
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 advisers.

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)

REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE NEW TAIWAN SALES AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent financial adviser to the Independent Board Committee and
the Independent Shareholders**



Essence Corporate Finance (Hong Kong) 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 Essence Corporate Finance (Hong Kong) Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 15 to 32 of this circular.

A notice convening the EGM to be held at Falcon Room I, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Tuesday, 21 May 2024 at 3:30 p.m. (or immediately after the end of the annual general meeting of the Company to be held on Tuesday, 21 May 2024) is set out on pages 39 to 40 of this circular. Shareholders are advised to read the notice of the EGM set out on pages 39 to 40 of this circular.

Whether or not you are able to attend the meeting, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible 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 in person at the EGM or any adjourned meeting should you so wish.

26 April 2024

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DEFINITIONS

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

“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 Messrs. Yang, Kun-Chou, Yang, Kun-Hsiang, Yang, Yung-Huang and 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”	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;
“EGM”	the extraordinary general meeting of the Company to be held and convened at Falcon Room I, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Tuesday, 21 May 2024 at 3:30 p.m. (or immediately after the end of the annual general meeting of the Company to be held on Tuesday, 21 May 2024) for the Independent Shareholders to consider and, if thought fit, to approve the Supplemental Agreement and the Revised Annual Cap, or any adjournment thereof;

DEFINITIONS

“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%, 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 dollars, the lawful currency for the time being of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee of the Company comprising Mr. CHAO, Pei-Hong, Mr. KO, Jim-Chen, Mr. CHEN, Joen-Ray and Mr. HUANG, Chung-Fong, established for the purpose of advising the Independent Shareholders in respect of the Supplemental Agreement and the Revised Annual Cap;
“Independent Financial Adviser”	Essence Corporate Finance (Hong Kong) 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 terms of the Supplemental Agreement and the Revised Annual Cap;
“Independent Shareholders”	the shareholders of the Company other than the Yang Family and their respective associates;

DEFINITIONS

“King International”	King International Limited, a company incorporated in the British Virgin Islands and beneficially owned by Messrs. Yang, Tou-Hsiung and Yang, Cheng, as to 65% and 35%, 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”	22 April 2024, 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;
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM 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 and can enrich the savory flavor of the food;
“New Taiwan Sales Agreement”	the agreement in respect of the sales of the Products by the Group to the Taiwan Vedan Group dated 15 December 2023;
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan;
“Previous Taiwan Sales Agreement”	the agreement in respect of the sales of the Products by the Group to the Taiwan Vedan Group dated 7 December 2020 (as amended and supplemented by the supplemental agreement dated 4 May 2021);
“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 2024 to 31 December 2026;

DEFINITIONS

“Revised Annual Cap”	the revised annual cap for the maximum transaction amount between the Group and the Taiwan Vedan Group for each of the three financial years ending 31 December 2026 pursuant to the Supplemental Agreement;
“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;
“Supplemental Agreement”	the supplemental agreement to the New Taiwan Sales Agreement dated 21 March 2024 entered between the Company and Taiwan Vedan to revise the annual cap for each of the three financial years ending 31 December 2026 for the sales of the Products by the Group to the Taiwan Vedan Group pursuant to the New Taiwan Sales Agreement;
“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);
“Transactions”	the continuing connected transactions contemplated under the New Taiwan Sales Agreement (as supplemented by the Supplemental 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;

DEFINITIONS

“US dollars” or “US\$”

the lawful currency of the United States of America;

“Yang Family”

Messrs. Yang, Tou-Hsiung (who is an executive Director and the chairman of the Board), Yang, Cheng (who is an executive Director), Yang, Yung-Huang, Yang, Kun-Hsiang (who is an executive Director and chief executive officer of the Company), Yang, Kun-Chou (who is an executive Director), Yang, Yung-Jen, Yang, Chen-Wen (who is an executive Director), 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;

“%”

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\$7.82.

** 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

Registered Office:

Third Floor, Century Yard
Cricket Square
P.O. Box 902
Grand Cayman KY1-1103
Cayman Islands

Non-executive Directors:

Mr. HUANG, Ching-Jung
Mr. CHOU, Szu-Cheng

Principal Place of Business

in Hong Kong:
5/F, Manulife Place,
348 Kwun Tong Road,
Kowloon, Hong Kong

Independent non-executive Directors:

Mr. CHAO, Pei-Hong
Mr. KO, Jim-Chen
Mr. CHEN, Joen-Ray
Mr. HUANG, Chung-Fong

26 April 2024

To the Shareholders

Dear Sir or Madam

**REVISION OF ANNUAL CAP FOR
CONTINUING CONNECTED TRANSACTIONS
UNDER THE NEW TAIWAN SALES AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 21 March 2024 in relation to the Supplemental Agreement and the Revised Annual Cap.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details regarding the Supplemental Agreement and the Revised Annual Cap; (ii) the advice and recommendation of the Independent Board Committee; (iii) the advice and recommendation of the Independent Financial Adviser; and (iv) the notice of the EGM.

REVISION OF ANNUAL CAP OF CONTINUING CONNECTED TRANSACTIONS

Background

Reference is made to the Company's announcement dated 15 December 2023 in relation to the sales of the Products to the Taiwan Vedan Group pursuant to the New Taiwan Sales Agreement. Pursuant to the New Taiwan Sales Agreement entered into between Taiwan Vedan and the Company, the Group will sell the Products to the Taiwan Vedan Group for use in Taiwan during the Relevant Period subject to an annual cap of US\$3,500,000 (equivalent to approximately HK\$27,370,000). 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.

Historical Figures and Pricing Basis

For each of the three financial years ended 31 December 2023, the aggregate amount of sales of the Products to the Taiwan Vedan Group pursuant to the Previous Taiwan Sales Agreement amounted to approximately US\$8,082,147 (equivalent to approximately HK\$63,202,390), US\$10,416,313 (equivalent to approximately HK\$81,455,568) and US\$3,304,948 (equivalent to approximately HK\$25,844,693), respectively. The transaction amount for each of the three financial years ended 31 December 2023 was within the relevant annual cap under the Previous Taiwan Sales Agreement as disclosed in the announcement of the Company dated 4 May 2021 and the circular of the Company dated 2 June 2021, which is US\$50,000,000 (equivalent to approximately HK\$391,000,000).

During the period from 1 January 2024 to the Latest Practicable Date, the aggregate actual amount of sales of the Products to the Taiwan Vedan Group pursuant to the New Taiwan Sales Agreement amounted to US\$1,401,075 (equivalent to approximately HK\$10,956,407). As at the Latest Practicable Date, the annual cap under the New Taiwan Sales Agreement has not been exceeded.

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.

