

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **VINDA INTERNATIONAL HOLDINGS LIMITED**

### **維達國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3331)**

### **CONTINUING CONNECTED TRANSACTIONS**

On 31 October 2014 (after trading hours):

- (a) SCA Taiwan and Vinda Personal Care entered into the Master Supply Agreement for a term commencing on 1 November 2014 and expiring on 31 December 2016 (both dates inclusive), pursuant to which SCA Taiwan will supply to the Group personal care products as required by the Group for the Group's personal care business; and
- (b) Vinda Trading and SCA China entered into the Distribution Agreement for a term commencing on 1 November 2014 and expiring on 31 December 2016 (both dates inclusive), pursuant to which SCA China has been engaged by Vinda Trading to be its non-exclusive distributor to distribute personal care products and tissue paper products of the Group in the PRC.

Both SCA Taiwan and SCA China are wholly-owned subsidiaries of SCA, which is a substantial shareholder of the Company. As a result, SCA Taiwan and SCA China are Connected Persons of the Company. As the transactions under the Master Supply Agreement and the Distribution Agreement are of a continuing nature, they will therefore constitute connected transactions under Chapter 14A of the Listing Rules.

As all applicable percentage ratios (other than the profits ratio) calculated with reference to the annual caps in respect of the Master Supply Agreement are less than 5%, the continuing connected transactions under the Master Supply Agreement are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

As all applicable percentage ratios (other than the profits ratio) calculated with reference to the aggregated annual caps in respect of the Distribution Agreement and other relevant agreements between the Group and subsidiaries and associated companies of SCA are less than 5%, the continuing connected transactions under the Distribution Agreement are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

## THE MASTER SUPPLY AGREEMENT

### Date

31 October 2014

### Parties

- (1) SCA Taiwan, a Connected Person of the Company
- (2) Vinda Personal Care

### Duration

The Master Supply Agreement is for a term commencing on 1 November 2014 and expiring on 31 December 2016 (both dates inclusive).

### Nature of the Master Supply Agreement

Pursuant to the Master Supply Agreement, SCA Taiwan will supply to the Group personal care products as required by the Group at prices equivalent to a predetermined percentage of the costs (exclusive of value added tax and business tax) for the products, which percentage will be subject to the parties' review and adjustment on a quarterly basis. The terms of the Master Supply Agreement and the prices for the products were negotiated and determined between Vinda Personal Care and SCA Taiwan on an arm's length basis and comparable to the prevailing market rates or at rates similar to those offered by SCA Taiwan to Independent Third Parties.

Purchase orders for the products will be given by Vinda Personal Care to SCA Taiwan. Upon receipt of the relevant purchase order, SCA Taiwan will confirm with Vinda Personal Care the delivery date(s) for the products set out in the purchase order prior to the delivery of the products.

### Annual caps and determination

The annual caps under the Master Supply Agreement are as follows:

<b>For the period from 1 November 2014 to 31 December 2014</b>	<b>For the year ending 31 December 2015</b>	<b>For the year ending 31 December 2016</b>
HK\$30 million	HK\$200 million	HK\$200 million

In determining the annual caps for the transactions contemplated under the Master Supply Agreement, the following principal factors have been taken into consideration:

- (a) the historical transactions and transaction amount between SCA Taiwan and its customers in Hong Kong in the previous financial year; and
- (b) the expected rate of growth of the Group's sales and overall business.

In the event that (i) for any financial year during the term of the Master Supply Agreement, the aggregate amount of the price payable by the Group exceeds the annual cap for the relevant year, or (ii) if the Master Supply Agreement is renewed or there is material change to the terms of the continuing connected transactions, the Company will comply with the provisions of Chapter 14A of the Listing Rules.

## **THE DISTRIBUTION AGREEMENT**

### **Date**

31 October 2014

### **Parties**

- (1) Vinda Trading
- (2) SCA China, a Connected Person of the Company

### **Duration**

The Distribution Agreement is for a term commencing on 1 November 2014 and expiring on 31 December 2016 (both dates inclusive).

