their respective associates;

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## DEFINITIONS

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“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 Latest Practicable Date;
“Latest Practicable Date”	18 May 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“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;
“PRC”	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Products”	GA, MSG and cassava starch-based industrial products manufactured by the Group from time to time;
“Revised Caps”	the revised maximum aggregate annual amounts of the sales of the Products as amended by the Supplemental Taiwan Sales Agreement;

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;
“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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Taiwan Sales Agreement”	the supplemental agreement dated 29 April 2009 between the Company and Taiwan Vedan supplemental to the Taiwan Sales Agreement;
“Taiwan Sales Agreement”	the agreement in respect of the sales of the 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);
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Transactions”	the transactions contemplated under the Taiwan Sales Agreement as supplemented by the Supplemental Taiwan Sales Agreement;
“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;

\* For identification purpose only

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## DEFINITIONS

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“US dollars” or “US\$”	United States dollars, the lawful currency of the United States of America; 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 the purpose of this circular, conversion of US\$ into HK\$ or vice versa has been calculated by using an exchange rate of US\$1 to HK\$7.75.*

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LETTER FROM THE BOARD

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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)**

*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, Sze-Cheng

*Independent Non-executive Directors:*

Mr. Chao, Pei-Hong  
Mr. Ko, Jim-Chen  
Mr. Chen Joen-Ray

*Registered Office:*

Century Yard  
Cricket Square  
Hutchins Drive  
P.O. Box 2681 GT  
George Town  
Grand Cayman  
British West Indies

*Principal place of business*

*in Hong Kong:*

Suite 3706, 37th Floor  
Shun Tak Centre, West Tower  
200 Connaught Road Central  
Hong Kong

20 May 2009

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE SHARES  
RE-ELECTION OF RETIRING DIRECTORS  
REVISED ANNUAL CAP FOR  
CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the AGM for, amongst other things, (i) the granting of the general mandates to repurchase and issue Shares to the Directors; (ii) the re-election of retiring Directors; and (iii) the approval of the Transactions and the Revised Caps.



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## LETTER FROM THE BOARD

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### 2. GENERAL MANDATES TO REPURCHASE AND TO ISSUE SHARES

At the annual general meeting of the Company held on 27 May 2008, ordinary resolutions were passed, amongst other things, giving general mandates to the Directors (a) to repurchase the Shares on the Stock Exchange (or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange for that purpose) of up to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at 27 May 2008; and (b) to allot, issue and deal with the Shares with an aggregate nominal value not exceeding the sum of (i) 20 per cent. of the aggregate nominal value of the share capital of the Company in issue as at 27 May 2008, and (ii) (authorised by a separate ordinary resolution as required by the Listing Rules) the aggregate nominal amount of Shares repurchased by the Company.

Under the terms of the Articles of Association, the Listing Rules and/or any applicable laws, these general mandates will lapse at the conclusion of the annual general meeting of the Company for 2009 (i.e. the AGM), unless renewed at that meeting. Resolutions will be proposed at the AGM to approve the granting of general mandates to the Directors:

- (a) to repurchase Shares on the Stock Exchange (or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange for that purpose) of up to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of such resolution, namely, up to a maximum of 152,274,200 Shares on the basis that the issued share capital of the Company comprised 1,522,742,000 Shares as at the date of the AGM; and
- (b) to allot, issue and deal with the Shares with an aggregate nominal value not exceeding the sum of (i) 20 per cent. of the aggregate nominal value of the share capital of the Company in issue as at the date of passing such resolution, namely, up to a maximum of 304,548,400 Shares on the basis that the issued share capital of the Company comprised 1,522,742,000 Shares as at the date of the AGM, and (ii) (authorised by a separate ordinary resolution as required by the Listing Rules) the aggregate nominal amount of Shares repurchased by the Company.

The general mandates will continue in force until the conclusion of the next annual general meeting of the Company held after the AGM or any earlier date as referred to in ordinary resolutions number (4) and (5) set out in the notice of the AGM. The explanatory statement as required by the Listing Rules to be sent to the Shareholders in connection with the proposed repurchase mandate is set out in Appendix I to this circular.

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## LETTER FROM THE BOARD

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### 3. RE-ELECTION OF DIRECTORS

According to Article 87 of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Mr. Yang, Tou-Hsiung, Mr. Yang, Cheng and Mr. Chao, Pei-Hong will retire from office by rotation in accordance with Article 87 of the Articles of Association and being eligible, will offer themselves for re-election at the AGM.

Details of the Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

### 4. REVISED ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS

On 30 April 2009, the Directors announced that the Company had entered into the Supplemental Taiwan Sales Agreement with Taiwan Vedan to increase the Existing Cap under the Taiwan Sales Agreement. Further details of the Transactions are set out below.

#### **Background**

Reference is made to the announcement and the circular of the Company dated 23 December 2008 and 13 January 2009, respectively, relating to, amongst other things, the Taiwan Sales Agreement in respect of the sale of the Products to the Taiwan Vedan Group for use in Taiwan during the period from 1 January 2009 to 31 December 2011. 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.

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## LETTER FROM THE BOARD

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The entering into of the Taiwan Sales Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the Existing 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 were only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and were exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

### **Proposal to Revise the Existing Cap**

The Group is principally engaged in the manufacturing and sale of, amongst other things, fermentation-based amino acids. The fermentation process produces wastewater and fermentation liquors as resultant by-products. As such, the Group has adopted various environmental protection measures at its production facilities to reduce any possible environmental impacts which may be associated with such by-products, including the installation of equipment to process and convert the fermentation liquors to certain feed additive products and fertilizer products for onward sales. Since the beginning of 2009, the Group has been allocating more of its resources to improve its environmental protection measures. As a result, the productivity of such feed additive products and fertilizer products, which are part of the Products to be sold by the Group to the Taiwan Vedan Group under the Taiwan Sales Agreement, has increased substantially, and the sales volume of the Products under the Taiwan Sales Agreement has been greater than the previous projection. It has come to the attention of the Company on or around 15 April 2009 that the aggregate amount of sales of the Products to the Taiwan Vedan Group for the period from 1 January 2009 up to 31 March 2009 amounted to approximately US\$1,677,505 (equivalent to approximately HK\$13,000,664), representing approximately 98.68% of the Existing Cap of US\$1,700,000 (equivalent to approximately HK\$13,175,000). On such basis, the Company expected that the Existing Cap will be exceeded for the financial year ending 31 December 2009 if the Group continues to sell the Products to the Taiwan Vedan Group for the rest of the year. Accordingly, the Group has discontinued all transactions with the Taiwan Vedan Group under the Taiwan Sales Agreement with effect from 15 April 2009 until all relevant requirements of the Listing Rules have been complied with. So far as the Directors are aware, as at the Latest Practicable Date, the aggregate amount of sales of the Products to the Taiwan Vedan Group under the Taiwan Sales Agreement is approximately US\$2,275,625 (equivalent to approximately HK\$17,636,094), and such amount has exceeded the Existing Cap by approximately US\$575,625 (equivalent to approximately HK\$4,461,094).