LETTER FROM THE BOARD

The management of the Company will determine the price of the Products after taking into consideration the production costs and the market price of the Products in Taiwan, aiming at maintaining an overall gross margin within a range of approximately 13% to 17%.

The price of the Products is subject to review by the Board from time to time and at least once every six months.

Revision of the Annual Cap

On 21 March 2024, the Company entered into the Supplemental Agreement with Taiwan Vedan to revise the annual cap for the continuing connected transactions under the New Taiwan Sales Agreement for each of the three financial years ending 31 December 2026 from US\$3,500,000 (equivalent to approximately HK\$27,370,000) to US\$15,000,000 (equivalent to approximately HK\$117,300,000), subject to approval of the Independent Shareholders having been obtained.

In arriving at the Revised Annual Cap of US\$15,000,000 (equivalent to approximately HK\$117,300,000), the Company has taken into account (i) the production and marketing policy of the Group in respect of the Products; (ii) the estimated increase in demand for the Products by Taiwan Vedan Group in the second half of 2024 (it is currently expected that Taiwan Vedan Group will place orders on MSG products amounting to approximately US\$9,000,000 and cassava starch-based industrial products amounting to approximately US\$2,000,000); (iii) the actual aggregate amount of sales of the Products (including but not limited to MSG and cassava starch-based industrial products) by the Group to the Taiwan Vedan Group in the previous financial years; and (iv) a buffer based on the historical amounts of sales of the Products (except the relevant sales amount for the year ended 31 December 2023).

Save and except for the revised maximum transaction amount between the Group and the Taiwan Vedan Group as amended and supplemented by the Supplemental Agreement, the rest of the provisions of the New Taiwan Sales Agreement will remain in full force and effect in accordance with its terms.

LETTER FROM THE BOARD

REASONS FOR AND THE BENEFITS OF THE REVISED ANNUAL CAP

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. Taiwan Vedan Group is a manufacturer of MSG products. Since the cost of fuel and price of raw materials for the production of MSG have gradually stabilized recently and that the fee quotations in relation to the Products provided by the Group to Taiwan Vedan are adjusted accordingly, the Company has been informed that Taiwan Vedan has decided to adjust its sales proposal in relation to MSG. It is expected that the demand on the Products from Taiwan Vedan will increase from the second half of 2024. As a result, the existing cap as set out in the New Taiwan Sales Agreement will not be sufficient for the expected increase in the volume of business between the Group and the Taiwan Vedan Group.

The Board considers that the terms of the Supplemental Agreement and the Revised Annual Cap were arrived at after arm's length negotiations between the parties involved. The Supplemental Agreement was entered into in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors having taken into account the advice of the Independent Financial Adviser) consider that the terms of the Supplemental Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole and that the Revised Annual Cap as contemplated by the Supplemental Agreement for each of the three years ending 31 December 2026 is fair and reasonable.

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 Supplemental Agreement. Accordingly, they have abstained from voting on the resolutions of the Board in relation to the Supplemental Agreement and the Revised Annual Cap.

INTERNAL CONTROL PROCEDURES

The Group has formulated a series of measures and policies to ensure that the Transactions will be implemented in accordance with the terms of the agreement and the pricing policies.

The management of the Company will review, among other things, the pricing involved in the transactions contemplated under the New Taiwan Sales Agreement (as supplemented by the Supplemental Agreement) and compare it with other independent customers on a quarterly basis to ensure that the pricing and certain major terms of such transactions are fair and reasonable and are not more favourable to the Taiwan Vedan Group than those offered to other independent customers, and shall report the relevant information at least once every six months to the Board for review.

LETTER FROM THE BOARD

In addition, the management of the Company will also prepare and submit to the independent non-executive Directors the following:–

- (a) monthly reports setting out the amount and certain major terms of the Transactions; and
- (b) semi-annual reports on the Transactions with information including, but not limited to, (i) the aggregate transaction amount for the relevant 6-month period in respect of the Transactions; and (ii) whether the relevant annual caps in respect of the Transactions have been exceeded.

The independent non-executive Directors and the auditors of the Company will review the Transactions and report in the annual reports pursuant to Rule 14A.55 and Rule 14A.56 of the Listing Rules, respectively.

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 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.

As at the Latest Practicable Date, Taiwan Vedan is held to:

- (i) in aggregate, approximately 38.82% by certain members of the Yang Family (namely Messrs. Yang, Tou-Hsiung, Yang, Cheng, Yang, Yung-Huang, Yang, Kun-Hsiang, Yang, Kun-Chou, Yang, Yung-Jen, Yang, Chen-Wen, Yang, Wen-Hu, Yang, Tung, and their respective associates) (other than those disclosed in paragraph (ii) to (vii) below;
- (ii) approximately 7.90% by Tungan Investment Co., Ltd, which is held as to, in aggregate, 100% by Yang, Wen-Hu (who is a brother of Yang Chen-Wen), his son and daughter;
- (iii) approximately 7.72% by Kolung Ltd., which is held as to 40%, 30% and 30% by King International, Concord Worldwide and High Capital, respectively;
- (iv) approximately 7.09% by Kaotien Investment Co., Ltd., which is held as to, in aggregate, 95% by Yang, Tung (who is a brother of Yang Chen-Wen), his spouse and daughters;

LETTER FROM THE BOARD

- (v) approximately 7.03% by Danlien Investment Co., Ltd., which is held as to, in aggregate, 98% by Yang, Tou-Hsiung and his sons;
- (vi) approximately 6.61% by Meite Investment Co., Ltd., which is held as to, in aggregate, 33% by Yang Chen-Wen and his daughters; and
- (vii) approximately 5.09% by Yungjen Investment Co., Ltd., which is held as to, in aggregate, 42% by Yang, Yung-Jen (who is a step-brother of Yang Kun-Hsiang) and his spouse.

Save as disclosed, there is no other person holding 5% or more of the total number of shares of Taiwan Vedan as at the Latest Practicable Date.

INFORMATION ABOUT THE GROUP

The current principal activities of the Group are the manufacturing and sale of fermentation-based amino acids, food additive products and cassava starch based products in Asia.

LISTING RULES REQUIREMENTS

As at the Latest Practicable Date, 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, the transactions contemplated under the Supplemental 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 Revised Annual Cap, on an annual basis, exceeds 5% for the purpose of Rule 14.07 of the Listing Rules, the Supplemental Agreement and the Revised Annual Cap are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. Each of Yang Family and their respective associates will abstain from voting on the resolution in respect of the Supplemental Agreement and the Revised Annual Cap at the EGM.

LETTER FROM THE BOARD

EGM

A notice of the EGM is set out on pages 39 to 40 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 his/its respective associates, holding or being interested in an aggregate of 1,019,756,000 Shares (representing approximately 66.97% of the total Shares in issue) as at the Latest Practicable Date, will abstain from voting on the resolution in respect of the Supplemental Agreement and the Revised Annual Cap at the EGM. Save as disclosed above, no other Shareholder will be required to abstain from voting in respect of the Supplemental Agreement and the Revised Annual Cap.

