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MANFIELD

Manfield Chemical Holdings Limited

萬輝化工控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1561)

**SUPPLEMENTAL ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of Manfield Chemical Holdings Limited (the “Company”) dated 4 May 2017 in relation to the New Teknos Agreement entered into between MT and Teknos Coatings (the “Announcement”). Unless otherwise stated, terms used in this announcement shall have the same meanings as defined in the Announcement.

In addition to the information disclosed in the Announcement, the Company wishes to provide its shareholders and the public with additional information in relation to the continuing connected transactions under the New Teknos Agreement.

PRICING POLICY

The price for the liquid coatings supplied is based on a formula set out in the New Teknos Agreement, which is calculated on a cost plus basis with an agreed markup rate of the cost taking into account raw material costs, packaging costs and production wages among other things, and is determined on an arm’s length basis between MT and Teknos Coatings provided that the parties may negotiate on a case-by-case basis to deviate from the formula in case of strong price competition in the market.

Before determining the rate of the price for the liquid coatings to be supplied, the management of the Group will ascertain the price of relevant comparable or similar coatings processing offered to independent third parties and available in the market, and ensure that the rate for the Tekno Group will be fair and reasonable and not less favourable to MT than those available to independent third parties.

INTERNAL CONTROL

In order to ensure the terms of the New Teknos Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable to the Company and its shareholders and the rates for liquid coating supplied are not less favourable to MT than those available to independent third parties, the Group has adopted the following measures:

- (i) the Company has assigned an executive Director (the “Supervisory Director”) of the Company to supervise the continuing connected transactions and review and assess whether the transactions contemplated under the relevant continuing connected transactions are on normal commercial terms, fair and reasonable and conducted in accordance with the terms of the New Teknos Agreement and will also periodically update the market price for the purpose of considering if the service fees charged for a specific transaction are on normal commercial terms, fair and reasonable and in accordance with the aforesaid pricing policy;
- (ii) the Supervisory Director will review all the fees and pricing of the continuing connected transactions under the New Teknos Agreement on a periodic basis to ensure that they are fair and reasonable and not less favourable to MT than those offered or available to independent third parties;
- (iii) the Company’s external auditors will conduct an annual review on the pricing and the annual cap of the continuing connected transactions under the New Teknos Agreement in pursuant to the requirements of the Listing Rules; and
- (iv) the independent non-executive Directors of the Company will conduct an annual review of the implementation of the continuing connected transactions under the New Teknos Agreement in pursuant to the requirements of the Listing Rules.

By Order of the Board
Manfield Chemical Holdings Limited
Yuen Shu Wah
Chairman

Hong Kong, 19 May 2017

As at the date of this announcement, the Board comprises Mr. Yuen Shu Wah (Chairman), Mr. Ko Jack Lum and Mr. Ng Kai On as Executive Directors; Dato’ Wong Peng Chong and Mr. Kong Muk Yin as Non-Executive Directors; and Dr. Chui Hong Sheung, JP, Mr. Cheung Chi Wai Vidy and Mr. Yue Kwai Wa Ken as Independent Non-Executive Directors.