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## LETTER FROM THE BOARD

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In view of the above, the Company and Taiwan Vedan entered into the Supplemental Taiwan Sales Agreement to increase the Existing Cap under the Taiwan Sales Agreement, details of which are set out in the paragraph headed “Supplemental Taiwan Sales Agreement” below.

### **Supplemental Taiwan Sales Agreement**

Principal terms of the Supplemental Taiwan Sales Agreement are as follows:

#### ***Date***

29 April 2009

#### ***Parties***

The Company (as seller) and Taiwan Vedan (as buyer)

#### ***Revised Caps***

The Company and Taiwan Vedan entered into the Supplemental Taiwan Sales Agreement to increase the Existing Cap under the Taiwan Sales Agreement to the Revised Caps of US\$4,000,000, US\$4,800,000 and US\$4,800,000 (equivalent to approximately HK\$31,000,000, HK\$37,200,000 and HK\$37,200,000, respectively) for the three financial years ending 31 December 2009, 2010 and 2011, respectively. The Transactions (including the Revised Caps) are subject to the approval of the Independent Shareholders. The Revised Caps have been determined based on (i) the total aggregate amount of sales of the Products to the Taiwan Vedan Group for the period from 1 January 2009 to the date of announcement of the Company dated 30 April 2009; (ii) the projected growth in the production and the sales amount of feed additive products and fertilizer products in light of the environmental protection improvement plans as explained above; (iii) the production and marketing policy of the Group in respect of the Products; and (iv) the estimated market demand for the Products in Taiwan.

Save for the Revised Caps, all other terms of the Taiwan Sales Agreement shall remain in full force and effect.

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## LETTER FROM THE BOARD

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### **Reasons for and Benefits of the Transactions**

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. The Directors (including the independent non-executive Directors having regard to the advice from the Independent Financial Adviser) consider that the 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 the 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 Latest Practicable Date 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**

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 Latest Practicable Date. The Transactions therefore constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the Existing Cap for the financial year ending 31 December 2009 has been exceeded, the Company is required under Rule 14A.36(1) of the Listing Rules to re-comply with the reporting, announcement and independent shareholders' approval requirements for the Transactions as applicable.

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## LETTER FROM THE BOARD

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As the Revised Caps under the Taiwan Sales Agreement represent more than 2.5% of the consideration ratio (as defined in the Listing Rules) on an annual basis, and such amounts have, on an annual basis, exceeded HK\$10,000,000, the Transactions and the Revised Caps are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Accordingly, the Group will seek the Independent Shareholders' approval of the Transactions and the Revised Caps by way of poll at the AGM. Billion Power, Concord Worldwide, High Capital, King International and their respective associates will abstain from voting in relation to the resolution(s) approving the Transactions and the Revised Caps.

The Company will comply with the relevant provisions under Chapter 14A of the Listing Rules in the event that the aggregate annual amount of the sales of the Products under the Taiwan Sales Agreement shall exceed the Revised Caps, or that there is any material amendment to the terms of such agreement.

### **Independent Board Committee and Independent Financial Adviser**

An Independent Board Committee has been formed to consider and advise the Independent Shareholders on the Transactions and the Revised Caps for the three financial years ending 31 December 2011, and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the Transactions and the Revised Caps 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 the Shareholders as a whole.

### **5. ANNUAL GENERAL MEETING**

Notice of the AGM is set out on pages 37 to 41 of this circular. A form of proxy for use at the AGM is enclosed. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of that power of attorney or authority to the Company's principal place of business in Hong Kong, at Suite 3706, 37th Floor, Shun Tak Centre, West Tower, 200 Connaught Road Central, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting. Completion of the form of proxy and its return to the Company will not preclude you from attending, and voting at, the AGM if you so wish and in such event, the form of proxy will be deemed to be revoked.

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## LETTER FROM THE BOARD

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Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the AGM will be taken by poll. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### 6. RECOMMENDATIONS

The Directors believe that the resolutions number (1) to (6) as set out in the notice of the AGM are all in the interests of the Company and its shareholders. Accordingly, the Directors recommend you to vote in favour of all such resolutions to be proposed at the AGM.

The Independent Financial Adviser considers that the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group. In addition, the terms of the Transactions and the Revised Caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole and as such, the Independent Board Committee should recommend the Independent Shareholders to vote in favour of the resolution number (7) to approve the Transactions and the Revised Caps to be proposed at the AGM. The full text of the letter from the Independent Board Committee is set out on page 14 of this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and the terms of the Transactions and the Revised Caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution number (7) to approve the Transactions and the Revised Caps to be proposed at the AGM. The full text of the letter from the Independent Board Committee is set out on page 14 of this circular.

### 7. ADDITIONAL INFORMATION

Your attention is drawn to (a) the letter from the Independent Board Committee set out on page 14 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Transactions and the Revised Caps; (b) the letter from the Independent Financial Adviser set out on pages 15 to 24 of this circular which contains, amongst other things, its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Transactions and the Revised Caps; and (c) the additional information set out in the appendices to this circular.

Yours faithfully,

**Yang, Kun-Hsiang**

*Executive Director and Chief Executive Officer*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)**

20 May 2009

*To the Independent Shareholders*

Dear Sir or Madam,

#### CONTINUING CONNECTED TRANSACTIONS

We have been appointed as members of the Independent Board Committee to advise you in connection with the Transactions and the Revised Caps, details of which are set out in the letter from the Board contained in a circular dated 20 May 2009 to the Shareholders (the "**Circular**"), of which this letter forms a part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Your attention is drawn to the "Letter from the Independent Financial Adviser", containing its advice to us regarding the fairness and reasonableness of the terms of the Transactions and the Revised Caps as set out on pages 15 to 24 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 6 to 13 of the Circular and the additional information set out in appendix III to the Circular.

