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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

On 28 November 2014 (after trading hours), SCA Group Holding BV and the Company entered into the Master Procurement Agreement for a term commencing on 28 November 2014 and expiring on 31 December 2016 (both dates inclusive), pursuant to which the Group will purchase from the SCA Group (excluding SCA Taiwan) (i) personal care products as required by the Group for the Group's personal care business; and (ii) partially finished goods as required by the Group for the Group's consumable tissue paper products.

SCA Group Holding BV is a wholly-owned subsidiary of SCA, which is a substantial shareholder of the Company. As a result, SCA Group Holding BV is a Connected Person of the Company. As the transactions under the Master Procurement Agreement are of a continuing nature, they will therefore constitute continuing connected transactions for the Company under Chapter 14A 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 Master Procurement Agreement and other relevant agreements between the Group and the SCA Group are less than 5%, the continuing connected transactions under the Master Procurement Agreement are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

### THE MASTER PROCUREMENT AGREEMENT

#### **Date**

28 November 2014

#### **Parties**

- (1) SCA Group Holding BV, a Connected Person of the Company
- (2) the Company

## **Duration**

The Master Procurement Agreement is for a term commencing on 28 November 2014 and expiring on 31 December 2016 (both dates inclusive).

## **Nature of the Master Procurement Agreement**

Pursuant to the Master Procurement Agreement, the Group will purchase from the SCA Group (excluding SCA Taiwan, which is covered under a master supply agreement dated 31 October 2014) (i) personal care products as required by the Group for the Group's personal care business; and (ii) partially finished goods as required by the Group for the Group's consumable tissue paper products.

Prior to the issue of a given purchase order, the Group will obtain a price quotation from the SCA Group. Based on the specification, quantity and price requirements as provided by the Group, the SCA Group will issue a price quotation to the Group at prices (exclusive of value added tax and business tax) equivalent to the costs plus a margin to be agreed upon by the parties (such margin shall in any event be no more than 10% margin). The actual margin is to be determined with reference to, without limitation, the nature of such products, costs of producing such products (such as raw materials cost, labour cost and other manufacturing expenses), and prevailing market prices of similar products during the term of the Master Procurement Agreement. The Group has the right to investigate and verify, with the full cooperation of the SCA Group, that the prices are determined reasonably and accurately to be equivalent to such costs and margins for such products.

The final prices and other terms (such as the delivery date(s) and terms of settlement) shall be determined by mutual agreement of the parties after arm's length negotiation and based on normal commercial terms or on terms no less favourable to the Group when compared to those offered to Independent Third Parties. To ensure that such price quotation and other terms are agreed based on the above, the Group will, among other things, obtain and compare price quotations of the same or similar types of products obtained by the Group from at least two other Independent Third Parties.

Based on the foregoing, the Directors are of the view that such pricing procedures can ensure that the transactions to be entered into pursuant to the Master Procurement Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

## **Annual caps and determination**

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

<b>For the period from 28 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\$120 million	HK\$120 million

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

- (a) the historical transactions and transaction amount between the SCA Group and its customers in PRC, Hong Kong and Macau 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 Procurement Agreement, the aggregate amount of the price payable by the Group exceeds the annual cap for the relevant year, or (ii) if the Master Procurement 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 PROCUREMENT AGREEMENT**

### **The Company and SCA**

The Group is principally engaged in the manufacturing and sale of household consumable tissue 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 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 product range and brands offered to include personal hygiene products. Through completing the transactions contemplated under a sale and purchase agreement dated 17 July 2014 between the Company and SCA Group Holding BV together with the trademark assignments and licence agreements all dated 17 July 2014, 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, (ii) consolidate its strong position within the consumable tissue paper products market by obtaining the exclusive perpetual right to use the 'Tempo' brand in Hong Kong, Macau and PRC, and (iii) 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 Procurement Agreement**

On 31 October 2014, Vinda Personal Care Limited, a wholly-owned subsidiary of the Company, entered into a master supply agreement with SCA Taiwan in relation to the supply of personal care products by SCA Taiwan to Vinda Personal Care Limited. For further information on the master supply agreement dated 31 October 2014, please refer to the Company's announcement dated 3 November 2014. Subsequent to the execution of the said master supply agreement, with a view to expand its product range to cater for the different requests from its customers as soon as practicable, the Company entered into further discussions with SCA regarding the supply of additional (i) personal care products such as baby care, elderly care and feminine care products, and (ii) partially finished goods for the Group's consumable tissue paper products, by the SCA Group to various subsidiaries of the Company. The products will be sold by the SCA Group to the Group at cost plus a margin to

be agreed upon by the parties (such margin shall in any event be no more than 10% margin) in order to encourage the growth of these businesses which were acquired from SCA Group Holding BV pursuant to the sale and purchase agreement made between SCA Group Holding BV as vendor and the Company as purchaser dated 17 July 2014 and some of products which are also subject to the licence agreements with SCA Hygiene Products AB as licensor dated 17 July 2014. In light of the above, the Master Procurement Agreement was entered into between the Company and SCA Group Holding BV to cover the continued supply of products for the businesses that was acquired by the Group from the SCA Group.

The continuing connected transactions contemplated under the Master Procurement 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. 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 Procurement Agreement as these transactions will facilitate the overall operations and growth of the Group's business; (b) the terms of the Master Procurement Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable; (c) the Master Procurement 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 (d) the transactions contemplated under the Master Procurement Agreement are in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the continuing connected transactions contemplated under the Master Procurement Agreement and hence no Director is required to abstain from voting on such board resolutions in accordance with the Listing Rules. Based on the above, 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 the terms of the Master Procurement Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS OF THE LISTING RULES**

SCA Group Holding BV is a wholly-owned subsidiary of SCA, which is a substantial shareholder of the Company. As a result, SCA Group Holding BV is a Connected Person of the Company. As the transactions under the Master Procurement Agreement are of a continuing nature, they will therefore constitute continuing connected transactions for the Company under Chapter 14A 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 Master Procurement Agreement and other relevant agreements between the Group and the SCA Group are less than 5%, the continuing connected transactions under the Master Procurement 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
“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

“Share(s)”	means ordinary share(s) of the Company
“Shareholder(s)”	means holder(s) of Share(s)
“subsidiary”	shall have the meaning given to it in the Listing Rules
“%”	means per cent.

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

Hong Kong, 30 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)