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## **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**

#### **Renewed Supply Agreement**

Reference is made to the disclosure in the Prospectus in respect of the continuing connected transactions in relation to the Supply Agreement pursuant to which the Group agreed to supply tissue paper products (including toilet paper rolls and jumbo rolls) to SCA HA for a term of three years commencing on 1 January 2007 until 31 December 2009.

During the finalisation of the audited financial statements of the Company for the year ended 31 December 2009, it came to the attention of the Board that although the Supply Agreement expired on 31 December 2009, the Group had continued to supply tissue paper products to SCA HA during the first quarter of year 2010. The total amount paid by SCA HA to the Group for the Products during the first quarter of year 2010 was approximately HK\$4,338,328. These transactions constituted continuing connected transactions under Rule 14A.14 of the Listing Rules and had exceeded the *de minimis* threshold set forth in Rule 14A.33(3) of the Listing Rules and are subject to the reporting and announcement requirements and exempt from the requirement of obtaining the independent shareholders' approval pursuant to Rule 14A.34 of the Listing Rules.

On 30 April 2010, the Group and SCA HA entered into the Renewed Supply Agreement for a further term of 3 years commencing from 1 January 2010 and expiring on 31 December 2012.

The Directors consider that the Renewed Supply Agreement and the transactions contemplated thereunder were entered into in the ordinary and usual course of the business of the Group, and have been negotiated on an arm's length basis between the parties on normal commercial terms. The Directors believe that the terms of the Renewed Supply Agreement (including the Annual Caps) are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

### **Listing Rules Implications**

SCA HA comprises subsidiaries of SCA and SCA is a substantial shareholder of the Company. As a result, SCA HA is a connected person of the Company as defined under the Listing Rules. The transactions under the Renewed Supply Agreement are of a continuing nature and will constitute continuing connected transactions of the Group under Chapter 14A of the Listing Rules.

Since each of the applicable percentage ratios (other than the profits ratio) calculated with reference to each of the Annual Caps for the Renewed Supply Agreement is less than 2.5%, the continuing connected transactions contemplated under the Renewed Supply Agreement are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

Details of the continuing connected transactions under the Renewed Supply Agreement will be disclosed in the Company's next published annual report in compliance with the requirements under the Listing Rules.

## **INTRODUCTION**

Reference is made to the disclosure in the Prospectus in respect of the continuing connected transactions in relation to the Supply Agreement pursuant to which the Group agreed to supply tissue paper products (including toilet paper rolls and jumbo rolls) to SCA HA for a term of three years commencing on 1 January 2007 until 31 December 2009 for an aggregate amount of not more than HK\$120 million, HK\$160 million and HK\$200 million for each respective year.

During the finalisation of the audited financial statements of the Company for the year ended 31 December 2009, it came to the attention of the Board that although the Supply Agreement expired on 31 December 2009, the Group had continued to supply tissue paper products to SCA HA during the first quarter of year 2010. The total amount paid by SCA HA to the Group for the Products during the first quarter of year 2010 was approximately HK\$4,338,328. These transactions constituted continuing connected transactions under Rule 14A.14 of the Listing Rules and had exceeded the

*de minimis* threshold set forth in Rule 14A.33(3) of the Listing Rules and are subject to the reporting and announcement requirements and exempt from the requirement of obtaining the independent shareholders' approval pursuant to Rule 14A.34 of the Listing Rules. The Company has failed to comply with the announcement requirements in relation to the transactions conducted with SCA HA during the first quarter of year 2010 pursuant to Chapter 14A of the Listing Rules on a timely basis. The Company considers that this was an inadvertent oversight and an unintentional non-compliance with the Listing Rules.

On 30 April 2010, the Group and SCA HA entered into the Renewed Supply Agreement for a further term of 3 years commencing from 1 January 2010 and expiring on 31 December 2012.

## **THE RENEWED SUPPLY AGREEMENT**

### **Date**

30 April 2010

### **Parties**

- (1) SCA HA as purchasers
- (2) the Company (contracting for itself and its subsidiaries) as seller

### **Duration**

The Renewed Supply Agreement is for a term of 3 years commencing from 1 January 2010 and expiring on 31 December 2012.

### **Nature of the Renewed Supply Agreement**

Pursuant to the Renewed Supply Agreement, the Group will sell and the purchaser will purchase the quantities of the Products which the purchaser may order from time to time, subject to the terms of the Renewed Supply Agreement and the Annual Caps.

While the Group agrees to take all steps reasonably required to fulfill its obligations under the Renewed Supply Agreement in the normal course, the Group will not be obliged to give the purchaser any priority over any other customers of the Group with regard to the supply or delivery of the Products.

### **Terms of Sale**

All sales of the Products pursuant to the Renewed Supply Agreement will be in accordance with 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 the purchaser and the Group.