Having considered the advice of the Independent Financial Adviser, we consider that the Transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and the terms of the Transactions and the Revised Caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the AGM to approve the Transactions and the Revised Caps.

Yours faithfully,

**Vedan International (Holdings) Limited**

**Mr. Chao, Pei-Hong    Mr. Ko, Jim-Chen    Mr. Chen, Joen-Ray**

*Independent Board Committee*



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Celestial Capital Limited dated 20 May 2009 prepared for incorporation in this circular.*



**Celestial Capital Limited**

21/F, Low Block, Grand Millennium Plaza

181 Queen's Road Central

Hong Kong

20 May 2009

*To the Independent Board Committee and  
the Independent Shareholders*

Dear Sir or Madam,

### **REVISED ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions and the Revised Caps, particulars of which are set out in paragraph 4 of the letter from the Board (the "Letter from the Board") as contained in the circular dated 20 May 2009 (the "Circular") issued by the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 30 April 2009. On 29 April 2009, the Company and Taiwan Vedan entered into the Supplemental Taiwan Sales Agreement to increase the Existing Cap under the Taiwan Sales Agreement for the three financial years ending 31 December 2011.

Taiwan Vedan is one of the controlling Shareholders holding indirectly approximately 30.22% of the entire issued share capital of the Company as at the Latest Practicable Date and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As the Revised Caps represent more than 2.5% of the consideration ratio (as defined in the Listing Rules) on an annual basis and the annual consideration exceeds HK\$10,000,000, the Transactions and the Revised Caps are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Chao, Pei-Hong, Mr. Ko, Jim-Chen and Mr. Chen, Joen-Ray, has been established to advise the Independent Shareholders as to whether the Transactions and the Revised Caps are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. In this regard, we have been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Transactions and the Revised Caps.

### **BASIS OF OUR OPINION**

In formulating our opinion and recommendation in relation to the Transactions and the Revised Caps, we have relied on the information, facts and representations provided by, and the opinions expressed by, the Directors and the management of the Company and its subsidiaries. We have also relied on the information, facts and representations contained or referred to in the Circular and have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continue to be true and accurate on the date of the Circular. We have also assumed that all statements of beliefs, and opinions made by the Directors in the Circular were reasonably made after due enquiry and the expectations and intentions made by the Directors and the management of the Company and its subsidiaries will be met or carried out as the case may be. We consider that we have reviewed sufficient information on which to form a reasonable basis for our opinion and have no reason to doubt the truth, accuracy and completeness of the information, facts and representations provided to us by the Directors, the management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors and the management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have relied on such information and opinions and have not, however, carried out any independent verification of the information provided by the Company, nor have we conducted any independent investigation into the business and affairs of the Group, the Taiwan Vedan Group or their future prospects.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Transactions and the Revised Caps. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation regarding the Transactions and the Revised Caps, we have considered the following principal factors and reasons:

**1. Background of and reasons for entering into the Supplemental Taiwan Sales Agreement**

The Group is principally engaged in the manufacturing and sale of fermentation-based amino acids, food additive products and cassava starch based products in Asia.

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 holding indirectly approximately 30.22% of the entire issued share capital of the Company as at the Latest Practicable Date.

As set out in the Letter from the Board, 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.

References are made to the announcement and the circular of the Company dated 23 December 2008 and 13 January 2009 respectively, relating to, amongst other things, the Taiwan Sales Agreement in respect of the sale of the Products by the Group to the Taiwan Vedan Group for use in Taiwan during the period from 1 January 2009 to 31 December 2011. Pursuant to the Taiwan Sales Agreement, the Existing Cap for each of the three financial years ending 31 December 2011 was determined to be US\$1,700,000 (equivalent to approximately HK\$13,175,000).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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On or around 15 April 2009, the Directors were aware that the aggregate amount of sales of the Products to the Taiwan Vedan Group for the three months ended 31 March 2009 was approximately US\$1,677,505 (equivalent to approximately HK\$13,000,664), representing approximately 98.68% of the Existing Cap. On such basis, the Company expected that the Existing Cap would be exceeded for the financial year ending 31 December 2009 if the Group continues to sell the Products to the Taiwan Vedan Group for the rest of the year. Accordingly, the Group has discontinued all the Transactions with the Taiwan Vedan Group with effect from 15 April 2009 until all relevant requirements of the Listing Rules have been complied with. For the four months ended 30 April 2009, the aggregate amount of sales of the Products to the Taiwan Vedan Group under the Taiwan Sales Agreement was approximately US\$2,275,625 (equivalent to approximately HK\$17,636,094), which has exceeded the Existing Cap by approximately US\$575,625 (equivalent to approximately HK\$4,461,094).

In view of the above, on 29 April 2009, the Company and Taiwan Vedan entered into the Supplemental Taiwan Sales Agreement to increase the Existing Cap under the Taiwan Sales Agreement for the three financial years ending 31 December 2011. As the Supplemental Taiwan Sales Agreement only governs the sale of the Products by the Group to the Taiwan Vedan Group, which are part of the Group's principal businesses, we are of the opinion that entering into the Supplemental Taiwan Sales Agreement and the Transactions are in line with the ambit of the business currently run by the Group and are entered into in the ordinary and usual course of the Group's businesses.

### **2. Key terms of the Supplemental Taiwan Sales Agreement**

The Company has confirmed that since the execution and approval of the Taiwan Sales Agreement, the Transactions have been carried out according to the terms of the Taiwan Sales Agreement.

The Supplemental Taiwan Sales Agreement is only a supplemental agreement of the Taiwan Sales Agreement. Save for the Revised Caps for the three financial years ending 31 December 2011, all other terms of the Taiwan Sales Agreement remain in full force and effect.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. The Existing Cap and the Revised Caps

Set out below are the Existing Cap and the Revised Caps for each of the three financial years ending 31 December 2011:

	<b>Existing Cap for each of the three financial years ending 31 December 2011</b>	<b>Revised Cap for the year ending 31 December</b>		
		<b>2009</b>	<b>2010</b>	<b>2011</b>
In US\$	1,700,000	4,000,000	4,800,000	4,800,000
(equivalent to HK\$)	13,175,000	31,000,000	37,200,000	37,200,000
Year on year increase (%)	–	–	20%	–

### 4. Reasons and basis for determining the Revised Caps

We have reviewed the relevant information provided by the Company and have discussed with the management of the Company on the basis of determining the Revised Caps and formed our opinion below. As advised by the Company, the Revised Caps have been determined based on, amongst other things, (i) the increase in sales of certain fertilizer products to the Taiwan Vedan Group during the four months ended 30 April 2009; (ii) the projected growth in the production and the sales amount of fertilizer products in light of the environmental protection improvement plans and the production and marketing policy of the Company; and (iii) the estimated market demand for fertilizer products.