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 branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, 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.

RECOMMENDATION

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 Supplemental Agreement and the Revised Annual Cap. Your attention is also drawn to the "Letter from the Independent Financial Adviser" set out on pages 15 to 32 of this circular which contains, among other things, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement and the Revised Annual Cap. 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 resolution to be proposed at the EGM.

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

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Supplemental Agreement and the Revised Annual Cap.



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)

26 April 2024

To the Independent Shareholders

Dear Sir or Madam

REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE NEW TAIWAN SALES AGREEMENT

We refer to the circular of the Company to its shareholders dated 26 April 2024 (“**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 Supplemental Agreement and the Revised Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned and whether the Supplemental Agreement and the Revised Annual Cap are in the interests of the Company and the Shareholders as a whole. Essence Corporate Finance (Hong Kong) 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 Supplemental Agreement and the Revised Annual Cap, and the “Letter from the Independent Financial Adviser” set out on pages 15 to 32 of the Circular, which contains its advice in respect of the Supplemental Agreement and the Revised Annual Cap.

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 Supplemental Agreement, the basis upon which the Revised Annual Cap has been determined and the major factors taken into account by the Company in arriving at the Revised Annual Cap. We have also considered the key factors taken into consideration by the Independent Financial Adviser in forming its opinion regarding the Supplemental Agreement and the Revised Annual Cap as set out in the “Letter from the Independent Financial Adviser” on pages 15 to 32 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 Supplemental 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 Supplemental Agreement and the Revised Annual Cap are fair and reasonable and the Supplemental Agreement and the Revised Annual Cap are 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 resolution in respect of the Supplemental Agreement and the Revised Annual Cap.

Yours faithfully,

For and on behalf of

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. Huang, Chung-Fong

Independent

non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser, Essence Corporate Finance (Hong Kong) Limited, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in connection with the Supplemental Agreement and the Revised Annual Cap.



Essence Corporate Finance (Hong Kong) Limited
39/F., One Exchange Square
Central
Hong Kong

26 April 2024

*To: the Independent Board Committee
and the Independent Shareholders*

Dear Sirs,

REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE NEW TAIWAN SALES AGREEMENT

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 revision of the annual cap for the continuing connected transactions contemplated under the New Taiwan Sales Agreement (the “**Existing Annual Cap**”) for each of the three financial years ending 31 December 2026. Details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular (the “**Circular**”) dated 26 April 2024, 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 21 March 2024, the Company and Taiwan Vedan (the “**Two Parties**”) entered into the Supplemental Agreement, pursuant to which the Two Parties agreed to revise the Existing Annual Cap for each of the three financial years during the Relevant Period. With reference to the Letter from the Board, it is expected that the demand for the Products from the Taiwan Vedan Group will increase in the second half of 2024, as such the Existing Annual Cap will be insufficient. Accordingly, the Directors revised the Existing Annual Cap for each of the three financial years ending 31 December 2026 from US\$3,500,000 (equivalent to approximately HK\$27,370,000) to US\$15,000,000 (equivalent to approximately HK\$117,300,000).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taiwan Vedan indirectly holds approximately 33.62% of the entire issued share capital of the Company and is one of the controlling Shareholders, and thus, Taiwan Vedan is a connected person of the Company. Accordingly, the transactions contemplated under the Supplemental Agreement 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 Revised Annual Cap, on an annual basis, exceeds 5%, the transactions contemplated under the Supplemental Agreement and the Revised Annual Cap are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. CHAO Pei-Hong, Mr. KO Jim-Chen, Mr. CHEN Joen-Ray and Mr. HUANG Chung-Fong, has been established to advise the Independent Shareholders as to whether (i) the terms of the Supplemental Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable insofar as the Independent Shareholders are concerned; (ii) the Revised Annual Cap is fair and reasonable; (iii) the transactions contemplated under the Supplemental Agreement are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to give recommendation to the Independent Shareholders in respect of the voting on the resolution to be proposed at the EGM to approve the Supplemental Agreement and the Revised Annual Cap. We, Essence Corporate Finance (Hong Kong) Limited, have been appointed as the Independent Financial Adviser, to advise the Independent Board Committee and the Independent Shareholders in the same regard.

OUR INDEPENDENCE

We, Essence Corporate Finance (Hong Kong) Limited, are not associated with the Company, Taiwan Vedan and their respective core connected persons or close associates. In the past two years prior to this engagement, there was no engagement between the Group and us. Apart from normal professional fees paid or payable to us in connection with our appointment as the Independent Financial Adviser, no other arrangement exists whereby we will receive any fees or benefits from the Company, Taiwan Vedan or their respective core connected persons or close associates. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our advice and recommendation, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and management of the Company (the “**Management**”). We have reviewed, among other things, (i) the information contained in the Circular; (ii) the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”); and (iii) the annual results announcement of the Company for the year ended 31 December 2023 (the “**2023 Annual Results**”). We have also discussed with and reviewed information provided by the Management regarding the rationale of revising the Existing Annual Cap.

We have assumed that all information and representations that have been provided by the Directors and the Management, for which they are solely responsible, are true, accurate and complete at the time when they were made and provided and continue to be so in all material respect up to the date of the EGM, and Shareholders will be informed of any material change as soon as possible. We have further assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no omission of other facts that would make any statements in the Circular misleading. As the Independent Financial Adviser, we take no responsibility for the contents of any part of the Circular, save and except for this letter. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided. We have, however, not conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and the Management.

In light of the above, we consider that we have performed all reasonable steps as required under Rule 13.80 of the Listing Rules (including the notes thereto) to formulate our opinion and recommendation.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Supplemental Agreement and the Revised Annual Cap, we have taken into consideration the following principal factors and reasons:

1. Information of the parties

A. Information of the Company

As referred to the 2022 Annual Report and the 2023 Annual Results, the Group has been operating in one single business segment and is principally engaged in the manufacturing and sale of fermentation-based food additives, biochemical products and cassava starch based industrial products including modified starch, glucose syrup, MSG, soda, GA and others. As further set out in the 2022 Annual Report and the 2023 Annual Results, the Group's products are categorised into five different segments, namely (i) MSG and seasonings; (ii) modified starch, native starch and starch sugar (the "**Starch Products**"); (iii) specialty chemicals; (iv) fertilisers and feed products; and (v) other products, including coffee and bulk food ingredients. The 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, the United States of America (the "US") and several European countries.

