
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 together with the enclosed form of proxy 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 under the laws of the Cayman Islands with limited liability)

(Stock code: 02317)

CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser to the Independent Board Committee
and Independent Shareholders**



Celestial Capital Limited

A letter from the Board is set out on pages 6 to 12 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out on pages 13 to 14 of this circular.

A letter from Celestial Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 15 to 27 of this circular.

A notice convening the EGM to be held at Kellett Room III, 3/F, The Excelsior Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Monday, 15 December 2014 at 3:00 p.m. is set out on pages 34 to 35 of this circular. Shareholders are advised to read the notice of the EGM set out on pages 34 to 35 of this circular.

Whether or not you are able to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's principal place of business in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

28 November 2014

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DEFINITIONS

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

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| “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 512,082,512 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 Mr. Yang, Kun-Chou, Mr. Yang, Kun-Hsiang, Mr. Yang, Yung-Huang and Mr. Yang, Yung-Jen as to 28.3%, 30%, 13.4% and 28.3% 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(s)” | has the meaning ascribed thereto under the Listing Rules; |
| “controlling shareholder(s)” | has the meaning ascribed thereto under the Listing Rules; |
| “Director(s)” | the director(s) of the Company; |

DEFINITIONS

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|-----------------------------------|---|
| “EGM” | the extraordinary general meeting of the Company to be held and convened at Kellett Room III, 3/F, The Excelsior Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Monday, 15 December 2014 at 3:00 p.m. for the Independent Shareholders to consider and, if thought fit, to approve the Taiwan Sales Agreement and the transactions contemplated thereunder, or any adjournment thereof; |
| “Existing Taiwan Sales Agreement” | the agreement in respect of the sales of certain GA, MSG and cassava starch-based industrial products by the Group to the Taiwan Vedan Group dated 23 December 2011; |
| “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 Mr. Yang, Chen-Wen, Mr. Yang, Tung, Mr. Yang, Wen-Hu, Ms. Yang, Wen-Yin, Ms. Yang, Shu-Hui and Ms. Yang, Shu-Mei as to 26.33%, 26.33%, 7%, 7%, and 7% 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 dollar, the lawful currency of Hong Kong; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |

DEFINITIONS

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| “Independent Board Committee” | the independent board committee of the Company, comprising all independent non-executive Directors, namely Mr. Chao, Pei-Hong, Mr. Ko, Jim-Chen, Mr. Chen, Joen-Ray and Mr. Hsieh, Lung-Fa, and established for the purpose of advising the Independent Shareholders in respect of the Taiwan Sales Agreement; |
| “Independent Financial Adviser” | Celestial Capital Limited, a licensed corporation permitted 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 terms of the Taiwan Sales Agreement; |
| “Independent Shareholders” | the Shareholders other than members of the Yang Family and/or their respective associates; |
| “King International” | King International Limited, a company incorporated in the British Virgin Islands and beneficially owned by Mr. Yang, Tou-Hsiung and Mr. Yang, Cheng as to 65% and 35% respectively, both 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” | 25 November 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “MSG” | acronym as “monosodium glutamate”, which is a white odorless crystalline compound that is a salt of GA and used as a food flavour enhancing product; |

DEFINITIONS

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|--------------------------|---|
| “PRC” | the People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan; |
| “Products” | certain GA, MSG, fertiliser and feed products and cassava starch-based industrial products manufactured by the Group from time to time; |
| “Relevant Period” | the period from 1 January 2015 to 31 December 2017; |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); |
| “Share(s)” | share(s) of US\$0.01 per share in the share capital of the Company; |
| “Shareholder(s)” | holder(s) of the ordinary share(s) of US\$0.01 each in the share capital of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Taiwan Sales Agreement” | the agreement in respect of the sales of the Products by the Group to the Taiwan Vedan Group dated 7 November 2014; |
| “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 under the laws of Taiwan and ultimately owned by the Yang Family; |
| “Taiwan Vedan Group” | Taiwan Vedan and its subsidiaries, other than members of the Group; |

DEFINITIONS

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|-----------------|---|
| “Tung Hai” | 東海醱酵工業股份有限公司 (Tung Hai Fermentation Industrial Co., Ltd.*), a company incorporated in Taiwan and ultimately owned by the Yang Family; |
| “US\$” | the lawful currency of the United States of America; |
| “Vietnam Vedan” | Vedan (Vietnam) Enterprise Corporation Limited, a company incorporated under the laws of Vietnam and an indirect wholly-owned subsidiary of the Company; |
| “Yang Family” | Mr. Yang, Tou-Hsiung, Mr. Yang, Cheng, Mr. Yang, Yung-Huang, Mr. Yang, Kun-Hsiang, Mr. Yang, Kun-Chou, Mr. Yang, Yung-Jen, Mr. Yang, Chen-Wen, Mr. Yang, Wen-Hu, Mr. 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; and |
| “%” | per cent. |

Unless otherwise specified in this circular, conversion of US\$ into HK\$ or vice versa has been calculated by using an exchange rate of US\$1 to HK\$7.78.