***(i) Increase in sales of certain fertilizer products to the Taiwan Vedan Group during the four months ended 30 April 2009***

As confirmed by the management of the Company, the substantial increase in the sales amount of the Products to the Taiwan Vedan Group during the four months ended 30 April 2009 was mainly stem from the increase in the sales volume of certain fertilizer products. The Company has also confirmed to us that, except for such fertilizer products, the sales of other relevant Products to the Taiwan Vedan Group have been stable during the period.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the Letter from the Board, the fermentation process produces wastewater and fermentation liquors as resultant by-products. Fermentation liquors contain amino acids, bacterial proteins and other nutrients which can be condensed and turned into fertilizers and animal feeds. The Group has adopted various environmental protection measures at its production facilities to reduce any possible environmental impacts which may be associated with such by-products, including installation of equipment to process and convert the fermentation liquors to certain feed additive products and fertilizer products for onward sales.

As set out in the Company's annual report 2008, in September 2008, the Group's Vietnam plant was under inspection by the Vietnam Environmental Protection Administration for certain environmental issues and was required to, among other things, improve and upgrade its environmental protection equipment. Since then, the production of MSG of the Group's Vietnam plant has been reduced and the Group has begun to implement remedial measures including, among other things, upgrading the three existing sets of wastewater treatment equipment at the plant, drawing up plan to install two new sets of wastewater treatment equipment and additional recycling facilities such as special condensation equipment and a solid fertilizer plant.

The Company's management has advised us that, since the beginning of 2009, the environmental protection equipment of the Group's Vietnam plant has been gradually improved and the production of MSG and certain fertilizer products (as by-products) have also been steadily resumed. The Directors noted that the sales of such fertilizer products to independent third parties of the Group has increased but in a slower pace as compared to the increase in the Group's production of fertilizer products. As a result, the Group's inventory of such fertilizer products has been piled up and, since February 2009, the storage capacity of the Group's warehouses for such fertilizer products was saturated and certain fertilizer products were placed outdoor. The Company's management has further advised us that, since it will soon be the rainy season in Vietnam, such fertilizer products stored outdoor would be damaged or washed away by the rain and flow into the river which may cause other environmental issues to the Group. The Group therefore resolved to reduce the inventory level of such fertilizer products promptly by selling such inventory through the Taiwan Vedan Group's sales network. We noted from the sales analysis provided by the Company that, for March 2009, the sales of fertilizer products to the Taiwan Vedan Group by the Group amounted to approximately US\$917,500 (equivalent to approximately HK\$7,110,625), representing approximately 54% of the Existing Cap. As a result, the Group's sales of fertilizer products to the Taiwan Vedan Group increased significantly during the four months ended 30 April 2009 as compared to that of the four months ended 31 December 2008.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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***(ii) The projected growth in the production and the sales amount of fertilizer products in light of the environmental protection improvement plans, and the production and marketing policy of the Company***

As mentioned in point (i) above, the Group is in the process of upgrading/expanding its wastewater treatment equipment and expanding the production facilities in its solid fertilizer plants. The Directors currently expect the major equipment for related works to be delivered in around June 2009, and the installation and testing of such equipment to be completed at the earliest in the third quarter of 2009. The Group currently expects to resume the production of MSG in full capacity in the fourth quarter of 2009 while the operation of the new expanded solid fertilizer plant is also expected to commence by the end of this year. The Directors expect that both of the production capacity of liquid and solid fertilizers will increase by approximately 60% for the year ending 31 December 2009 and further increase by approximately 93% for the years ending 31 December 2010 and 2011 as compared to those of 2009.

Besides, as mentioned in the Company's annual report 2008, it is the Group's plan to grow its fertilizer business into one of its major business segments. In addition to the existing fertilizer products, the Group will also invest in developing specialised fertilizer to address various needs of different vegetations and other new fertilizer types. The management of the Company considered that the Group has to continue to rely on the Taiwan Vedan Group's sales network before its own fertilizer sales network is well established. Therefore, it is necessary for the Group to increase the Existing Cap under the Taiwan Sales Agreement in order to cater for its future business expansion.

***(iii) The estimated market demand for fertilizer products***

As advised by the management of the Company, the fermentation liquors produced during the fermentation process contain lots of nutrients such as amino acids, bacterial proteins and other nutrients, including phosphates, nitrogen, potash and other minerals substances, and can be condensed and turned into organic fertilizers. The management of the Company also estimated that due to the increasing environmental consciousness over the world, demands for organic fertilizers will increase steadily. According to certain reports and articles from the Food and Agriculture Organization of the United Nation, there has been growing demand for organic fertilizers as concern about pollution and the loss of biodiversity grows. Besides, the Taiwan Vedan Group has been establishing sales network for these fertilizer products with markets which emphasize on environmental protection such as the United States and European markets since 1997. Currently, the Taiwan Vedan

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Group has also been selling fertilizer products in Taiwan, Japan and Korea. In order to capture the economic potentials of the increasing trend of demanding organic fertilizers, the Directors are of the opinion that the Group can take the advantages on the established sales network of the Taiwan Vedan Group in selling its fertilizer products before its own fertilizer sales network is established.

Therefore, the Directors are of the view that the continuous sale of the Products to the Taiwan Vedan Group will generate additional income to the Group, and it is economically effective and in the interests of the Group by selling the Products through the Taiwan Vedan Group. In view of the above, we consider the increase in the Existing Cap so as to accommodate the increasing sales volume of certain fertilizer products to be sold by the Group to the Taiwan Vedan Group is in the interest of the Company and the Shareholders as a whole.

### **5. Price of the Products to be sold to the Taiwan Vedan Group**

Pursuant to the Taiwan Sales Agreement, the price of the Products payable by the Taiwan Vedan Group to the Group shall be determined in accordance with the price charged by the Group to other customers independent of the Group in respect of the relevant Products.