## **Annual Caps and determination**

The Annual Caps under the Renewed Supply Agreement are as follows:

	<b>Annual Caps for the year ending 31 December</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
purchase price payable by SCA HA to the Company	HK\$43 million	HK\$43 million	HK\$43 million

In determining the proposed Annual Caps of the continuing connected transactions contemplated under the Renewed Supply Agreement for each of the 3 financial years ending 31 December 2010, 2011 and 2012, the Board has taken into account for reference of the following principal factors:

- (a) the historical growth of the SCA HA's purchase of Products from the Group for the first quarter of year 2010;
- (b) the historical growth of the Group's sale of the Group's tissue paper products to the SCA Group for the first quarter of year 2010; and
- (c) the expected rate of growth of the Group's sales and overall business.

The Directors, including the independent non-executive Directors (but excluding Mr. Chiu Bun, a non-executive Director, who had elected to abstain from voting, and Mr. Johann Christoph Michalski, a non-executive Director, and Mr. Tsui King Fai, an independent non-executive Director, who did not attend the meeting for approving the Renewed Supply Agreement), consider that the terms of the Renewed Supply Agreement and the Annual Caps are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

In the event that (i) for any financial year during the term of the Renewed Supply Agreement, the aggregate amount of the purchase price payable by SCA HA under the Renewed Supply Agreement exceeds the Annual Caps for the relevant year, or (ii) if the Renewed 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.

## **REASONS FOR AND BENEFITS OF THE RENEWED SUPPLY AGREEMENT**

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

The Directors (including the independent non-executive Directors but excluding Mr. Chiu Bun, Mr. Johann Christoph Michalski and Mr. Tsui King Fai) consider that the Renewed Supply Agreement and the transactions contemplated thereunder were entered into in the ordinary and usual course of the business of the Group, and have been negotiated on an arm's length basis between the parties on normal commercial terms. The Directors (including the independent non-executive Directors but excluding Mr. Chiu Bun, Mr. Johann Christoph Michalski and Mr. Tsui King Fai) believe that the terms of the Renewed Supply Agreement (including the Annual Caps) are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

The Group has been selling tissue paper products to, and purchasing packaging material from, the SCA Group. The Renewed Supply Agreement can provide additional opportunities for the Group to partner with the SCA Group in the manufacturing of the Products for the SCA Group in the future. The Group and the SCA Group have always maintained a good business relationship. The Directors (including the independent non-executive Directors but excluding Mr. Chiu Bun, Mr. Johann Christoph Michalski and Mr. Tsui King Fai) consider that the Renewed Supply Agreement will allow the Group to secure additional business, and hence revenue, for the Group.

#### **LISTING RULES IMPLICATIONS**

SCA HA comprises subsidiaries of SCA and SCA is a substantial shareholder of the Company. As a result, SCA HA is a connected person of the Company as defined under the Listing Rules. The transactions under the Renewed Supply Agreement are of a continuing nature and will constitute continuing connected transactions of the Group under Chapter 14A of the Listing Rules.

Since each of the applicable percentage ratios (other than the profits ratio) calculated with reference to each of the Annual Caps for the Renewed Supply Agreement is less than 2.5%, the continuing connected transactions contemplated under the Renewed Supply Agreement are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

Details of the continuing connected transactions under the Renewed Supply Agreement will be disclosed in the Company's next published annual report in compliance with the requirements under the Listing Rules.

#### **GENERAL INFORMATION**

The Group is principally engaged in the manufacturing and sale of household consumable paper products in the PRC and its principal products include toilet paper, paper handkerchiefs, facial tissue paper and paper napkins.

SCA HA are wholly-owned subsidiaries of SCA, 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.

## DEFINITIONS

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

“Annual Caps”	the annual maximum caps for the term of the Renewed Supply Agreement
“Board”	the board of Directors of the Company
“Company”	Vinda International Holdings Limited (維達國際控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability whose shares are listing on the Stock Exchange
“Directors”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Products”	the household consumable paper as defined in the Renewed Supply Agreement
“Prospectus”	prospectus of the Company dated 26 June 2007
“PRC”	People’s Republic of China
“Supply Agreement”	the master product supply agreement dated 20 June 2007 and entered into between the Company and SCA HA
“SCA”	Svenska Cellulosa Aktiebolaget (Swedish Cellulose Incorporated), a substantial shareholder of the Company
“SCA Group”	SCA and its subsidiaries
“SCA HA”	SCA Hygiene Australasia Pty Limited and SCA Hygiene Australasia Limited, wholly-owned subsidiaries of SCA

“Renewed Supply Agreement”	the renewed master product supply agreement dated 30 April 2010 and entered into between the Company and SCA HA
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board  
**LI CHAO WANG**  
*Chairman*

Hong Kong, 30 April 2010

*As at the date of this announcement, the executive directors of the Company are Mr. LI Chao Wang, Ms. YU Yi Fang, Ms. ZHANG Dong Fang and Mr. DONG Yi Ping; the non-executive directors are Mr. LEUNG Ping Chung Hermann, Mr. Johann Christoph MICHALSKI and Mr. CHIU Bun; and the independent non-executive directors are Dr. CAO Zhen Lei, Mr. KAM Robert, Mr. HUI Chin Tong, Godfrey and Mr. TSUI King Fai.*