** For identification purpose only*

LETTER FROM THE BOARD



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: 02317)

Executive Directors:

Mr. Yang, Tou-Hsiung
Mr. Yang, Cheng
Mr. Yang, Kun-Hsiang
Mr. Yang, Chen-Wen
Mr. Yang, Kun-Chou

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
Mr. Hsieh, Lung-Fa

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:

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

28 November 2014

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the Company's announcement dated 7 November 2014.

Pursuant to the Existing Taiwan Sales Agreement, the Group agreed to sell the Products to the Taiwan Vedan Group for use in Taiwan. The Existing Taiwan Sales Agreement will expire on 31 December 2014.

LETTER FROM THE BOARD

As the transactions contemplated under the Existing Taiwan Sales Agreement are expected to continue after the expiration of the term of the Existing Taiwan Sales Agreement, on 7 November 2014, the Company and Taiwan Vedan have entered into the Taiwan Sales Agreement on substantially the same terms as the Existing Taiwan Sales Agreement (save and except that the annual cap will be increased from US\$3,000,000 to US\$50,000,000 and for a term of three years from 1 January 2015 to 31 December 2017), subject to the compliance with the relevant requirements under the Listing Rules and the approval of the Independent Shareholders having been obtained.

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Taiwan Sales Agreement. Celestial Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Taiwan Sales Agreement.

The purposes of this circular are to:

- (a) provide you with information and details in respect of the Taiwan Sales Agreement;
- (b) set out the recommendation and advice of the Independent Board Committee in respect of the Taiwan Sales Agreement;
- (c) set out the opinion of the Independent Financial Adviser regarding the terms of the Taiwan Sales Agreement; and
- (d) give notice of the EGM to consider and, if thought fit, approve the Taiwan Sales Agreement.

TAIWAN SALES AGREEMENT

Date

7 November 2014

Parties

The Company and Taiwan Vedan

LETTER FROM THE BOARD

Subject of the transaction

Pursuant to the Taiwan Sales Agreement, the Company agreed to sell or procure other relevant member(s) of the Group to sell and Taiwan Vedan agreed to purchase and/or procure other member(s) of the Taiwan Vedan Group to purchase the Products for use by the Taiwan Vedan Group in Taiwan during the Relevant Period.

Condition of the Taiwan Sales Agreement

The Taiwan Sales Agreement is subject to approval by the Independent Shareholders in accordance with the requirements of the Listing Rules.

Pricing Policy

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 and be not more favourable to the Taiwan Vedan Group than the price charged by the relevant member of the Group to other independent customers of the Group in respect of the relevant Products. The management of the Company will determine the price of the Products after taking into consideration the production costs and market price of the Products, aiming at maintaining an overall gross margin at the historical level of about 14% to 16%. The price of the Products is subject to review by the Board from time to time and at least once every six months.

The Directors consider that the methods and procedures for determining the price of the Products can ensure that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders.

Payment Method

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

LETTER FROM THE BOARD

HISTORICAL ANNUAL CAPS AND TRANSACTION AMOUNTS

The annual cap in respect of transactions contemplated under the Existing Taiwan Sales Agreement for each of the three financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 is US\$3,000,000 (equivalent to approximately HK\$23,340,000).

The respective transaction amounts pursuant to the Existing Taiwan Sales Agreement for the two financial years ended 31 December 2012 and 31 December 2013 and the nine months ended 30 September 2014 are set out below:

| | For the financial year ended | | For the nine |
|---------------------------|-------------------------------------|--------------------|---------------------|
| | 31 December | 31 December | months ended |
| | 2012 | 2013 | 30 September |
| | | | 2014 |
| Transaction Amount | US\$2,875,000 | US\$2,865,000 | US\$526,800 |
| | (equivalent to | (equivalent to | (equivalent to |
| | approximately | approximately | approximately |
| | HK\$22,367,500) | HK\$22,289,700) | HK\$4,098,504) |
| | (audited) | (audited) | (unaudited) |

The decrease in the transaction amount in 2014 as compared to 2012 and 2013 was mainly due to a decrease in the sales of fertilisers. In 2014, customers of the Taiwan Vedan Group in the European Union require tighter quality control over fertilisers. The Taiwan Vedan Group is in the process of applying for the relevant certificates to meet the higher requirements. Pending obtaining such certificates, the Taiwan Vedan Group has suspended the sale of fertilisers to its European customers. This resulted in a significant drop in the amount of fertilisers purchased by Taiwan Vedan Group from the Group under the Existing Taiwan Sales Agreement in 2014.

The Company does not expect the annual cap of US\$3,000,000 (equivalent to approximately HK\$23,340,000) for the year ending 31 December 2014 will be exceeded.

PROPOSED ANNUAL CAPS

The Company estimates that the annual aggregate amount of sales of the Products to the Taiwan Vedan Group pursuant to the Taiwan Sales Agreement will not exceed the maximum cap of US\$50,000,000 (equivalent to approximately HK\$389,000,000) for each of the three financial years ended 31 December 2015, 31 December 2016 and 31 December 2017.

LETTER FROM THE BOARD

This estimate was based on (i) the production and marketing policy of the Group in respect of the Products, (ii) the estimated market demand for the Products in Taiwan and (iii) the expected increase in the Group's production of the Products in the manufacturing facilities in Vietnam.