We have reviewed the sales invoices to third parties and the Taiwan Vedan Group by the Group respectively provided by the Company and noted that the price of the Products payable by the Taiwan Vedan Group to the Group is within the range of prices charged by the Group to third parties in respect of the relevant Products.

We have also noted that the price of the Products sold by the Group has been relatively stable over time. The Company expects that there will not be substantial changes in the prices of the Products during the three years ending 31 December 2011.

Therefore, we concur with the Company's view and consider that there is a fair and reasonable basis in arriving at the price of the Products to be sold to the Taiwan Vedan Group for the three financial years ending 31 December 2011 under the Supplemental Taiwan Sales Agreement for the purpose of determining the Revised Caps.

Based on the above, we consider that the Revised Caps of US\$4,000,000, US\$4,800,000 and US\$4,800,000 respectively (equivalent to approximately HK\$31,000,000, HK\$37,200,000 and HK\$37,200,000 respectively) for each of the three financial years ending 31 December 2011 is fair and reasonable for the purpose of accommodating the Transactions under the Taiwan Sales Agreement.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 6. The conditions

As the Revised Caps represent more than 2.5% of the consideration ratio (as defined in the Listing Rules) on an annual basis, and the annual consideration exceeds HK\$10,000,000, the Transactions and the Revised Caps are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors confirmed that the Company will comply with the relevant provisions under Chapter 14A of the Listing Rules, pursuant to which,

- (i) the values of the Transactions must be restricted by the Revised Caps under the Supplemental Taiwan Sales Agreement;
- (ii) the Transactions must be (a) entered into in the ordinary and usual course of business of the Group; (b) conducted on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to independent third parties; and (c) entered into in accordance with the terms of the Taiwan Sales Agreement (as supplemented by the Supplemental Taiwan Sales Agreement) that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (iii) the terms of the Transactions (including the Revised Caps) must be reviewed by the independent non-executive Directors annually and included in the Company's subsequent published annual reports and financial accounts.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among others, that the Transactions are carried out in accordance with the pricing policies of the Company and the Revised Caps are not being exceeded. In the event that the aggregate annual amount of the Transactions shall exceed the Revised Caps, or that there is any material amendment to the terms of the Taiwan Sales Agreement and the Supplemental Taiwan Sales Agreement, the Company shall comply with the applicable requirements of the Listing Rules.

Given the above stipulated requirements, we consider that there are appropriate measures in place to monitor the Transactions (including the Revised Caps), and hence the interests of the Shareholders would be safeguarded.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### CONCLUSION

Having considered the above principal factors and reasons, we are of the view that the Transactions are on normal commercial terms and are in ordinary and usual course of business of the Group. Moreover, we are of the view that the terms of the Transactions and the Revised Caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution number (7) to approve the Transactions and the Revised Caps to be proposed at the AGM.

Yours faithfully,

For and on behalf of

**Celestial Capital Limited**

**Benson Chan**

*Managing Director*

**Michael Lam**

*Executive Director*

*The following contains the particulars that are required by the Listing Rules to be sent to the Shareholders in connection with the proposed general mandate for repurchase of Shares:*

- (a) The proposed general repurchase mandate will authorise the repurchase by the Company of up to 10 per cent. of the Shares in issue at the date of passing the resolution to approve the general repurchase mandate. As at the Latest Practicable Date, the number of Shares in issue was 1,522,742,000 Shares. On the basis of such figure (and assuming no new Shares will be issued or no Share will be repurchased after the Latest Practicable Date and up to the date of passing of such resolution), exercise in full of the general repurchase mandate would result in the repurchase by the Company of up to 152,274,200 Shares.
- (b) The Directors believe that the general authority from the Shareholders to enable repurchase of Shares is in the interests of the Company and the Shareholders. Such repurchases may, depending on the circumstances and the market conditions, lead to an increase in net assets and/or earnings per Share. The Directors are seeking the grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The number(s) of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances and the market conditions then pertaining.
- (c) The funds required for any repurchase would be derived from the distributable profits of the Company legally available for such purpose in accordance with the Company's constitutive documents, the Listing Rules and the applicable laws of the Cayman Islands.
- (d) In the event that the general repurchase mandate were exercised in full at any time during the proposed repurchase period, there could be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent audited accounts for the year ended 31 December, 2008). However, the Directors do not propose to exercise the general repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing level which in the opinion of the Directors is from time to time appropriate for the Company.

- (e) There are no Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any associates (as defined in the Listing Rules) of the Directors of the Company who have a present intention, in the event that the general repurchase mandate is granted by the Shareholders, to sell Shares to the Company.
- (f) The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the general mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.
- (g) As at the Latest Practicable Date, to the best of the Directors' knowledge:
  - (i) King International, Concord Worldwide, High Capital, Yang, Tou-Hsiung, Yang Cheng, Yang, Wen-Chung, Yang, Ching-Han, Yang, Kun-Chou, Yang, Kun-Hsiang, Yang, Yung-Huang, Yang, Yung-Jen, Yang, Chen-Wen, Yang, Tung, Yang, Wen-Hu, Yang, Wen-Yin, Yang, Shu-Hui, Yang, Shu-Mei, Taiwan Vedan and Billion Power were the controlling shareholders of the Company and together held an aggregate of approximately 58.09% of the issued share capital of the Company as at such date. On such basis, if the Directors exercise in full the repurchase mandate, then the aggregate percentage of shareholding of such controlling shareholders in the Company would increase to 64.54%, but such increase will not give rise to any obligation under Rule 26 of the Takeovers Code to make a mandatory offer.
  - (ii) Billion Power held an aggregate of approximately 30.22% of the issued share capital of the Company as at such date. On such basis, if the Directors exercise in full the repurchase mandate, then the aggregate percentage of such shareholding in the Company would increase to 33.58%. Such increase may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. At present, the Directors do not intend to exercise the repurchase mandate to such extent as will give rise to such obligation.
- (h) No purchase of Shares has been made by the Company in the six months prior to the Latest Practicable Date.