The table below sets out the summarised consolidated statements of profit or loss of the Group for each of the three years ended 31 December 2023 as extracted from the 2022 Annual Report and the 2023 Annual Results:

Table 1

	For the year ended 31 December		
	2023	2022	2021
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	386,171	451,007	382,361
Gross profit	55,430	43,349	60,373
Profit/(loss) for the year attributable to owners of the Company	6,986	(4,386)	11,014
Gross profit margin	14.4%	9.6%	15.8%
Net profit margin	1.8%	-1.0%	2.9%

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The tables set out below are the Group's product segment and geographical location segment for each of the three years ended 31 December 2023:

Table 2

	For the year ended 31 December					
	2023		2022		2021	
	<i>(Audited)</i>		<i>(Audited)</i>		<i>(Audited)</i>	
	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>
MSG and seasonings	230,820	59.8	277,042	61.4	226,991	59.4
Starch Products	66,880	17.3	74,973	16.6	67,684	17.7
Specialty chemicals	21,154	5.5	28,302	6.3	21,330	5.6
Fertilisers and products	34,250	8.9	35,634	7.9	28,870	7.6
Others	33,067	8.5	35,056	7.8	37,486	9.7
Revenue	386,171	100.0	451,007	100.0	382,361	100.0

Table 3

	For the year ended 31 December					
	2023		2022		2021	
	<i>(Audited)</i>		<i>(Audited)</i>		<i>(Audited)</i>	
	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>
Vietnam	173,560	44.9	194,999	43.2	169,363	44.3
Japan	71,045	18.4	83,083	18.4	62,832	16.4
PRC	54,965	14.2	62,663	13.9	63,447	16.6
ASEAN member countries (exclude Vietnam)	31,185	8.1	35,991	8.0	29,067	7.6
U.S.	24,456	6.3	36,256	8.0	26,132	6.8
Taiwan and other regions	30,960	8.1	38,015	8.5	31,520	8.3
Revenue	386,171	100.0	451,007	100.0	382,361	100.0

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Revenue

The revenue of the Group increased by approximately 18.0% or approximately US\$68.6 million from approximately US\$382.4 million for the year ended 31 December 2021 (“FY21”) to approximately US\$451.0 million for the year ended 31 December 2022 (“FY22”). Such increase was mainly attributable to the increase in sales volume and revenue of the Group’s key products such as MSG, in addition to the rebound in economic activity in Vietnam (being the Group’s largest market as depicted in Table 3 above) as compared with FY21. As shown in Table 2 above, MSG and seasonings are the Group’s main revenue drivers, and the revenue contribution from this product segment accounted for approximately 59.4% and 61.4% in FY21 and FY22, respectively.

For the year ended 31 December 2023 (“FY23”), the revenue of the Group was approximately US\$386.2 million, a decrease of approximately 14.4% or approximately US\$64.8 million from approximately US\$451.0 million in FY22. The drop in revenue was mainly due to the slowdown in the market sentiment and affected decline in demand of the Group’s key product, MSG. As depicted in Table 2 above, revenue contribution from the MSG and seasonings segment, dropped from approximately 61.4% in FY22 to approximately 59.8% in FY23.

Gross profit

The gross profit of the Group decreased by approximately 28.2% from approximately US\$60.4 million for FY21 to approximately HK\$43.3 million for FY22. Due to the significant increase in costs from energy and raw material price hike during FY22, the overall gross profit margin for FY22 fell to 9.6% from 15.8% in FY21.

The gross profit of the Group increased by approximately 27.9% from approximately US\$43.3 million for FY22 to approximately US\$55.4 million for FY23. The overall gross profit margin rose significantly to 14.4% in FY23 from 9.6% in FY22. Although the Group’s key product, MSG, suffered a decline in revenue, the Group took appropriate cost control by taking the opportunity of the falling prices of bulk raw materials and improved its gross profit margin.

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Profit/(loss) attributable to owners of the Company

The Group recorded loss attributable to owners of the Company of approximately US\$4.4 million for FY22 as compared with profit attributable to owners of the Company of approximately US\$11.0 million for FY21. The decrease was mainly due to the significant increase in ocean freight rates and interest rates of borrowings. Net profit margin fell from 2.9% in FY21 to -1.0% in FY22.

The Group recorded a turnaround from loss to profit for FY23, whereby profit attributable to owners of the Company for FY23 amounted to approximately US\$7.0 million, which was a significant increase from the loss attributable to owners of the Company of approximately US\$4.4 million for FY22. The increase was attributable to the improvement in gross profit as a result of cost control. Net profit margin in FY23 showed significant improvement of 1.8% from -1.0% in FY22.

B. Information of Taiwan Vedan

As referred to the Letter from the Board, Taiwan Vedan's 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 33.62% of the entire issued share capital of the Company as at the Latest Practicable Date.

2. Reasons for entering into the Supplemental Agreement and the benefits of the Revised Annual Cap

As referred to the Letter from the Board, the entering into of the Supplemental Agreement was to principally revise upwards the Existing Annual Cap to cater for the expected increase in orders from the Taiwan Vedan Group from the second half of 2024.

We had been advised by the Management that the Group had been selling the Products to the Taiwan Vedan Group since 2003 and, thus, apart from the shareholding relationship, the Group had also maintained a long term business relationship with the Taiwan Vedan Group, a manufacturer of MSG products. Moreover, the Directors were of the view that the continuous sale of the Products to the Taiwan Vedan Group would enable the Group to continue to benefit and enjoy income generated from such transactions.

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As referred to the Company's announcement dated 15 December 2023, given the Previous Taiwan Sales Agreement would expire on 31 December 2023, the Two Parties entered into the New Taiwan Sales Agreement on substantially similar terms as the Previous Taiwan Sales Agreement, save and except, among other things, the amount of the Existing Annual Cap being US\$3,500,000 (equivalent to approximately HK\$27,370,000) for each of the financial years ending 31 December 2026. The Existing Annual Cap of US\$3,500,000 (equivalent to approximately HK\$27,370,000) was lower than the annual cap amount as stipulated under the Previous Taiwan Sales Agreement of US\$50,000,000 (equivalent to approximately HK\$391,000,000) (the "**Historical Annual Cap**") for each of the three financial years ended 31 December 2023 (the "**Past Three Years**").

Following the easing of the impact of the COVID-19 pandemic, energy and grain prices were pushed up as a result of the escalation of the Russo-Ukrainian War in 2022. Coupled with the increase in prices and high inflation, by the end of 2022, the Group's cost of production of MSG in Vietnam experienced a sharp increase as a result of the soaring prices of raw materials and coal. As a result, the Group increased the sales prices of MSG (the Group's major products), commencing around the second half of 2022. As such, the demand for MSG by the Group's customers began to drop in the second half of 2022 due to the increase in the sales prices. Such situation persisted also in 2023.