As set out in the Company's announcement dated 15 August 2013 and circular dated 4 October 2013, Vietnam Vedan acquired a pulverized coal firing boiler, which will be used as an electricity generator in its manufacturing facilities in Vietnam. It is expected that when such boiler is put into operation in early 2015, the electricity costs and hence the production costs of Vietnam Vedan will be reduced to a great extent and thus more resources can be allocated to increase its production of the Products in Vietnam. The annual production of the Products is expected to increase by approximately 20% compared to 2014.

Taiwan Vedan Group is one of the three main MSG vendors in Taiwan, and the only one which has its own facilities to produce MSG. Based on its historical sales of MSG, the Taiwan Vedan Group accounts for a substantial market share in the MSG industry in Taiwan.

As the production costs of Vietnam Vedan is expected to reduce to a great extent, the selling price of the Group's GA, a raw material of manufacturing MSG, is expected to decrease to a price lower than the current production cost of GA of the Taiwan Vedan Group. This provides an opportunity for the Group to expand its sales of the Products to the Taiwan Vedan Group. It is expected that the Taiwan Vedan Group will purchase most of the GA produced by the Group during the three years ending 31 December 2017 to replace approximately half of its own production in light of the lower selling price of the Group's GA. The proposed sales volume of GA under the annual caps has been determined with reference to the estimated demand for GA to produce the historical production volume of MSG of the Taiwan Vedan Group.

In addition, the sales of fertilisers are expected to rebound in 2015 after the Taiwan Vedan Group has obtained the relevant certificates in compliance with the higher quality control requirements of its European customers. The Taiwan Vedan Group is also planning to export the Products to other regions.

REASONS FOR ENTERING INTO THE TAIWAN SALES AGREEMENT AND ITS BENEFITS

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.

LETTER FROM THE BOARD

Mr. Yang, Tou-Hsiung, Mr. Yang, Cheng, Mr. Yang, Kun-Hsiang, Mr. Yang, Chen-Wen and Mr. Yang, Kun-Chou, being executive Directors, are members of the Yang Family and are considered to have a material interest in the transactions contemplated under the Taiwan Sales Agreement. Accordingly, they have abstained from voting on the resolutions of the Board in relation to the Taiwan Sales Agreement.

INFORMATION ABOUT THE GROUP AND TAIWAN VEDAN

The Company is a company incorporated under the laws of the Cayman Islands. 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.

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. Taiwan Vedan is ultimately owned by the Yang Family.

LISTING RULES IMPLICATIONS

Taiwan Vedan is one of the controlling shareholders of the Company, holding indirectly approximately 33.62% of the entire issued share capital of the Company as at the Latest Practicable Date, and is therefore a connected person of the Company. The transactions contemplated under the Taiwan Sales Agreement therefore constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Taiwan Sales Agreement is, on an annual basis, exceeds 5% for the purposes of Rule 14.07 of the Listing Rules, such transactions are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

A notice of the EGM is set out on pages 34 to 35 of this circular. In accordance with the requirements of the Listing Rules, all votes to be taken at the EGM will be by poll. Each member of the Yang Family and/or his/its respective associates, holding or being interested in an aggregate of 936,408,000 Shares (representing 61.49% of the total Shares in issue) as at the Latest Practicable Date, will abstain from voting on the resolutions in respect of the Taiwan Sales Agreement at the EGM. Save as disclosed above, no other Shareholder will be required to abstain from voting in respect of the Taiwan Sales Agreement.

LETTER FROM THE BOARD

A form of proxy for the EGM is enclosed herewith. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete the form of proxy and return it to the Company's principal place of business in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM in person should you so wish.

RECOMMENDATIONS

Your attention is drawn to the "Letter from the Independent Board Committee" set out on pages 13 to 14 of this circular which contains its advice and recommendation to the Independent Shareholders regarding the Taiwan Sales Agreement. Your attention is also drawn to the "Letter from the Independent Financial Adviser" set out on pages 15 to 27 of this circular which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Taiwan Sales Agreement. Based on the advice from the Independent Financial Adviser and the Independent Board Committee, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

Your attention is also drawn to the general information of the Group set out in the Appendix of this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter from the Independent Board Committee, for the purpose of inclusion in this circular, to the Independent Shareholders regarding the Taiwan Sales Agreement.



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: 02317)

28 November 2014

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company to its shareholders dated 28 November 2014 (“**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Taiwan Sales Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the Taiwan Sales Agreement is in the interests of the Company and the Shareholders as a whole. Celestial Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

Your attention is drawn to the “Letter from the Board” set out on pages 6 to 12 of the Circular, which contains, among other things, details of the Taiwan Sales Agreement, and the “Letter from the Independent Financial Adviser” set out on pages 15 to 27 of the Circular, which contains its advice in respect of the terms of the Taiwan Sales Agreement.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

As the Independent Board Committee, we have discussed with the management of the Company the reasons for entering into the Taiwan Sales Agreement, the basis upon which the terms of the Taiwan Sales Agreement have been determined and the major factors taken into account by the Company in arriving at the proposed annual caps for the transactions contemplated under the Taiwan Sales Agreement. We have also considered the key factors taken into consideration by the Independent Financial Adviser in forming its opinion regarding the terms of the Taiwan Sales Agreement set out in the “Letter from the Independent Financial Adviser” on pages 15 to 27 of the Circular, which we urge you to read carefully.