- (i) No connected persons (as defined in the Listing Rules) of the Company have notified the Company of a present intention to sell Shares to the Company and no such persons have undertaken not to sell Shares to the Company in the event that the general repurchase mandate is granted by shareholders of the Company.
- (j) The highest and lowest prices at which Shares were traded on the Stock Exchange in each of the previous twelve months (and May 2009 through to the Latest Practicable Date) are as follows:

	<b>Highest</b> <i>(HK\$)</i>	<b>Lowest</b> <i>(HK\$)</i>
May 2008	0.750	0.560
June 2008	0.630	0.480
July 2008	0.620	0.520
August 2008	0.630	0.570
September 2008	0.620	0.360
October 2008	0.380	0.210
November 2008	0.390	0.230
December 2008	0.480	0.370
January 2009	0.450	0.310
February 2009	0.430	0.350
March 2009	0.400	0.305
April 2009	0.410	0.340
May 2009 (through to the Latest Practicable Date)	0.510	0.380

*This appendix sets out the details of each of the Directors proposed to be re-elected at the Annual General Meeting pursuant to Rule 13.74 of the Listing Rules:*

**Mr. Yang, Tou-Hsiung**, aged 66, the Chairman and an executive Director of the Company. Mr. Yang, Tou-Hsiung graduated from Taichung Min Der Commercial Vocational High School. Mr. Yang, Tou-Hsiung has approximately 46 years' working experience in the MSG industry and is one of the founders of Taiwan Vedan. Mr. Yang, Tou-Hsiung is responsible for formulating the Group's overall corporate strategy. Mr. Yang, Tou-Hsiung is a director of Vedan (Vietnam) Enterprise Corporation Limited ("**Vietnam Vedan**"), an indirect wholly-owned subsidiary of the Company and a director of Billion Power and Taiwan Vedan. Mr. Yang, Tou-Hsiung indirectly holds approximately 19.77 per cent. interest in Taiwan Vedan. Mr. Yang, Tou-Hsiung is also a director and a shareholder of King International, a company which is beneficially owned by Mr. Yang, Tou-Hsiung as to 40 per cent. King International, Billion Power and Taiwan Vedan, together with various other parties, are the controlling shareholders of the Company. Mr. Yang, Tou-Hsiung is a member of the Yang Family. Mr. Yang, Tou-Hsiung is the elder brother of Mr. Yang, Cheng and the cousin of Mr. Yang Kun-Hsiang and Mr. Yang, Chen-Wen. Mr. Yang, Cheng, Mr. Yang Kun-Hsiang and Mr. Yang, Chen-Wen are executive directors of the Company.

Mr. Yang, Tou-Hsiung has entered into a service agreement with the Company for a term of three years commencing on 27 June 2003 and thereafter shall continue from year to year until terminated by the giving of not less than three months' prior notice in writing thereof by either party to the other. In accordance with the service agreement, Mr. Yang, Tou-Hsiung is entitled to an annual remuneration of US\$280,000. After each completed year of service, the remuneration payable to Mr. Yang, Tou-Hsiung may, subject to the discretion of the Directors, be increased by not more than 15 per cent. He is also eligible to a discretionary bonus as the Board may determine, the amount of which is computed based on audited combined/consolidated profit after taxation and minority interests (and after the payment of such bonus) but before extraordinary items for the relevant year ("**Adjusted Profit**") of the Company and the specified percentage applicable to each level of the Adjusted Profit. Mr. Yang, Tou-Hsiung is also entitled to reimbursement of traveling expenses in the sum of US\$3,000 per quarter of each year of service. Mr. Yang, Tou-Hsiung was entitled to director's emoluments of US\$776,000 for the year ended 31 December 2008. The emoluments of Mr. Yang, Tou-Hsiung have been determined by the Company with reference to his qualification and experience, responsibilities undertaken, contribution to the Group, and the prevailing market level of remuneration for executives of similar position.

Pursuant to Part XV of the SFO, as at the Latest Practicable Date, Mr. Yang, Tou-Hsiung was deemed to be interested in 169,730,196 Shares held by King International by reason that he was entitled to exercise or control the exercise of one-third of the voting power of King International. Mr. Yang, Tou-Hsiung had not been a director in any other listed public companies in the past three years. Save as disclosed above, Mr. Yang, Tou-Hsiung does not have any relationship with any other Directors or senior management or any substantial or controlling shareholders of the Company. Mr. Yang, Tou-Hsiung has not been and is not involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. There is no other matter which needs to be brought to the attention of the Shareholders in relation to the proposed re-election of Mr. Yang, Tou-Hsiung as an executive Director of the Company.

**Mr. Yang, Cheng**, aged 54, an executive Director of the Company. Mr. Yang, Cheng had approximately 33 years' working experience in the MSG industry. Mr. Yang, Cheng is responsible for formulating the Group's business development strategy. Mr. Yang, Cheng is also a director of Vietnam Vedan, Billion Power and Taiwan Vedan. He indirectly holds approximately 9.89 per cent. interest in Taiwan Vedan. Mr. Yang, Cheng is also a director and a shareholder of King International, a company which is beneficially owned by Mr. Yang, Cheng as to 20 per cent. King International, Billion Power and Taiwan Vedan, together with various other parties, are the controlling shareholders of the Company. Mr. Yang, Cheng is a member of the Yang Family. Mr. Yang, Cheng is the younger brother of Mr. Yang, Tou-Hsiung and the cousin of Mr. Yang Kun-Hsiang and Mr. Yang, Chen-Wen. Mr. Yang, Cheng, Mr. Yang Kun-Hsiang and Mr. Yang, Chen-Wen are executive directors of the Company. Mr. Yang, Cheng is also a member of Taiwan MSG Manufacturing Association. Mr. Yang, Cheng holds an EMBA Degree from Xiamen University in China in 2004.

Mr. Yang, Cheng has entered into a service agreement with the Company for a term of three years commencing on 27 June 2003 and thereafter shall continue from year to year until terminated by the giving of not less than three months' prior notice in writing thereof by either party to the other. In accordance with the service agreement, Mr. Yang, Cheng is entitled to an annual remuneration of US\$200,000. After each completed year of service, the remuneration payable to Mr. Yang, Cheng may, subject to the discretion of the Directors, be increased by not more than 15 per cent. He is also eligible to a discretionary bonus as the Board may determine, the amount of which is computed based on the Adjusted Profit of the Company and the specified percentage applicable to each level of the Adjusted Profit. Mr. Yang, Cheng is also entitled to reimbursement of traveling expenses in the sum of US\$3,000 per quarter of each year of service. Mr. Yang, Cheng was entitled to director's emoluments of US\$392,000 for the year ended 31 December 2008. The emoluments of Mr. Yang, Cheng have been determined by the Company with reference to his qualification and experience, responsibilities undertaken, contribution to the Group, and the prevailing market level of remuneration for executives of similar position.

