

*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 however 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)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

In view of each of the Original Master Supply Agreement and the Original Product Supply Agreement had expired on 31 December 2012, on 2 January 2013:

- (a) SCA Hong Kong, Vinda Hong Kong and Vinda Guangdong entered into the Renewed Product Supply Agreement for a term of 3 years commencing from 1 January 2013 and expiring on 31 December 2015 (both dates inclusive); and
- (b) the Company and SCA HA entered into the Renewed Master Supply Agreement for a term of 3 years commencing from 1 January 2013 and expiring on 31 December 2015 (both dates inclusive).

The Directors consider that the Renewed Product Supply Agreement, the Renewed Master 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 Product Supply Agreement and the Renewed Master Supply Agreement (including the Aggregated Annual Caps) are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

#### **LISTING RULES IMPLICATIONS**

SCA is a substantial shareholder of the Company and as such SCA and each of its subsidiaries (including SCA Hong Kong) is a Connected Person of the Company. The transactions under the Renewed Product Supply Agreement are of a continuing nature and will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In addition, as SCA controls the exercise of over 30% of the voting power at general meetings of SCA HA, SCA HA are also regarded as Connected Persons of the Company. In the circumstances, the transactions under the Renewed Master Supply Agreement which are of a continuing nature will also constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since each of the applicable percentage ratios (other than the profits ratio) calculated with reference to the Aggregated Annual Caps is less than 5%, the continuing connected transactions contemplated under the Renewed Product Supply Agreement and Renewed Master Supply Agreement are only subject to the reporting, announcement and annual review requirements 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 Product Supply Agreement and the Renewed Master 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 announcement of the Company dated 30 April 2010 regarding the Original Master Supply Agreement and the announcement of the Company dated 30 June 2010 regarding the Original Product Supply Agreement.

In view of each of the Original Master Supply Agreement and the Original Product Supply Agreement had expired on 31 December 2012, on 2 January 2013:

- (a) SCA Hong Kong, Vinda Hong Kong and Vinda Guangdong entered into the Renewed Product Supply Agreement for a term of 3 years commencing from 1 January 2013 and expiring on 31 December 2015 (both dates inclusive); and
- (b) the Company and SCA HA entered into the Renewed Master Supply Agreement for a term of 3 years commencing from 1 January 2013 and expiring on 31 December 2015 (both dates inclusive).

## **RENEWED PRODUCT SUPPLY AGREEMENT**

### **Date**

2 January 2013

### **Parties**

1. SCA Hong Kong
2. Vinda Hong Kong
3. Vinda Guangdong

### **Duration**

The Renewed Product Supply Agreement is for a term of 3 years commencing from 1 January 2013 and expiring on 31 December 2015.

### **Services to be provided by Vinda Hong Kong**

Pursuant to the provisions of the Renewed Product Supply Agreement, Vinda Hong Kong has agreed to manufacture the Products by way of processing trade. The raw and auxiliary materials, packaging materials and certain specified tools will be provided and imported (to the PRC) by SCA Hong Kong. Vinda Hong Kong will manufacture the Products and export

the finished Products to SCA Hong Kong or its affiliates, who will be responsible for the sale of the finished Products. SCA Hong Kong will bear the costs for transportation, customs clearance and insurance in relation to the delivery of the Products.

### **Processing fees to be paid by SCA Hong Kong**

The quantity of the Products to be manufactured by Vinda Hong Kong and the processing fee to be paid by SCA Hong Kong under the Renewed Product Supply Agreement will be specified in the purchase orders to be placed by SCA Hong Kong or its affiliates from time to time. The processing fee will be paid in accordance to the payment schedule stated in the invoice to be issued by Vinda Hong Kong to SCA Hong Kong or its affiliates from time to time.

The terms of the Renewed Product Supply Agreement and the processing fee are negotiated between Vinda Hong Kong and SCA Hong Kong 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 SCA Group or the Group (as the case may be) to Independent Third Parties.

## **RENEWED MASTER SUPPLY AGREEMENT**

### **Date**

2 January 2013

### **Parties**

1. SCA HA
2. the Company

### **Duration**

The Renewed Master Supply Agreement is for a term of 3 years commencing from 1 January 2013 and expiring on 31 December 2015.

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

Pursuant to the Renewed Master Supply Agreement, the Company will sell and SCA HA will purchase such quantity of household consumable paper products which SCA HA may order from time to time, subject to the terms of the Renewed Master Supply Agreement.

While the Group agrees to take all steps reasonably required to fulfill its obligations under the Renewed Master Supply Agreement in the normal course, the Group will not be obliged to give SCA HA any priority over any other customers of the Company with regard to the supply or delivery of the household consumable paper products.

### **Terms of sale**

All sales of the household consumable paper products pursuant to the Renewed Master Supply 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 HA and the Group.

