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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)

CONNECTED TRANSACTION PROCUREMENT AGREEMENT

On 18 November 2020, Vietnam Vedan (a non-wholly owned subsidiary) and Taiwan Vedan entered into the Procurement Agreement, pursuant to which Taiwan Vedan agreed to sell, and Vietnam Vedan agreed to purchase, the Products.

As at the date of this announcement, 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, and therefore a connected person of the Company. As such, the transaction contemplated under the Procurement Agreement constitutes a connected transaction 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 transaction contemplated under the Procurement Agreement is greater than 0.1% while all such ratios are below 5% for the purposes of Rule 14.07 of the Listing Rules, such transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and is exempt from the circular and shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

On 18 November 2020, Vietnam Vedan (a non-wholly owned subsidiary of the Company) and Taiwan Vedan entered into the Procurement Agreement, pursuant to which Taiwan Vedan agreed to sell, and Vietnam Vedan agreed to purchase, the Products.

The principal terms of the Procurement Agreement are set out below:

THE PROCUREMENT AGREEMENT

- Date : 18 November 2020
- Parties : (1) Taiwan Vedan; and
(2) Vietnam Vedan
- Products and price : (1) 15,100 tonnes of beet molasses at the price of US\$3,186,100.00; and
(2) 15,100 tonnes of cane molasses at the price of US\$2,687,800.00.
- The price for each Product is inclusive of the costs of packaging, insurance and carriage of the Product.
- Each of the Products delivered may be 2% more or less than 15,100 tonnes and any deviation within such 2% range by itself shall not be deemed to be a breach of any of the provisions of the Procurement Agreement and neither party shall have any right or remedy against the other party.
- Payment : The price of each Product shall be paid by Vietnam Vedan to Taiwan Vedan by telegraphic transfer to a bank account of Taiwan Vedan within 15 days after the date of the bill of lading.
- Delivery : Taiwan Vedan shall deliver the Products by 30 November 2020.

PRICING

The price for the Products payable by Vietnam Vedan to Taiwan Vedan is determined in accordance with and is not more favourable to Taiwan Vedan than the price payable by Vietnam Vedan to other independent suppliers of the Group in respect of the relevant Products. The price of the Products are determined after taking into consideration the costs of the Products and the market price of the Products internationally, with Taiwan Vedan having a gross margin within a range of approximately 0.94% to 0.95%.

The price for the Products payable by Vietnam Vedan to Taiwan Vedan will be settled by internal resources of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROCUREMENT AGREEMENT

The Products are raw materials for the Group to manufacture one of its products, MSG. With the impact of global warming and climate change, intensified drought has led to a decrease in global molasses production from 2019 to 2020. The Company expects that the price of the Products will rise in the future. In order to ensure that there are sufficient Products as raw materials to manufacture MSG, the Group decided to purchase the Products from Taiwan Vedan to stabilize the production costs after considering the quotation from the international market.

The Directors (including the independent non-executive Directors) are of the opinion that the Procurement Agreement is: (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.

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 transaction contemplated under the Procurement Agreement. Accordingly, they have abstained from voting on the resolutions of the Board in relation to the Procurement Agreement.

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 date of this announcement and is therefore a connected person of the Company.

INFORMATION ABOUT THE GROUP

The Group carries on the business of manufacturing and sale of fermentation-based amino acids, food additive products and cassava starch based products in Asia.

Vietnam Vedan is principally engaged in the business of manufacturing and sale of fermentation-based food additives and biochemical products and cassava starch-based industrial products including MSG, GA, modified starch, glucose syrup, soda and acid in Vietnam and for export.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, 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, and therefore a connected person of the Company. As such, the transaction contemplated under the Procurement Agreement constitutes a connected transaction 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 transaction contemplated under the Procurement Agreement is greater than 0.1% while all such ratios are below 5% for the purposes of Rule 14.07 of the Listing Rules, such transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and is exempt from the circular and shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Beet Molasses”	15,100 tonnes of beet molasses;
“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 date of this announcement;
“Board”	the board of Directors;
“Cane Molasses”	15,100 tonnes of cane molasses;
“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 date of this announcement;
“connected person”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	the director(s) of the Company;

“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;
“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 date of this announcement;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“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 date of this announcement;
“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; it can enrich the savory flavor of the food;

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan;
“Procurement Agreement”	the agreement dated 18 November 2020 and entered into between Taiwan Vedan and Vietnam Vedan in relation to the sale and purchase of the Products;
“Products”	Beet Molasses and Cane Molasses, and “Product” means Beet Molasses or Cane Molasses, as the case may be;
“Share(s)”	share(s) of US\$0.01 per share in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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;
“Tung Hai”	東海醱酵工業股份有限公司 (Tung Hai Fermentation Industrial Co., Ltd.*), a company incorporated in Taiwan and ultimately owned by the Yang Family;
“US\$”	the lawful currency of the United States of America;
“Vietnam Vedan”	Vedan (Vietnam) Enterprise Corporation Limited, a company incorporated under the laws of Vietnam and a non-wholly owned subsidiary of the Company;

“Yang Family”

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, 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.

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

Hong Kong, 18 November 2020

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. HUANG, Chung-Fong

* *For identification purpose only*