As at the Latest Practicable Date, Mr. Yang, Cheng did not have any interests in the Shares within the meaning of Part XV of the SFO. Mr. Yang, Cheng had not been a director in any other listed public companies in the past three years. Save as disclosed above, Mr. Yang, Cheng does not have any relationship with any other Directors or senior management or any substantial or controlling shareholders of the Company. Mr. Yang, Cheng has not been and is not involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. There is no other matter which needs to be brought to the attention of the Shareholders in relation to the proposed re-election of Mr. Yang, Cheng as an executive Director of the Company.

**Mr. Chao, Pei-Hong**, aged 47, an independent non-executive Director and a member of the audit committee of the Company. Mr. Chao, Pei-Hong obtained a bachelor degree in law in 1984 and a master degree in law from Soochow University, Taiwan in 1986 and a master degree in law from the University of Houston in 1992. Mr. Chao, Pei-Hong is an executive partner of Jurist Law Offices, a law firm in Taiwan. Mr. Chao, Pei-Hong has approximately 16 years' experience in his practice.

Mr. Chao, Pei-Hong has entered into a service agreement with the Company for a term of one year commencing on 27 June 2003 and thereafter shall continue from year to year until terminated by the giving of one month's notice in writing thereof by either party to the other. Mr. Chao, Pei-Hong is entitled to reimbursement of traveling expenses in the sum of US\$3,000 per quarter of each year of service. Mr. Chao, Pei-Hong was entitled to director's emoluments of US\$12,000 for the year ended 31 December 2008. The reimbursement amount of the traveling expenses payable to Mr. Chao, Pei-Hong is determined by reference to the estimated amount of traveling expenses to be incurred by Mr. Chao, Pei-Hong in each quarter of each year of service.

Pursuant to Part XV of the SFO, Mr. Chao, Pei-Hong was interested in 500,000 Shares as at the Latest Practicable Date. Mr. Chao, Pei-Hong had not been a director in any other listed company in Hong Kong in the past three years. Mr. Chao, Pei-Hong does not have any relationship with any other Directors or senior management or any substantial or controlling shareholders of the Company. Mr. Chao, Pei-Hong has not been and is not involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. There is no other matter which needs to be brought to the attention of the Shareholders in relation to the proposed re-election of Mr. Chao, Pei-Hong as an independent non-executive Director of the Company.



**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

**DISCLOSURE OF DIRECTORS' INTERESTS**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange, were as follows:

**Long position in shares of the Company**

<b>Name of Director</b>	<b>Number of Shares in which interested</b>	<b>Percentage holdings</b>
Mr. Yang, Tou-Hsiung	169,730,196 <i>(Note 1)</i>	11.15%
Mr. Huang, Ching-Jung	200,000	0.01%
Mr. Chao, Pei-Hong	500,000	0.03%

*Notes:*

1. Mr. Yang, Tou-Hsiung's interest in Shares are held in the following capacities:

<b>Capacity</b>	<b>Number of Shares</b>
Interest of company controlled by him	169,730,196*

\* *Mr. Yang, Tou-Hsiung is entitled to exercise or control the exercise of more than one-third of the voting power of King International and King International is the holder of such 169,730,196 Shares.*

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

As at the Latest Practicable Date, none of the Directors:

- (a) had any direct or indirect interests in any assets which have since 31 December 2008 (being the date to which the latest published audited accounts of the Group were made up) been acquired or disposed of by or leased to any members of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group; and
- (b) was materially interested in any contracts or arrangements entered into by any members of the Group subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.
- (c) are aware of any material adverse change in the financial or trading position or prospect of the Group since 31 December 2008, the date to which the latest published audited financial statements of the Group were made up.

## SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Number of Shares interested or deemed to be interested (long position)	Percentage holdings
Billion Power ( <i>Note 5</i> )	460,237,609 ( <i>Note 1</i> )	30.22%
Taiwan Vedan ( <i>Note 5</i> )	460,237,609 ( <i>Note 1</i> )	30.22%
King International ( <i>Note 5</i> )	169,730,196 ( <i>Note 2</i> )	11.15%
Concord Worldwide ( <i>Note 5</i> )	127,297,646 ( <i>Note 3</i> )	8.36%
High Capital ( <i>Note 5</i> )	127,297,646 ( <i>Note 4</i> )	8.36%

*Notes:*

1. Taiwan Vedan is entitled to exercise or control the exercise of more than one-third of the voting power of Billion Power and is therefore taken to be interested in these 460,237,609 Shares held by Billion Power.
2. The capacity of King International in holding the 169,730,196 Shares was as beneficial owner.
3. The capacity of Concord Worldwide in holding the 127,297,646 Shares was as beneficial owner.
4. The capacity of High Capital in holding the 127,297,646 Shares was as beneficial owner.

5. The following table shows the posts of the Directors or proposed Directors held in the above companies respectively as at the Latest Practicable Date:

<b>Name of Director</b>	<b>Posts</b>
Messrs. Yang, Tou-Hsiung, Yang, Cheng and Yang Kun-Hsiang	Directors of Billion Power
Messrs. Yang, Tou-Hsiung, Yang, Cheng, Yang, Kun-Hsiang and Yang, Chen-Wen	Directors of Taiwan Vedan
Messrs. Yang, Tou-Hsiung and Yang, Cheng	Directors of King International
Mr. Yang, Kun-Hsiang	Director of Concord Worldwide
Mr. Yang, Chen-Wen	Director of High Capital

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executives of the Company, there was no other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were recorded in the register to be kept by the Company under Section 336 of the SFO.

### **SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

### **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, four Directors of the Company, namely, Messrs. Yang, Tou-Hsiung, Yang, Cheng, Yang, Kun-Hsiang and Yang, Chen-Wen, were also directors of the Group's controlling shareholder, Taiwan Vedan. In addition, Messrs. Yang, Tou-Hsiung, Yang, Cheng, Yang, Kun-Hsiang and Yang, Chen-Wen indirectly held approximately 19.77 per cent., 9.89 per cent., 6.18 per cent., and 8.24 per cent. interest in Taiwan Vedan respectively and they were therefore considered as having an interest in Taiwan Vedan under Rule 8.10 of the Listing Rules.