Having considered the advice given by the Independent Financial Adviser and the key factors in arriving at its advice, we consider that the Taiwan Sales Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms, or on terms no less favourable to the Group than terms available from independent third parties, the terms of the Taiwan Sales Agreement are fair and reasonable and the Taiwan Sales Agreement is in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolutions in respect of the Taiwan Sales Agreement.

Yours faithfully,

For and on behalf of the

Independent Board Committee

Vedan International (Holdings) Limited

Mr. Chao, Pei-Hong

*Independent non-
executive Director*

Mr. Ko, Jim-Chen

*Independent non-
executive Director*

Mr. Chen, Joen-Ray

*Independent non-
executive Director*

Mr. Hsieh, Lung-Fa

*Independent non-
executive Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Celestial Capital Limited, the Independent Financial Adviser, for the purpose of inclusion in this circular, to the Independent Board Committee and the Independent Shareholders regarding the Taiwan Sales Agreement.



Celestial Capital Limited
21/F, Low Block,
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

28 November 2014

*To the Independent Board Committee
and the Independent Shareholders*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

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 terms of the Taiwan Sales Agreement and the transactions contemplated thereunder (including the related annual caps for the three years ending 31 December 2017 (the “**Annual Caps**”)), particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) as contained in the circular dated 28 November 2014 (the “**Circular**”) issued by the Company to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 7 November 2014, the Company and Taiwan Vedan entered into the Taiwan Sales Agreement to renew the Existing Taiwan Sales Agreement on substantially the same terms for a term of three years from 1 January 2015 to 31 December 2017.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taiwan Vedan is one of the controlling shareholders of the Company, holding indirectly approximately 33.62% of the entire issued share capital of the Company as at the Latest Practicable Date and is therefore a connected person of the Company. The transactions contemplated under the Taiwan Sales Agreement therefore constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Taiwan Sales Agreement is, on an annual basis, exceeds 5% for the purposes of Rule 14.07 of the Listing Rules, such transactions are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Chao, Pei-Hong, Mr. Ko, Jim-Chen, Mr. Chen, Joen-Ray and Mr. Hsieh, Lung-Fa, has been established to advise the Independent Shareholders as to whether the terms of the Taiwan Sales Agreement were entered into on normal commercial terms, whether the terms of the Taiwan Sales Agreement and the transactions contemplated thereunder (including the Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned and whether such terms are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to whether to vote in favour of the resolution to be proposed at the EGM to approve the Taiwan Sales Agreement and the transactions contemplated thereunder (including the Annual Caps). In this regard, we have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

As at the Latest Practicable Date, Celestial Capital Limited did not have any relationships or interests with the Company or Taiwan Vedan that could reasonably be regarded as relevant to the independence of Celestial Capital Limited. In the last two years, there was no engagement between the Group and Celestial Capital Limited. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company or Taiwan Vedan. Accordingly, we are qualified to give independent advice in respect of the Taiwan Sales Agreement and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and recommendation in relation to the terms of the Taiwan Sales Agreement, 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 Group will be met or carried out as the case may be. We consider that we have reviewed sufficient information 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 and the management of the Group. 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 Group.

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, affairs, operations, financial position or future prospects of the Company, Taiwan Vedan or any of their respective subsidiaries or associates.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Taiwan Sales Agreement. 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background of and reasons for entering into the 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. Its products are sold to food distributors, international trading companies, and manufacturers of food, paper, textile, and chemical products in Vietnam and other ASEAN countries, the PRC, Japan, Taiwan and several European countries.

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 a controlling shareholder of the Company holding indirectly approximately 33.62% of the entire issued share capital of the Company as at the Latest Practicable Date.

Pursuant to the Existing Taiwan Sales Agreement, the Group agreed to sell the Products to the Taiwan Vedan Group. The Existing Taiwan Sales Agreement will expire on 31 December 2014.

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. We were advised by the management of the Company that the Products sold to the Taiwan Vedan Group are for onward sales (after processing, as the case may be) to the Taiwan Vedan Group's customers in Taiwan and the European Union. We noted that the Group has been selling the Products to the Taiwan Vedan Group since 2003. Revenue generated from the sales of the Products to the Taiwan Vedan Group amounted to approximately US\$2.9 million for each of the two years ended 31 December 2013.

In view of the above, on 7 November 2014, the Company and Taiwan Vedan entered into the Taiwan Sales Agreement pursuant to which the Group will continue to sell the Products to the Taiwan Vedan Group for a term of three years from 1 January 2015 to 31 December 2017.

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As the sales of the Products by the Group to the Taiwan Vedan Group are part of the Group's principal businesses and are expected to generate revenue for the Group, we are of the opinion that the entering into of the Taiwan Sales Agreement is within the ambit of the businesses currently run by the Group and is therefore conducted in the ordinary and usual course of the Group's businesses and is in the interests of the Group and the Shareholders as a whole.

2. Key terms of the Taiwan Sales Agreement

The Taiwan Sales Agreement is merely a renewal agreement of the Existing Taiwan Sales Agreement for a term of three years from 1 January 2015 to 31 December 2017. Save for the revision of the Annual Caps, we did not note any material change on the terms of the Existing Taiwan Sales Agreement.