We had searched over the internet to understand the general impact of the Russo-Ukrainian War in 2022 on Vietnam and noted that energy prices were pushed up over that period. According to the Organisation for Economic Cooperation and Development ("**OECD**") Economic Surveys: Viet Nam 2023", the highly uncertain global environment that had arisen with the outbreak of the Russo-Ukrainian War had added additional headwinds to the Vietnamese economy. High energy prices pushed up inflation and eroded the purchasing power of vulnerable households. Further to the survey, it stated that as a consequence of the war, global trade might be undermined for a long period and might affect Vietnam's economy through various channels. Though trade with Russia and Ukraine was small, bilateral imports of certain products were relatively important, such as coal and coal products (12% of total imports of coal and coal products were from Russia in 2021) and fertilisers (10% of total imports of fertilisers were from Russia in 2021).

Apart from its major products, MSG, we had enquired the Management on the sales amount and prices of the other products being sold to the Taiwan Vedan Group, and we had been advised that the Group had received stable orders in relation to such orders. Accordingly, in determining the amount of the annual cap for the New Taiwan Sales Agreement during the Relevant Period, the Company had based on the expectation that the demand of the Products, principally MSG, from the Taiwan Vedan Group would decrease and had also conservatively made reference to the historical transactions in 2023, and estimated that the annual aggregate amount of sales of the Products to the Taiwan Vedan Group under the New Taiwan Sales Agreement would not exceed the maximum annual cap of US\$3,500,000 (equivalent to approximately HK\$27,370,000) for each of the three financial years during the Relevant Period.

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As advised by the Management, after the execution of the New Taiwan Sales Agreement, the Management noted that the prices of MSG's major raw materials, such as molasses and coal, had gradually stabilised during the second half of 2023. In view of the modest stable prices, the Group adjusted its sales strategy subsequently and lowered the sales prices of MSG in Vietnam. Following the adjustment of the fee quotations of the Products by the Company, the Company was informed by the Taiwan Vedan Group of its adjusted sales proposal in relation to the anticipated increase in demand of the Group's key product, namely, MSG. As a result, the Existing Annual Cap will be insufficient for the expected increase in MSG orders from the Taiwan Vedan Group, and thus, the Company revises the Existing Annual Cap to the Revised Annual Cap by executing the Supplemental Agreement. As advised by the Management, save for the revision of the Existing Annual Cap from US\$3,500,000 (equivalent to approximately HK\$27,370,000) to US\$15,000,000 (equivalent to approximately HK\$117,300,000) for each of the three financial years during the Relevant Period, all terms and conditions under the New Taiwan Sales Agreement remained unchanged.

Based on the above and having considered that the Transactions contemplated under the New Taiwan Sales Agreement and the Supplemental Agreement are in line with the Group's principal business, we concur with the view of the Directors that the Supplemental Agreement is entered into in the ordinary and usual course of business of the Group, and the Revised Annual Cap is in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Supplemental Agreement

On 21 March 2024, the Two Parties entered into the Supplemental Agreement pursuant to which, the Two Parties agreed to revise the Existing Annual Cap from US\$3,500,000 (equivalent to approximately HK\$27,370,000) to US\$15,000,000 (equivalent to approximately HK\$117,300,000) in respect of each financial year during the term of the New Taiwan Sales Agreement. Save and except for the revision of the Existing Annual Cap, all other terms and conditions under the New Taiwan Sales Agreement remained unchanged.

Our assessment of the terms of the New Taiwan Sales Agreement

We have reviewed the terms of the Supplemental Agreement, and noted that, save and except for the revision of the Existing Annual Cap, all other terms under the New Taiwan Sales Agreement remained unchanged.

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Other than the Supplemental Agreement, we had also reviewed and compared the terms of the New Taiwan Sales Agreement against the Previous Taiwan Sales Agreement. We noted that other than (i) the extension of the term under the Previous Taiwan Sales Agreement from the Past Three Years to the Relevant Period under the New Taiwan Sales Agreement; and (ii) the amount of the annual cap set as US\$50,000,000 under the Previous Taiwan Sales Agreement versus US\$3,500,000 under the New Taiwan Sales Agreement, we were not aware of any other material amendments in the Previous Taiwan Sales Agreement as compared with the New Taiwan Sales Agreement.

We had also reviewed the key terms of the New Taiwan Sales Agreement, namely “Price of the products” which stipulated that the price of the products payable by the Taiwan Vedan Group should be determined in accordance with and 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 Products. It was further stated that the price should be paid to the relevant member of the Group by Taiwan Vedan and/or other members of the Taiwan Vedan Group within 60 days from the end of the month in which the relevant Products are delivered by the Group.

For our due diligence purpose, we have reviewed and compared more than 50 sample copies of historical sales records, including sales contracts and commercial invoices in respective of the sales made by the Group to independent customers and the Taiwan Vedan Group during the Past Three Years. The samples under review mainly represent the sales of MSG and the Starch Products made by the Group to independent customers and the Taiwan Vedan Group and also included top five (5) connected transactions for each of the three years ended 31 December 2023. Each selected connected transactions sample have been compared with sample of transactions with independent customers within same period of similar specification of the components of MSG and the Starch Products. Accordingly, for each year during the Past Three Years, we have reviewed at least five (5) samples of transactions with each of independent customers and the Taiwan Vedan Group.

We consider the above selection criteria is fair and reasonable for our analysis as the samples have covered the sales of the Group’s key product, MSG and the Starch Products, being the Group’s other major products to independent customers and the Taiwan Vedan Group, as well as top five (5) connected transaction each year during the Past Three Years. After reviewing the samples, we noted that the unit price of MSG offered to the Taiwan Vedan Group was not more favourable than the unit price offered to independent customers. Furthermore, from our review, we noted the credit term granted under the New Taiwan Sales Agreement (as supplemented by the Supplemental Agreement) being within 60 days from the end of the month in which the relevant Products were to be delivered by the Group, was within the credit term range granted to independent customers during the Past Three

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Years, accordingly, the credit term granted under the New Taiwan Sales Agreement (as supplemented by the Supplemental Agreement) was not more favourable than the credit term granted to independent customers.

As referred to the Letter from the Board, the Management will determine the price of the Products after taking into consideration the production costs and market price of the Products and aiming at maintaining an overall gross profit margin within a range of approximately 13% to 17% and the Board will review the price of the Products from time to time and at least once every six months. As discussed above, we noted that the overall gross profit margin of the Group achieved an improvement in FY23 of 14.4% from 9.6% in FY22. Furthermore, we had reviewed the relevant documents and noted that the overall pricing of the Products were reviewed and approved by the Management periodically, and as such, in line with the directions of the Board as described above.

Based on the above, we are of the view that the pricing and other terms offered by the Group under the New Taiwan Sales Agreement (as supplemented by the Supplemental Agreement) are on normal commercial terms which are no more favourable to the Taiwan Vedan Group than those offered by the Group to other independent customers.

