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**INTERNATIONAL**

**VEDAN INTERNATIONAL (HOLDINGS) LIMITED**

**味丹國際（控股）有限公司**

*(Incorporated under the laws of the Cayman Islands with limited liability)*

**(Stock code: 02317)**

## **CONTINUING CONNECTED TRANSACTIONS SUPPLEMENTAL ANNOUNCEMENT**

Reference is made to the announcement of the Company dated 21 December 2017 in relation to the Technology Support Agreement and the Taiwan Sales Agreement (the “**Announcement**”). Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board would like to provide additional information in relation to the continuing connected transactions under each of the Technology Support Agreement and the Taiwan Sales Agreement.

## **PRICING POLICIES**

### **Technology Support Agreement**

As disclosed in the Announcement, in consideration of Taiwan Vedan Group agreeing to continue to provide and/or to procure other member(s) of the Taiwan Vedan Group to continue to provide to the Group during the Relevant Period certain technological support services for the purpose of supporting the product research and development activities of the Group for the development of other advanced fermentation technology as may be required by the Group from time to time, the Company has agreed to pay or procure to be paid to Taiwan Vedan a service fee at the rate of 1% of the turnover of Xiamen Vedan and Vietnam Vedan during the Relevant Period.

The basis of the service fee rate was principally determined after arm's length negotiations and on normal commercial terms after taking into account the following factors: (i) the experience and background of the Taiwan Vedan Group; (ii) to the Directors' knowledge there are no companies in the Taiwan market the business of which is to provide specific technological support services for the development of advanced fermentation technology; and (iii) the need of the Group for technological support services for research and development of new products.

The service fee rate of 1% of the turnover of Xiamen Vedan and Vietnam Vedan under the Technology Support Agreement is the same as the service fee rate under the Existing Technology Support Agreement, without any increase since 2004.

### **Taiwan Sales Agreement**

As disclosed in the Announcement, the Group will continue to sell the Products to the Taiwan Vedan Group for use in Taiwan during the Relevant Period pursuant to the Taiwan Sales Agreement.

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 the market price of the Products in Taiwan, aiming at maintaining an overall gross margin within a range of approximately 14% to 18%.

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

## **INTERNAL CONTROL PROCEDURES**

The Group has formulated a series of measures and policies to ensure that the continuing connected transactions contemplated under the Technology Support Agreement and the Taiwan Sales Agreement (collectively the “**Transactions**”) will be implemented in accordance with the terms of the respective agreements and the respective pricing policies.

The management of the Company will review, among others, the pricing involved in the transactions contemplated under the Taiwan Sales 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 shall report the relevant information at least once every six months to the Board for review.

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 under the Technology Support Agreement and the Taiwan Sales Agreement, respectively; 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.

In view of the above pricing policies and internal control procedures, the Directors (including the independent non-executive Directors) consider that the Technology Support Agreement and the Taiwan Sales Agreement are: (i) on terms that are fair and reasonable; (ii) on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and its shareholders as a whole.

Save as disclosed above, all other information set out in the Announcement remains unchanged.

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

Hong Kong, 10 January 2018

As at the date of this announcement, the Board comprises the following members:–

*Executive Directors:–*

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

*Non-executive Directors:–*

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

*Independent non-executive Directors:–*

Mr. CHAO, Pei-Hong  
Mr. KO, Jim-Chen  
Mr. CHEN, Joen-Ray  
Mr. HSIEH, Lung-Fa