Pricing policy

The prices 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 and be not more favourable to the Taiwan Vedan Group than the prices charged by the relevant member of the Group to other independent customers of the Group in respect of the relevant Products. As set out in the Letter from the Board, the management of the Company will determine the prices of the Products after taking into consideration the production costs of the Products and the market prices of the Products, while aiming to maintain the overall gross margin of the Group at the historical level of about 14% to 16%. The prices of the Products are subject to review by the Board from time to time and at least once every six months.

We were advised by the management of the Company that the Board will review the prices of the Products sold to the Taiwan Vedan Group from time to time and at least once every six months to ensure that the Products are priced according to the aforesaid pricing mechanism. The Board will compare the prices of the Products sold to the Taiwan Vedan Group with the prices of the Products sold to independent customers to ensure that the prices offered to the Taiwan Vedan Group are not more favourable than the prices charged to other independent customers of the Group. The Board will also review the production costs of the Products and the market prices of the Products. Considering that the Board (including the independent non-executive Directors) will review the prices of the Products sold to the Taiwan Vedan Group

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from time to time and will make references to the prices of the Products sold to independent customers, the market prices of the Products and the production costs of the Products so as to ensure that the prices offered to the Taiwan Vedan Group are not more favourable than the prices charged to other independent customers of the Group, we consider that appropriate measures and procedures will be in place to ensure that the transactions contemplated under the Taiwan Sales Agreement will be conducted on normal commercial terms and to safeguard the interests of the Company and the Independent Shareholders. Please also refer to section (4) below for the annual review requirements pursuant to the Listing Rules.

Given that the prices of the Products offered to the Taiwan Vedan Group will be on terms not more favourable than the prices offered to other independent third parties, we consider the pricing mechanism of the Taiwan Sales Agreement to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Payment method

The prices of the Products shall be paid to the relevant member of the Group by Taiwan Vedan and/or other member(s) of the Taiwan Vedan Group within 60 days from the end of the month in which the relevant Products are delivered by the Group pursuant to the terms of the Taiwan Sales Agreement. Based on our review of the sample sales invoices in respect of the sales of the Products by the Group to independent third parties, we noted that the credit term under the Taiwan Sales Agreement is within the range of credit terms that the Group offered to independent customers for sales of the relevant Products.

Other major terms

We have also reviewed other major terms of the Taiwan Sales Agreement and are not aware of any terms which are exceptional to normal market practice.

Based on the above, we are of the opinion that the terms of the Taiwan Sales Agreement are on normal commercial terms, and fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. The Annual Caps

Review of the historical transaction amount

Pursuant to the Existing Taiwan Sales Agreement, the maximum aggregate amount of sales of the Products to the Taiwan Vedan Group for each of the three financial years ending 31 December 2014 was US\$3,000,000 (equivalent to approximately HK\$23,340,000) (the “**Historical Annual Cap(s)**”). The table below sets out the actual aggregate amount of sales of the Products to the Taiwan Vedan Group pursuant to the Existing Taiwan Sales Agreement for each of the two financial years ended 31 December 2013 and the nine months ended 30 September 2014 and the utilisation rates of the Historical Annual Caps during the respective periods:

| For the year ended 31 December 2012 | | For the year ended 31 December 2013 | | For the nine months ended 30 September 2014 | |
|--|------------------|--|------------------|--|------------------|
| Actual sales | Utilisation rate | Actual sales | Utilisation rate | Actual sales | Utilisation rate |
| US\$'000 | (Note) % | US\$'000 | (Note) % | US\$'000 | (Note) % |
| 2,875.0 | 95.8 | 2,865.0 | 95.5 | 526.8 | 17.6 |

Note: The utilisation rate is derived by dividing the amount of actual sales in each of the two years ended 31 December 2013 and nine months ended 30 September 2014 by the Historical Annual Caps.

As illustrated in the table above, the transaction amount for each of the two financial years ended 31 December 2013 and the nine months ended 30 September 2014 did not exceed the Historical Annual Caps. As advised by the Company, the transaction amount for the year ending 31 December 2014 is expected to be within the Historical Annual Cap. With reference to the utilisation rates as tabulated above, we note that the Company has substantially utilised the Historical Annual Caps for each of the two years ended 31 December 2013 with the utilisation rates reaching about 95.8% and 95.5% respectively.

As advised by the management of the Company, the Products sold to the Taiwan Vedan Group are manufactured in Vietnam by Vietnam Vedan. As stated in the interim report of the Company for the six months ended 30 June 2014, the prices of natural gas and energy continued to rise in Vietnam in the first half of 2014, thus exacerbating already high production costs. As advised by the management of the Company, for the nine months ended 30 September 2014, the production volume of Vietnam Vedan has been reduced due to the high production costs in Vietnam, which in turn lowered the amount of sales of the Products to the Taiwan Vedan Group pursuant to the Existing Taiwan Sales Agreement.