4. The Revised Annual Cap

Review of the historical transaction amounts versus the Historical Annual Cap

Set out below are (i) the actual historical sales amount of the Products under the Previous Taiwan Sales Agreement; and (ii) the Historical Annual Cap under the Previous Taiwan Sales Agreement, for the Past Three Years:

Table 4

	For the year ended 31 December		
	2021	2022	2023
	US\$	US\$	US\$
Historical sales amount	8,082,147	10,416,313	3,304,948
Historical Annual Cap	50,000,000	50,000,000	50,000,000
Utilisation rate of the Historical Annual Cap	16.2%	20.8%	6.6%

Note: The utilisation rate is derived by dividing the historical sales amount by the Historical Annual Cap.

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As shown in the above table, the actual sales of the Products to the Taiwan Vedan Group fluctuated during the Past Three Years. It was noted that the sales amount increased from approximately US\$8,082,147 (equivalent to approximately HK\$63,202,390) in FY21 to approximately US\$10,416,313 (equivalent to approximately HK\$81,455,568) in FY22, representing an increase of approximately 28.9%. However, the sales amount dropped substantially to US\$3,304,948 (equivalent to approximately HK\$25,844,693) for FY23, representing a decrease of approximately 68.2% from FY22. Accordingly, utilisation rate of the Historical Annual Cap illustrated fluctuations of approximately 16.2%, 20.8% and 6.6% for the three financial years ended 31 December 2021, 2022 and 2023, respectively.

The Existing Annual Cap and the Revised Annual Cap

As advised by the Management, the Existing Annual Cap was determined based on the historical transactions between the Taiwan Vedan Group and the Group, and the Taiwan Vedan Group's sales proposal in relation to the Products. Since the production costs of MSG have gradually stabilised recently and the Company has been informed that Taiwan Vedan has decided to adjust its sales proposal in relation to MSG in respond to the Group's adjusted fee quotations on the Products, The Company expects that demand on the Products from Taiwan Vedan will increase from the second half of 2024 and the Existing Annual Cap will be insufficient for the sales amount to the Taiwan Vedan Group for each of the financial years in the Relevant Period. As further set out in the Letter from the Board, the Company currently expected the Taiwan Vedan Group would place orders on MSG products amounting to US\$9,000,000 and cassava starch-based industrial products (the Starch Products) amounting to approximately US\$2,000,000.

Based on the expected aggregate orders of the Products from the Taiwan Vedan Group of US\$11,000,000, the Directors expect that the Existing Annual Cap will be exceeded and therefore, the Company proposes to revise the Existing Annual Cap of US\$3,500,000 (equivalent to approximately HK\$27,370,000) to the Revised Annual Cap of US\$15,000,000 (equivalent to approximately HK\$117,300,000) under the Supplemental Agreement. Moreover, we noted that if based on the Existing Annual Cap of US\$3,500,000 (equivalent to approximately HK\$27,370,000), the utilisation rate of the historical sales amount of the Products to the Taiwan Vedan Group in FY23 of US\$3,304,948 (equivalent to approximately HK\$25,844,693) would reach approximately 94.4%. As mentioned above, the Revised Annual Cap was based on the estimated increase in the demand on the Products from the Taiwan Vedan Group from the second half of 2024 and the actual aggregated amount of sales of the Products by the Group to the Taiwan Vedan Group over the previous financial years.

In assessing the fairness and reasonableness of the Revised Annual Cap, we have reviewed the relevant information provided by the Company and have discussed with the Management on the bases and assumptions of determining the Revised Annual Cap.

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1. Flexibility to sell more of the Group's key and major products

As set out in the section headed "1. Information on the Parties", MSG is the primary product of the Group whereby the Starch Products are the Group's other major products. As referred to Table 2 above, MSG and seasonings product segment accounted for more than 59% of the Group's revenue in FY21, FY22 and FY23. As for the Starch Products segment, it accounted for more than 15% of the Group's revenue in FY21, FY22 and FY23.

By revising upwards the Existing Annual Cap, the Group will have the flexibility to sell more of the Group's key products and major products, namely MSG (being the Group's key product) and the Starch Products (being the Group's other major products), and continue to enjoy more income generated from such sales. Furthermore, the Revised Annual Cap of US\$15,000,000 would account merely approximately 3.9% of the Group's revenue for FY23 of approximately US\$386.2 million. As such, it indicated that the Group's financial performance or revenue did not rely on the sales to the Taiwan Vedan Group.

2. Sales of the Products, namely, MSG, hit record low for FY23

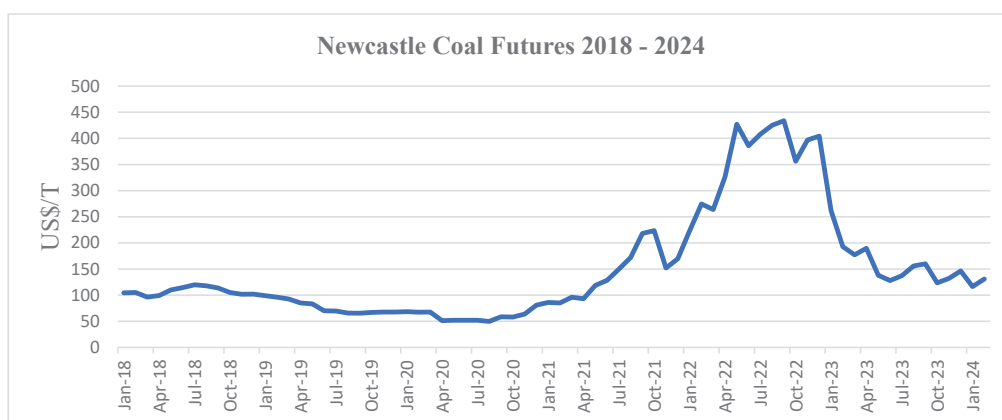
As discussed above, in the second half of 2022, the cost of production of MSG in Vietnam rose sharply due to the rise in cost of fuel and price of raw materials, namely molasses. As a result, since end of 2022, due to the high sales prices of MSG arising from the Group's high production costs in Vietnam, sales amount of MSG experienced a steep drop, affecting substantial decrease in the overall orders of the Products from the Taiwan Vedan Group.

Based on the information provided by the Management, we noted not only the aggregate amount of sales of the Products to the Taiwan Vedan Group dropped substantially, sales amount of MSG in FY23 hit a record low of US\$1.1 million which was less than the sales amount of the other products sold to the Taiwan Vedan Group. For the past five years ended 31 December 2022, we noted that the annual sales of MSG contributed more than 70% of the aggregate amount of sales of the Products by the Group to the Taiwan Vedan Group. However, sales amount of MSG for FY23 contributed only approximately 32% of the aggregate amount of sales of the Products in FY23. We further noted that with the exception of FY23, annual sales amount of MSG to the Taiwan Vedan Group was more than US\$5 million for the five years ended 31 December 2022 and the other products maintained around the range of approximately US\$1.6 million to US\$2.2 million for the six years ended 31 December 2023.