### **Nature of the Distribution Agreement**

Pursuant to the Distribution Agreement, Vinda Trading has engaged SCA China as its non-exclusive distributor to distribute personal care products and tissue paper products of the Group in the PRC. SCA China may order from Vinda Trading such products as required for its business from time to time. All sales of the personal care products and tissue paper products pursuant to the Distribution Agreement will be made in accordance with the prices and other terms negotiated on an arm's length basis and on normal commercial terms, comparable to the prevailing market rates or at rates similar to those offered by the Group to Independent Third Parties, and as agreed between SCA China and Vinda Trading. Purchase orders for the products will be given by SCA China to Vinda Trading and will set out therein the prices (exclusive of value added tax and business tax) and the specifications of the products, the volume required and the delivery date(s). Upon receipt of the relevant purchase order, Vinda Trading will confirm all relevant information with SCA Taiwan prior to the delivery of the products.

### **Annual caps and determination**

The annual caps under the Distribution Agreement are as follows:

<b>For the period from 1 November 2014 to 31 December 2014</b>	<b>For the year ending 31 December 2015</b>	<b>For the year ending 31 December 2016</b>
HK\$50 million	HK\$100 million	HK\$100 million

In determining the annual caps for the transactions contemplated under the Distribution Agreement, the following principal factors have been taken into consideration:

- (a) the historical transactions and transaction amount between SCA China and its customers in the PRC in the previous financial year; and
- (b) the expected rate of growth of the Group's sales and overall business.

In the event that (i) for any financial year during the term of the Distribution Agreement, the aggregate amount of the price payable by SCA China exceeds the annual cap for the relevant year, or (ii) if the Distribution Agreement is renewed or there is material change to the terms of the continuing connected transactions, the Company will comply with the provisions of Chapter 14A of the Listing Rules.

## **REASONS FOR AND BENEFITS OF THE MASTER SUPPLY AGREEMENT AND THE DISTRIBUTION AGREEMENT**

### **The Company and SCA**

The Group is principally engaged in the manufacturing and sale of household consumable paper products and personal care products in the PRC, Hong Kong and Macau, and its principal products include toilet paper, paper handkerchiefs, facial tissue paper, paper napkins, baby diapers, incontinence products and feminine care products.

SCA, the holding company of SCA Taiwan and SCA China, is a global consumer goods and paper company which develops, produces and markets personal care products, tissue paper, packaging solutions, publication papers and solid-wood products in more than 70 countries.

The Group has recently diversified its business and to expand its products range and brands offered to include personal care products. Through completing the transactions contemplated under a sale and purchase agreement dated 17 July 2014 between the Company and a wholly-owned subsidiary of SCA, the Group is now able to, among others, (i) further expand into key personal care product categories such as baby care, elderly care and feminine care products, and (ii) leverage on the strong brand equity of SCA's key global brands and regional brands to further penetrate into the personal care products market. For details of the acquisition, please refer to the Company's announcement dated 18 July 2014 and circular dated 22 August 2014.

### **Master Supply Agreement and Distribution Agreement**

The continuing connected transactions contemplated under the Master Supply Agreement are expected to occur on a regular and continuing basis in the ordinary and usual course of business of the Group.

The reason for the Distribution Agreement is to provide a transitional arrangement to manage a few customers before they are transferred to the Group pursuant to the provisions of the sale and purchase agreement dated 17 July 2014 referred above. In the circumstances, the continuing connected transactions contemplated under the Distribution Agreement are expected to occur on a continuing basis in the ordinary and usual course of business of the Group.

The Directors, including the independent non-executive Directors but excluding Mr. Ulf Olof Lennart Soderstrom, Mr. Johann Christoph Michalski, Mr. Jan Lennart Persson and Mr. Jan Christer Johansson, four non-executive Directors, who had elected to abstain from voting, consider and believe that (a) it is beneficial to enter into the transactions contemplated under the Master Supply Agreement and the Distribution Agreement as these transactions will facilitate the overall operations and growth of the Group's business; (b) the Master Supply