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In addition, fertiliser, being one of the principal Products sold to the Taiwan Vedan Group pursuant to the Existing Taiwan Sales Agreement is mainly for resale by the Taiwan Vedan Group to its customers in Taiwan and the European Union. As the quality control requirements are tightened by the customers of the Taiwan Vedan Group from the European Union in relation to fertilisers, the purchase amount of fertilisers by Taiwan Vedan Group kept decreasing from the beginning of 2014 since Taiwan Vedan has suspended the sale of fertilisers to its European customers as it is still in the process of applying for the relevant certificates in compliance with the heightened quality control requirements. The management of the Company advised that the total sales amount of the Products pursuant to the Existing Taiwan Sales Agreement is expected to be around US\$2 million for the year ending 31 December 2014 since the Taiwan Vedan Group is considering exporting the Products to other regions, so as to maintain the sales volumes and market shares of the Taiwan Vedan Group in the relevant industry.

Assessment of the proposed Annual Caps

The proposed Annual Caps for the sales of the Products pursuant to the Taiwan Sales Agreement for each of the three years ending 31 December 2015, 2016 and 2017 is US\$50,000,000 (equivalent to approximately HK\$389,000,000). As set out in the Letter from the Board, the proposed Annual Caps have been determined based on, amongst other things, (i) the production and marketing policy of the Group in respect of the Products, (ii) the estimated market demand for the Products in Taiwan, and (iii) the expected increase in the Group's production of the Products in the manufacturing facilities in Vietnam. In assessing the reasonableness of the Annual Caps, we have reviewed the relevant information provided by the Company and have discussed with the management of the Company on the bases and assumptions of determining the Annual Caps and formed our opinion below.

(i) The production and marketing policy of the Group in respect of the Products

As set out in the Company's annual report for the year ended 31 December 2013 and interim report for the six months ended 30 June 2014, the prices of natural gas and energy continued to rise in Vietnam, where the Group's major production base is located, hence substantially driving up the Group's production costs. Meanwhile, the intense price competition among MSG manufacturers has also affected the Group's business development in the MSG market.

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As confirmed by the management of the Company, the Products being sold to the Taiwan Vedan Group during the two years ended 31 December 2013 and nine months ended 30 September 2014 pursuant to the Existing Taiwan Sales Agreement were mainly cassava starch-based industrial products, specifically fertilisers and Condensed Molasses Fermentation Solubles (“CMS”, 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 into CMS and then CMS can be condensed and turned into fertilisers and animal feeds). The Group was unable to sell any GA or MSG to the Taiwan Vedan Group during the aforesaid period due to the high production costs and in turn high selling prices.

With reference to the Company’s announcement dated 15 August 2013 and circular dated 4 October 2013, Vietnam Vedan acquired a pulverised coal firing boiler, which will be used as an electricity generator in its manufacturing facilities in Vietnam. The management of the Company expects that when the aforesaid boiler is put into operation in early 2015, the electricity costs and hence the production costs of Vietnam Vedan will be reduced to a great extent and thus more resources will be allocated to increase its production of the Products, especially GA, in Vietnam. GA is a raw material of manufacturing MSG.

In assessing the proposed Annual Caps, we have reviewed the Group’s sales plan of the Products. As discussed in more detail in point (ii) below, the decrease in the Group’s production cost allows the Group to reduce the selling price of its GA. Hence, the management of the Company, after discussion with the management of the Taiwan Vedan Group, expects the sales volume of GA to the Taiwan Vedan Group to increase substantially during the three years ending 31 December 2017 compared to that during the three years ending 31 December 2014. The GA sold to the Taiwan Vedan Group is expected to be further processed into MSG for resale to its customers. Since the Taiwan Vedan Group is the only MSG vendor in Taiwan that has its own MSG manufacturing facilities, the Company expects that most of the GA produced by the Group in 2015 to 2017 will be sold to the Taiwan Vedan Group for manufacturing MSG.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The aggregate sales amount of other relevant Products, specifically CMS or fertilisers and feed products, to the Taiwan Vedan Group have remained generally stable during the two years ended 31 December 2013. The sales of fertilisers are expected to rebound in 2015 after the Taiwan Vedan Group has obtained the relevant certificates in compliance with the higher quality control requirements of its European customers. In view of the stable historical sales amount of such Products, the management of the Company expects the aggregate sales of such Products to the Taiwan Vedan Group to remain the same level as the Historical Annual Cap of US\$3,000,000 for each of the three years ending 31 December 2017.

(ii) The estimated market demand for the Products in Taiwan

As advised by the management of the Company, the Taiwan Vedan Group is one of the three main MSG vendors in Taiwan, among which only the Taiwan Vedan Group has its own facilities to produce MSG. We have reviewed the total sales volume and amount of MSG of Taiwan as quoted from the Department of Statistics, Ministry of Economic Affairs of Taiwan. Taiwan sold approximately 59,224 tons, 51,170 tons and 40,558 tons of MSG in 2012, 2013 and the first eight months of 2014, respectively. The management of the Company expects that the sales of MSG in Taiwan to remain relatively stable at similar level as 2014 during 2015 to 2017. Based on our review of the historical sales of MSG of the Taiwan Vedan Group provided by the Company, we noted that the Taiwan Vedan Group accounts for a substantial market share in the MSG industry in Taiwan.

(iii) The expected increase in the Group's production of the Products in the manufacturing facilities in Vietnam

As mentioned in point (i) above, Vietnam Vedan acquired a pulverised coal firing boiler, which will be used as an electricity generator in its manufacturing facilities in Vietnam. The management of the Company expects that when such boiler is put into operation in early 2015, the electricity costs and hence the production costs of Vietnam Vedan will be reduced to a great extent and thus more resources will be allocated to increase its production of the Products, especially GA, in Vietnam.