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3. *Review of MSG's major production costs*

To further understand on the historical trend of coal prices, other than the OCED survey, we have also looked into the Newcastle Coal Futures Index (“**NEWC**”) relating to coal futures. As illustrated in the graph below, NEWC had peaked just below approximately US\$400 per tonne in March 2022 when Russo-Ukrainian War 2022 escalated. Following a slight decline below US\$300 per tonne in April 2022, the NEWC had surpassed US\$400 per tonne in May 2022, and reached an all-time high of approximately US\$440 per tonne in September 2022. We noted that the prices maintained a downward trend from the record highs in 2022.



(Sources: Investing.com)

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As for molasses, based on the “World Molasses & Feed Ingredients Report” from S&P Global, global molasses production for 2022-2023 reported a decrease of approximately 1.5 million tons to 64.1 million tons from approximately 65.6 million tons in 2021-2022 and that world molasses prices have reached all-time highs in the current production cycle on tighter supplies. The report indicated that global molasses production in 2023-2024 may rise by approximately 3.3 million tons on a local crop year basis to reach 67.4 million tons. The rise is mainly due to larger production in Brazil, the European Union, India and Pakistan. It was further reported that though molasses prices may not reach the highs of 2022 again, they will remain supported despite a weaker outlook for feed ingredients in general.

We have obtained and reviewed information from the Management on the average bulk raw materials purchase prices of coal, imported molasses (to Vietnam) and local molasses (in Vietnam) by the Group for each of the six years ended 31 December 2023 and two months ended 29 February 2024.

We noted that the average purchase prices of coal, imported molasses (to Vietnam) and local molasses (in Vietnam) procured by the Group (i) in FY22 increased by approximately 222.3%, 7.2%, and 16.7%, respectively as compared to FY21, (ii) in FY21 increased by approximately 7.8%, 16.0% and 9.5% respectively, as compared to the year ended 31 December 2020, and (iii) from 2018 to 2022 increased on a compound annual growth rate of approximately 19.5%, 10.1% and 9.7%, respectively.

As compared with the annual increases in the previous five years, we noted that in FY23, the average purchase prices of coal had significantly decreased by approximately 38.4% as compared with FY22 while the average purchase prices for the imported molasses (to Vietnam) and local molasses (in Vietnam) had gradually stabilized, and the average purchase coal prices for the two months in February 2024 dropped by approximately 29.2% from FY23 and the average purchase prices for the imported molasses (to Vietnam) and local molasses (in Vietnam) remained stable as compared with FY23.

4. Review of the historical sales to the Taiwan Vedan Group

Apart from MSG’s major production costs, we had also reviewed the monthly summary of the revenue from the Taiwan Vedan Group during the Past Three Years and the two months ended 29 February 2024, and we noted that monthly sales prices of MSG for FY23 were in general, higher than the corresponding months for FY21 and FY22 and the aggregate orders of MSG in FY23 were substantially lower than FY21 and FY22. Furthermore, it is noted that not only the orders of MSG in FY23 were substantially lower than FY21 and FY22, but the sales amount of MSG for FY23 was also, to a great extent, lower than both FY21 and FY22. As for MSG’s sales prices for January 2024 and February 2024, they were lower than the monthly sales prices of FY23. From December 2023, we noted that MSG’s orders picked up and increased substantially as compared with November 2023, resulting in a sharp increase in revenue generated from sales of MSG as compared with November 2023.

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Furthermore, we noted that the sales prices of MSG to the Taiwan Vedan Group had increased since FY22 and no record of MSG was sold in September 2022, October 2022 and July 2023. As advised by the Management, due to the high sales prices of MSG from Vietnam, the amount of MSG purchased by the Taiwan Vedan Group from the Group had dropped significantly, reflecting the zero purchase orders in September 2022, October 2022 and July 2023.

As for the other products, such as the Starch Products, sold to the Taiwan Vedan Group, we noted that the sales prices and the orders were, in substance, remained stable for the Past Three Years.

5. *Anticipated increase in orders from the Taiwan Vedan Group*

As referred to Table 4 above, the sales amount to the Taiwan Vedan Group in FY21, FY22 and FY23 amounted to approximately US\$8,082,147, US\$10,416,313 and US\$3,304,948, respectively. The Revised Annual Cap of US\$15,000,000 would represent utilisation rates of approximately 53.9%, 69.4% and 22.0% of the historical sales amount to the Taiwan Vedan Group for FY21, FY22 and FY23, respectively. The utilisation rates have been derived by dividing the historical sales amount by the Revised Annual Cap.

At the year end of 2023, the Company adjusted its quotations of the sales prices of the Products, in particular, MSG, to the Taiwan Vedan Group to reflect the stable fuel and raw materials prices for the production of MSG, i.e. to lower the sales prices of the Products. As a result, the Company had been informed that the Taiwan Vedan Group had decided to adjust its sales proposal in relation to MSG and the Company expected that the demand on the Products from Taiwan Vedan Group would increase from the second half of 2024. Accordingly, the Directors anticipated that demand for the Products between the Group and the Taiwan Vedan Group during the Relevant Years would be increased.

As aforementioned above, the Management expect annual orders of MSG of approximately US\$9,000,000 and the Starch Products amounting to approximately US\$2,000,000 from the Taiwan Vedan Group. We note that apart from FY23, the expected annual orders are within the range of the actual aggregate amount of sales of the Products by the Group to the Taiwan Vedan Group for the Past Three Years and the Existing Annual Cap will not be sufficient for the expected increase in the volume of business between the Group and the Taiwan Vedan Group amidst in the improved economic condition.

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In addition to the above, in view of the anticipated improved general condition of the production costs of MSG in Vietnam and anticipated increase sales orders from the Taiwan Vedan Group, we concur with the view of the Directors that incorporating a buffer based on the historical sales amount of sales of the Products (except the relevant sales amount for FY23) would allow some extent of flexibility to the Group to promptly cope with unanticipated in demand and fluctuations in sales prices without the need of re-complying with the relevant Listing Rules.

Taking into account the factors as a whole, we are of the view that the Revised Annual Cap under the Supplemental Agreement is fair and reasonable.

5. Internal control measures

As stated in the Letter from the Board, to ensure that the Transactions will be implemented in accordance with the terms of the agreement and the pricing policies, the Company has adopted the internal control measures as set out below.