The Taiwan Vedan Group is principally engaged in, inter alia, the production of food additive products, including MSG products, and beverages in Taiwan, which may compete with the Group's business operations in respect of the product portfolio of the Group.

Since Messrs. Yang, Tou-Hsiung and Yang, Cheng are both responsible only for the overall strategic planning and the business development of the Taiwan Vedan Group and the Group and the daily operations of the Group are managed by Messrs. Yang, Kun-Hsiang and Yang, Chen-Wan with an independent management team, the Directors are of the view that the management and the operational functions of the Group are independent of and separate from those of other members of the Taiwan Vedan Group.

For safeguarding the interests of the Group, the independent non-executive Directors and the audit committee of the Company would on a regular basis review the business and operational results of the Group to ensure, inter alia, that the Group's business operations in respect of the product portfolio of the Group is and continues to be run on the basis that it is independent of, and at arm's length from, that of Taiwan Vedan.

#### **QUALIFICATIONS OF THE EXPERT**

The following are the qualifications of the expert who has been named in this circular or has given opinions or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Celestial Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of the circular with the inclusion herein of its letter or references to its name in the form and context in which they appear.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any direct or indirect interests in any assets which have since 31 December 2008 (being the date to which the latest published audited accounts of the Group were made up) been acquired or disposed of by or leased to any members of the Group, or which were proposed to be acquired or disposed of by or leased to any members of the Group.

**DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Taiwan Sales Agreement and the Supplemental Taiwan Sales Agreement are available for inspection during normal business hours at the principal place of business in Hong Kong of the Company at Suite 3706, 37th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong up to and including 12 June 2009.

**MISCELLANEOUS**

- The principal place of business of the Company in Hong Kong is at Suite 3706, 37th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong.
- The company secretary of the Company is Lo Chi Man, a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, and a practising certified public accountant in Hong Kong.
- In the event of inconsistency, the English text of this circular prevails over the Chinese text.

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## NOTICE OF ANNUAL GENERAL MEETING

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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)**

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Shareholders of Vedan International (Holdings) Limited will be held at Alexandra Room, 2/F, Mandarin Oriental Hotel, 5 Connaught Road, Central, Hong Kong on 22 June 2009 (Monday) at 3:00 p.m. for the purpose of transacting the following business:

As ordinary business:

- (1) To receive and consider the Statement of Accounts and the Reports of the Directors and Auditors for the year ended 31 December 2008.
- (2) To re-elect retiring Directors
  - (a) Mr. Yang, Tou-Hsiung
  - (b) Mr. Yang, Cheng
  - (c) Mr. Chao, Pei-Hong.
- (3) To re-appoint PricewaterhouseCoopers as Auditors of the Company and authorise the Directors to fix their remuneration.

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## NOTICE OF ANNUAL GENERAL MEETING

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As special business, to consider and, if thought fit, to pass with or without modification the following resolutions as ordinary resolutions:

### ORDINARY RESOLUTIONS

(4) “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to purchase shares (“**Shares**”) in the capital of the Company be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Code on Share Repurchases pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution (4), and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution (4), “**Relevant Period**” means the period from the passing of this Resolution (4) until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
  - (iii) the revocation or variation of the authority given under this Resolution (4) by ordinary resolution of shareholders of the Company in general meeting.”

(5) “**THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;



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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) any executive or employee share option or incentive scheme, or (ii) a Rights Issue, or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company, shall not exceed the aggregate of:
  - (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution (5); plus
  - (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (5) (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution (5)),

and the said approval shall be limited accordingly; and

- (d) for the purposes of this Resolution (5):

“**Relevant Period**” means the period from the passing of this Resolution (5) until whichever is the earliest of:

- (aa) the conclusion of the next annual general meeting of the Company;
- (bb) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (cc) the revocation or variation of the approval given under this Resolution by ordinary resolution of shareholders of the Company in general meeting; and

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## NOTICE OF ANNUAL GENERAL MEETING

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“**Rights Issue**” means an offer of shares, or an offer of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the Company or by the Directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

- (6) “**THAT** the general mandate granted to the Directors of the Company to exercise the powers of the Company to allot, issue and deal with any additional Shares pursuant to Resolution (5) above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution (4) above, provided that such extended amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution (6).”
- (7) “**THAT:**
- (a) the sales agreement dated 23 December 2008 entered into between the Company and 味丹企業股份有限公司 (Vedan Enterprise Corporation\*) (“**Taiwan Vedan**”) in respect of the sales of GA, MSG and cassava starch-based industrial products manufactured by the Company and its subsidiaries to Taiwan Vedan and its subsidiaries (“**Taiwan Sales Agreement**”) as supplemented by the supplemental sales agreement dated 29 April 2009 entered into between the Company and Taiwan Vedan (“**Supplemental Taiwan Sales Agreement**”) (copies of which have been produced to the meeting and marked “A” and “B” and initialed by the chairman of the meeting for the purpose of identification), the terms thereof and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
  - (b) the revised annual caps for the transactions contemplated under the Taiwan Sales Agreement as supplemented by the Supplemental Taiwan Sales Agreement for the three financial years ending 31 December 2009, 2010 and 2011, being US\$4,000,000, US\$4,800,000 and US\$4,800,000 (equivalent to approximately HK\$31,000,000, HK\$37,200,000 and HK\$37,200,000, respectively) (“**Revised Caps**”), respectively, be and are hereby approved, confirmed and ratified; and

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) any one Director of the Company, or any two Directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do or take all such actions or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in the Taiwan Sales Agreement as supplemented by the Supplemental Taiwan Sales Agreement.”

By Order of the Board  
**Lo Chi Man**  
*Company Secretary*

Hong Kong, 20 May 2009

*Principal place of business in Hong Kong:*

Suite 3706, 37th Floor  
Shun Tak Centre, West Tower  
200 Connaught Road Central  
Hong Kong

*Notes:*

1. A form of proxy for use at the Annual General Meeting is enclosed.
2. Any member of the Company entitled to attend and vote at a meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company.
3. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of that power of attorney or authority, must be deposited with the Company's principal place of business in Hong Kong at Suite 3706, 37th Floor, Shun Tak Centre, West Tower, 200 Connaught Road Central, Hong Kong, not less than 48 hours before the time appointed for the holding of the annual general meeting or adjourned meeting.
4. In the case of joint holders of any Share, any one of such persons may vote at the annual general meeting, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at the annual general meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.

\* *For identification purpose only*