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As further advised by the management of the Company, the production cost of GA will reduce after such boiler is put into operation. As a result, the selling price of the Group's GA is expected to decrease to the extent lower than the current production cost of GA of the Taiwan Vedan Group, and hence, provides an opportunity for the Group to expand its sales of the Products to the Taiwan Vedan Group. It is expected that the Taiwan Vedan Group will purchase GA from the Group during the three years ending 31 December 2017 to replace part of its own production in light of the lower selling price of the Group's GA. We have discussed with the management of the Company and understood that the proposed annual sales volumes of GA under the Annual Caps have been determined with reference to the estimated demand of GA to produce the historical production volume of MSG of the Taiwan Vedan Group. The Taiwan Vedan Group does not produce GA for sale, it is only a raw material of manufacturing MSG. We were advised by the management of the Company that, pursuant to their discussion with the management of the Taiwan Vedan Group, the proposed annual sales volumes of GA under the Annual Caps represent the demand of GA to produce approximately half of the Taiwan Vedan Group's historical annual production volume of MSG.

Based on the aforesaid, we consider the bases of determination of the Annual Caps (including the assumptions and projections in the Group's sales plan of the Products) are reasonable. In addition, having considered that (i) the sales of the Products fall within the ordinary business of the Group; (ii) the sales of the Products will generate revenue to the Group; and (iii) the sales of the Products will be conducted on normal commercial terms, we consider that the Annual Caps are acceptable.

The Annual Caps were determined by the management of the Company based on assumptions including the Group's production plan of the Products, current estimation of the demand of the Products from the Taiwan Vedan Group and market conditions. Accordingly, we express no opinion as to how closely the actual transaction amounts of the continuing connected transaction in comparison to the Annual Caps.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Annual review of the continuing connected transaction

Pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the continuing connected transaction under the Taiwan Sales Agreement is subject to the following requirements:

- (i) the independent non-executive Directors must confirm in the annual reports and accounts that the continuing connected transaction has been entered into:
 - in the ordinary and usual course of business of the Group;
 - on normal commercial terms or better; and
 - according to the agreement governing it on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole;

- (ii) the Company must engage its auditors to report on the continuing connected transaction for each financial year of the Company and that the Company's auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transaction:
 - has not been approved by the Board;
 - was not, in all material respects, in accordance with the pricing policy of the Group if the transaction involves the provision of goods or services by the Group;
 - was not entered into, in all material respects, in accordance with the relevant agreement governing the transaction; and
 - has exceeded the Annual Caps.

In view of the continuing connection transaction will be subject to review by the independent non-executive Directors and the auditors of the Company, we are of the view that appropriate measures will be in place to govern the conduct of the continuing connected transaction and safeguard the interests of the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Taiwan Sales Agreement has been entered into within the ordinary and usual course of the Group's businesses based on normal commercial terms, and the terms thereof together with the Annual Caps are fair and reasonable so far as the Company and 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 to approve the Taiwan Sales Agreement and the adoption of the Annual Caps at the EGM.

Yours faithfully,
For and on behalf of
Celestial Capital Limited
Michael Lam
Managing Director

Mr. Michael Lam is a licensed person and responsible officer of Celestial Capital Limited registered with the SFC to carry out type 6 (advising on corporate finance) regulated activities under the SFO since 2009 and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) 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 were taken or deemed to have taken under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

| Name of Director | Capacity | Number of Shares | Shareholding percentage |
|-----------------------|---------------------------------------|--|-------------------------|
| Mr. Yang, Tou-Hsiung | Interest of company controlled by him | 169,730,196 ^{Notes 1 & 3} | 11.15% |
| Mr. Yang, Cheng | Interest of company controlled by him | 169,730,196 ^{Notes 2 & 3} | 11.15% |
| Mr. Huang, Ching-Jung | Beneficial owner | 200,000 | 0.01% |
| Mr. Chao, Pei-Hong | Beneficial owner | 500,000 | 0.03% |

Notes:

1. Mr. Yang, Tou-Hsiung is entitled to exercise or control the exercise of more than one-third of the voting power of King International. Mr. Yang, Tou-Hsiung is therefore deemed to be interested in the 169,730,196 Shares held by King International.
2. Mr. Yang, Cheng is entitled to exercise or control the exercise of more than one-third of the voting power of King International. Mr. Yang, Cheng is therefore deemed to be interested in the 169,730,196 Shares held by King International.
3. The interests that Mr. Yang, Tou-Hsiung and Mr. Yang, Cheng have in the 169,730,196 Shares are of the same block of Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Save as disclosed in this circular, none of the Directors or proposed Director is a director or employee of a company which has an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Directors' service contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group or any associated company of the Company (excluding contracts expiring or determinable within one year without payment of compensation other than statutory compensation).

(c) Directors' interest in competing business

Five Directors, namely Mr. Yang, Tou-Hsiung, Mr. Yang, Cheng, Mr. Yang, Kun-Hsiang, Mr. Yang, Chen-Wen and Mr. Yang, Kun-Chou, were also directors of Taiwan Vedan, the Group's controlling shareholder. In addition, they indirectly held approximately 19.77%, 9.89%, 6.18%, 8.24% and 6.18% interest in Taiwan Vedan respectively. They are 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 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 its product portfolio.