The Management will review, among others, the pricing involved in the Transactions contemplated under the New Taiwan Sales Agreement (as supplemented by the Supplemental Agreement) and compare it with other independent customers on a quarterly basis to ensure that the pricing and certain major terms of such transactions are fair and reasonable and are not more favourable to the Taiwan Vedan Group than those offered to other independent customers, and shall report the relevant information at least once every six months to the Board for review.

In addition, the Management will also prepare and submit to the independent non-executive Directors the following:

- (a) monthly reports setting out the amount and certain major terms of the Transactions; and
- (b) semi-annual reports on the Transactions with information including, but not limited to, (i) the aggregate transaction amount for the relevant 6-month period in respect of the Transactions; and (ii) whether the relevant annual caps in respect of the Transactions have been exceeded.

The independent non-executive Directors and the auditors of the Company will review the Transactions and report in the annual report pursuant to Rule 14A.55 and Rule 14A.56 of the Listing Rules, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed the internal policies that included (i) the management measures for domestic and foreign sales orders of the MSG and the Starch Products in Vietnam; (ii) the monthly revenue summary of related party transactions; and (iii) sales pricing comparison table regarding the pricing involved in the Transactions contemplated under the New Taiwan Sales Agreement (as supplemented by the Supplemental Agreement) and comparing with other independent customers, and considered that the measures in place provide reasonable assurance that the conduct of the Transactions would be within the framework of the New Taiwan Sales Agreement (as supplemented by the Supplemental Agreement) and monitor the utilisation of the Revised Annual Cap to ensure timely compliance with the requirements under Chapter 14A of the Listing Rules.

Based on the above, we concur with the view of the Directors that the internal control system of the Group is adequate to ensure that the Transactions will be on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

OPINION AND RECOMMENDATIONS

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Supplement Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable insofar as the Independent Shareholders are concerned; (ii) the Revised Annual Cap is fair and reasonable; and (iii) the transactions contemplated under the Supplement Agreement are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend to the Independent Shareholders, and we ourselves, recommend, the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM in relation to the Supplement Agreement and the Revised Annual Cap.

Yours faithfully,

For and on behalf of

Essence Corporate Finance (Hong Kong) Limited

Mazy Chan

Director

Corporate Finance

Ms. Mazy Chan is a licensed person and responsible officer of Essence Corporate Finance registered with the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry.

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	Total number of Shares interested	Shareholding percentage
Mr. Yang, Tou-Hsiung	Interest of corporation controlled by him	169,730,196	11.15%
Mr. Yang, Cheng	Interest of corporation controlled by him	169,730,196	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 was entitled to exercise or control the exercise of more than one-third of the voting power of King International. Mr. Yang, Tou-Hsiung was therefore deemed to be interested in the 169,730,196 Shares held by King International.
2. Mr. Yang, Cheng was entitled to exercise or control the exercise of more than one-third of the voting power of King International. Mr. Yang, Cheng was 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 had in the 169,730,196 Shares were 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.

Mr. Yang, Tou-Hsiung, Mr. Yang, Cheng, Mr. Yang, Kun-Hsiang, Mr. Yang Kun-Chou and Mr. Yang, Chen-Wen are directors of Taiwan Vedan. Mr. Huang Ching-Jung is the vice president of Taiwan Vedan. Mr. Yang, Tou-Hsiung and Mr. Yang, Cheng are also directors of Billion Power and King International. Mr. Yang, Kun-Hsiang is also a director of Billion Power, Concord Worldwide and 丹澤企業股份有限公司. Mr. Yang, Kun-Chou is also a director of Concord Worldwide and 丹澤企業股份有限公司. Mr. Yang, Chen-Wen is a director of High Capital. 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 (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 business and operational plans of the Group are managed by Mr. Yang, Kun-Hsiang and an independent management team. In Taiwan Vedan, Mr. Yang, Chen-Wen and Mr. Yang, Kun-Chou are mainly responsible for such company's procurement strategies of bulk raw material and marketing and product planning of Taiwan Vedan's products in the Taiwan market. In the Group, both Mr. Yang, Chen-Wen and Mr. Yang, Kun-Chou provide 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, among other things, 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 2023, 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 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. DISCLOSURE OF INTERESTS

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	Total number of Shares interested	Approximate percentage of the existing issued share capital of the Company
Billion Power	Beneficial owner	512,082,512	33.62%
Taiwan Vedan	Interest held by its controlled corporation	512,082,512	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%
丹澤企業股份有限公司 (Danze Corporation Limited*)	Beneficial owner	83,348,000	5.47%

* For identification purpose only

Notes:

1. Billion Power was a wholly-owned subsidiary of Taiwan Vedan. Taiwan Vedan was 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, not being a Director or 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 required to be kept by the Company under Section 336 of the SFO.

4. MATERIAL CONTRACTS

No member of the Group has entered into any 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. 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 2023, being the date to which the latest audited consolidated financial statement of the Company were made up.

6. EXPERTS AND CONSENTS

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

Name	Qualifications
Essence Corporate Finance (Hong Kong) 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, Essence Corporate Finance (Hong Kong) 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.

Essence Corporate Finance (Hong Kong) Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name and logo in the form and context in which they appear.

As at the Latest Practicable Date, Essence Corporate Finance (Hong Kong) 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 2023, the date to which the latest audited accounts of the Group were made up.

The Letter from the Independent Financial Adviser is given as of the date of this circular for incorporation herein.

7. MISCELLANEOUS

- (a) The registered office of the Company is at Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman KY1-1103, Cayman Islands and the principal place of business of the Company in Hong Kong is at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.
- (b) The Company's Hong Kong branch share registrar and transfer office is Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, 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.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.vedaninternational.com>) during the period of 14 days from the date of this circular:

- (a) the New Taiwan Sales Agreement; and
- (b) the Supplemental Agreement.

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 Falcon Room I, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Tuesday, 21 May 2024 at 3:30 p.m. (or immediately after the end of the annual general meeting of the Company to be held on Tuesday, 21 May 2024) for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company.

ORDINARY RESOLUTION

“**THAT** the supplemental agreement dated 21 March 2024 entered into between Vedan Enterprise Corporation and the Company (“**Supplemental Agreement**”), a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purposes, and the revised annual cap thereunder, be and are hereby approved, confirmed and ratified and 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 Supplemental Agreement.”

By Order of the Board of

Vedan International (Holdings) Limited

Yang, Kun-Hsiang

Executive Director and Chief Executive Officer

Hong Kong, 26 April 2024

NOTICE OF EGM

Notes:

1. A form of proxy for use at the EGM is enclosed.
2. For determining the entitlement to attend and vote at the EGM to be held on 21 May 2024, the Register of Members of the Company will be closed from Thursday, 16 May 2024 to Tuesday, 21 May 2024, (both days inclusive), during such period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company should ensure all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 14 May 2024.
3. 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.
4. 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 branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the case of joint holders of any Share, any one of such persons may vote at the EGM, either in person 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.