Agreement and the Distribution Agreement will continue to provide opportunities for the Group to partner with SCA and thereby allow the Group to secure additional business, and hence revenue, for the Group; (c) the terms of the Master Supply Agreement and the Distribution Agreement and the respective transactions contemplated thereunder (including the annual caps) are fair and reasonable; (d) the Master Supply Agreement and the Distribution Agreement have been negotiated on an arm's length basis between the parties on normal commercial terms and entered into in the ordinary and usual course of the business of the Group; and (e) the transactions contemplated under the Master Supply Agreement and the transactions contemplated under the Distribution Agreement are in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the continuing connected transactions contemplated under the Master Supply Agreement and the Distribution Agreement and hence no Director is required to abstain from voting on such board resolutions in accordance with the Listing Rules. However, Mr. Ulf Olof Lennart Soderstrom, Mr. Johann Christoph Michalski, Mr. Jan Lennart Persson and Mr. Jan Christer Johansson, the four non-executive Directors, have elected to abstain from voting. Based on the above, the Directors, including the independent non-executive Directors but excluding the four non-executive Directors, consider the respective terms of the Master Supply Agreement and the Distribution Agreement are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

#### **IMPLICATIONS OF THE LISTING RULES**

Both SCA Taiwan and SCA China are wholly-owned subsidiaries of SCA, which is a substantial shareholder of the Company. As a result, SCA Taiwan and SCA China are Connected Persons of the Company. As the transactions under the Master Supply Agreement and the Distribution Agreement are of a continuing nature, they will therefore constitute connected transactions under Chapter 14A of the Listing Rules.

As all applicable percentage ratios (other than the profits ratio) calculated with reference to the annual caps in respect of the Master Supply Agreement are less than 5%, the continuing connected transactions under the Master Supply Agreement are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

As all applicable percentage ratios (other than the profits ratio) calculated with reference to the aggregated annual caps in respect of the Distribution Agreement and other relevant agreements between the Group and subsidiaries and associated companies of SCA are less than 5%, the continuing connected transactions under the Distribution Agreement are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	means the board of directors of the Company
“Company”	means Vinda 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 Stock Exchange of Hong Kong Limited (stock code: 3331)
“Connected Person”	shall have the meaning given to it in the Listing Rules
“Directors”	means directors of the Company
“Distribution Agreement”	means a distribution agreement dated 31 October 2014 between Vinda Trading and SCA China in respect of the engagement of SCA China as the Group’s distributor of its personal care products and tissue paper products in the PRC
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	means third party(ies) independent of the Company and the Connected Persons of the Company and is not a Connected Person of the Company
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Supply Agreement”	means a master supply agreement dated 31 October 2014 between SCA Taiwan and Vinda Personal Care in respect of the sale and supply of personal care products by SCA Taiwan to the Group
“PRC”	means People’s Republic of China
“SCA”	means Svenska Cellulosa Aktiebolaget, SCA (publ), a substantial shareholder and a Connected Person of the Company
“SCA China”	means 愛生雅(中國)投資有限公司 (in English, for identification purpose only, SCA (China) Holding Co Limited), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of SCA
“SCA Taiwan”	means 台灣愛生雅股份有限公司 (in English, for identification purpose only, SCA Taiwan Limited), a limited company incorporated under the laws of Taiwan and a wholly-owned subsidiary of SCA
“Shares”	means ordinary shares of the Company

“subsidiary”	shall have the meaning given to it in the Listing Rules
“Vinda Personal Care”	means Vinda Personal Care Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
“Vinda Trading”	means 維達商貿有限公司 (in English, for identification purpose only, Vinda Trading Company Limited), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
“%”	means per cent.

By order of the board  
**Vinda International Holdings Limited**  
**LI Chao Wang**  
*Chairman*

Hong Kong, 3 November 2014

*As at the date of this announcement, the Board comprises:*

*Executive Directors:*

Mr. LI Chao Wang  
Ms. YU Yi Fang  
Ms. ZHANG Dong Fang  
Mr. DONG Yi Ping

*Non-executive Directors:*

Mr. Jan Christer JOHANSSON  
Mr. Jan Lennart PERSSON  
Mr. Johann Christoph MICHALSKI  
Mr. Ulf Olof Lennart SODERSTROM

*Independent Non-executive Directors:*

Mr. KAM Robert  
Mr. HUI Chin Tong, Godfrey  
Mr. TSUI King Fai  
Mr. WONG Kwai Huen, Albert

*Alternate Directors:*

Ms. LI Jieli (alternate to Mr. LI, Ms. YU and Mr. DONG)  
Mr. CHIU Bun (alternate to Mr. MICHALSKI and Mr. SODERSTROM)  
Mr. Gert Mikael SCHMIDT (alternate to Mr. JOHANSSON and Mr. PERSSON)