Both Mr. Yang, Tou-Hsiung and Mr. Yang, Cheng are responsible only for the overall strategic planning and the business development of the Taiwan Vedan Group and the Group, while the daily operations of the Group are managed by Mr. Yang, Kun-Hsiang and Mr. Yang, Chen-Wen together with an independent management team. In Taiwan Vedan, Mr. Yang, Kun-Chou is mainly responsible for the sales of the products of the Company and products of other companies which the Company acts as an agent in Taiwan. In the Group, he provides guidance and assistance for selling the Group's products in Vietnam and the PRC markets. Furthermore, Taiwan Vedan and the Group are operated by separate sales teams which are independent of each other, while market segmentation shall comply with the territorial delineation agreement signed by the Group and Taiwan Vedan. The Directors are therefore 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 its product portfolio are and will continue to be run on the basis that they are independent of, and at arm's length from, those of Taiwan Vedan.

(d) Other interests

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2013, being the date to which the latest published audited accounts of the Group were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract, save for service contracts as disclosed in paragraph (b) above, or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of SFO, the following persons and companies (other than the Directors or chief executive of the Company) had an interest or short position in the shares and the underlying shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

| Name of Shareholder | Capacity | Number of Shares | Shareholding percentage |
|---------------------|---|-------------------------------|-------------------------|
| Billion Power | Beneficial owner | 512,082,512 | 33.62% |
| Taiwan Vedan | Interest held by its controlled corporation | 512,082,512 ^{Note 1} | 33.62% |
| King International | Beneficial owner | 169,730,196 | 11.15% |
| Concord Worldwide | Beneficial owner | 127,297,646 | 8.36% |
| High Capital | Beneficial owner | 127,297,646 | 8.36% |

Note:

1. Billion Power is a wholly-owned subsidiary of Taiwan Vedan. Taiwan Vedan is therefore deemed to be interested in the 512,082,512 Shares held by Billion Power.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company was aware of any other person or corporation 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 who/which was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital.

4. MATERIAL CONTRACTS

No member of the Group has entered into any material contract (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular which are or may be material.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

6. MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change to the financial or trading position of the Group since 31 December 2013, being the date to which the latest audited consolidated financial statement of the Company were made up.

7. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert or professional adviser who has given its opinion or advice contained in this circular:

| Name | Qualification |
|---------------------------|--|
| Celestial Capital Limited | A licensed corporation permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO |

As at the Latest Practicable Date, Celestial Capital Limited 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.

Celestial Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or report, as the case may be, and references to its name and logo in the form and context in which they appear.

As at the Latest Practicable Date, Celestial Capital Limited did not have any direct or indirect interest in any asset which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2013, the date to which the latest audited financial statements of the Group were made up.

8. MISCELLANEOUS

- (a) The registered office of the Company is at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies and the principal place of business of the Company in Hong Kong is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (b) The Company's Hong Kong branch share registrar and transfer office is Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The company secretary of the Company is Ms. Wong, Wai-Yee, Ella, who is a chartered secretary and an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (d) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Existing Taiwan Sales Agreement and the Taiwan Sales Agreement will be available for inspection during normal business hours at the Company's principal office in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from the date of this circular up to and including the date of the EGM.

NOTICE OF EGM



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: 02317)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Vedan International (Holdings) Limited (“**Company**”) will be held at Kellett Room III, 3/F, The Excelsior Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Monday, 15 December 2014 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

“THAT:

- (a) the agreement dated 7 November 2014 entered into between Vedan Enterprise Corporation (“**Taiwan Vedan**”) and the Company (“**Taiwan Sales Agreement**”), a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purposes, pursuant to which the Company agreed to sell or procure its subsidiaries to sell and Taiwan Vedan agreed to purchase and/or procure its subsidiaries to purchase certain glutamic acid, monosodium glutamate, fertiliser and feed products and cassava starch-based industrial products manufactured by the Company and its subsidiaries from time to time for use by Taiwan Vedan and its subsidiaries in Taiwan for a term commencing from 1 January 2015 to 31 December 2017, be and is hereby approved, confirmed and ratified;
- (b) the proposed annual caps in respect of Taiwan Sales Agreement for the three financial years ended 31 December 2015, 31 December 2016 and 31 December 2017 be and are hereby approved; and

NOTICE OF EGM

- (c) the directors of the Company be and are hereby authorised to, for and on behalf of the Company, do all such acts and things, sign and execute all such documents, deeds, instruments and agreements and take such steps as they may consider necessary, appropriate, desirable or expedient for the purpose of, in connection with or incidental to the matters contemplated under the Taiwan Sales Agreement.”

By order of the Board
VEDAN INTERNATIONAL (HOLDINGS) LIMITED
Yang, Tou-Hsiung
Chairman

Hong Kong, 28 November 2014

Notes:

1. A form of proxy for use at the EGM is enclosed.
2. Any member of the Company entitled to attend and vote at the EGM 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting.
4. In the case of joint holders of any Share, any one of such persons may vote at the EGM, 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 EGM, 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 of members in respect of the joint holding.