## AGGREGATED ANNUAL CAPS AND DETERMINATION

The Aggregated Annual Caps under the Renewed Product Supply Agreement and the Renewed Master Supply Agreement are as follows:

	Annual Caps for the year ending 31 December		
	2013	2014	2015
Processing fees payable to the Group under the Renewed Product Supply Agreement	HK\$16,000,000	HK\$19,200,000	HK\$23,040,000
Purchase price payable to the Group under the Renewed Master Supply Agreement	HK\$30,000,000	HK\$36,000,000	HK\$43,200,000
<b>Aggregated amount:</b>	<b>HK\$46,000,000</b>	<b>HK\$55,200,000</b>	<b>HK\$66,240,000</b>

In determining the proposed Aggregated Annual Caps of the continuing connected transactions contemplated under the Renewed Product Supply Agreement and Renewed Master Supply Agreement for each of the three financial years ending 31 December 2013, 2014 and 2015, the Board has taken into account for reference of the following principle factors:

- (a) the historical transactions and transaction amounts between the Group and the SCA Group under the Original Product Supply Agreement and the Original Master Supply Agreement; and
- (b) the expected rate of growth of the Group's sales and overall business.

## REASONS FOR AND BENEFITS OF THE RENEWED SUPPLY AGREEMENTS

The continuing connected transactions contemplated under the Renewed Product Supply Agreement and the Renewed 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 Directors, including the independent non-executive Directors but excluding Mr. Ulf Olof Lennart Soderstrom and Mr. Chiu Bun (as alternate to Mr. Johann Christoph Michalski), two non-executive Directors, who had elected to abstain from voting, consider and believe that (a) it is beneficial to continue the continuing connected transactions as these transactions have facilitated and will continue to facilitate the overall operations and growth of the Group's business; (b) the Renewed Product Supply Agreement and Renewed Master Supply Agreement will continue to provide opportunities for the Group to partner with the SCA Group and thereby allow the Group to secure additional business, and hence revenue, for the Group; (c) the Renewed Product Supply Agreement and Renewed Master 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; and (d) the respective terms of the Renewed Product Supply Agreement and Renewed Master Supply Agreement (including the Aggregated Annual Caps) are fair and reasonable and 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 Renewed Product Supply Agreement and Renewed Master Supply Agreement and hence no Director is required to abstain from voting on such board resolutions in accordance with the Listing Rules. However, as Mr. Ulf Olof Lennart Soderstrom, a non-executive Director, is the president of SCA Asia Pacific and Mr. Chiu Bun (as alternate to Mr. Johann Christoph Michalski, a non-executive Director), is General Counsel, SCA Asia Pacific, they have elected to abstain from voting on the relevant board resolutions.

## **LISTING RULES IMPLICATIONS**

SCA is a substantial shareholder of the Company and as such SCA and each of its subsidiaries (including SCA Hong Kong) is a Connected Person of the Company. The transactions under the Renewed Product Supply Agreement are of a continuing nature and will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In addition, as SCA controls the exercise of over 30% of the voting power at general meetings of SCA HA, SCA HA are also regarded as Connected Persons of the Company. In the circumstances, the transactions under the Renewed Master Supply Agreement which are of a continuing nature will also constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since each of the applicable percentage ratios (other than the profits ratio) calculated with reference to the Aggregated Annual Caps is less than 5%, the continuing connected transactions contemplated under the Renewed Product Supply Agreement and Renewed Master Supply Agreement are only subject to the reporting, announcement and annual review requirements 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 Product Supply Agreement and Renewed Master Supply Agreement will be disclosed in the Company's next published annual report in compliance with the requirements under the Listing Rules.

In the event that (i) for any financial year during the respective term of the Renewed Product Supply Agreement and Renewed Master Supply Agreement, the aggregate amount of payable by the SCA Group exceeds the Aggregated Annual Caps for the relevant years, or (ii) if any of the relevant agreements is renewed or there is material change to the terms of the transactions, the Company shall comply with the provisions of Chapter 14A of the Listing Rules dealing with connected transactions.

## **GENERAL INFORMATION**

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

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.

## DEFINITIONS

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

“Aggregated Annual Caps”	the aggregated annual caps under the Renewed Product Supply Agreement and the Renewed Master 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
“Connected Person”	shall have the meaning given to it in the Listing Rules
“Directors”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Independent Third Parties”	third parties independent of the Company and the Connected Persons of the Company and is not a Connected Person of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Original Master Supply Agreement”	master supply agreement dated 30 April 2010 entered into between the Company and SCA HA
“Original Product Supply Agreement”	product supply agreement dated 29 June 2010 entered into between SCA Hong Kong, Vinda Hong Kong and Vinda Guangdong
“Products”	the tissue paper handkerchief products under a trademark owned by the SCA Group as specified in the Renewed Product Supply Agreement and other tissue products
“PRC”	People’s Republic of China
“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, companies owned as to 50% by SCA
“SCA Hong Kong”	SCA Tissue Hong Kong Limited, a wholly-owned subsidiary of SCA
“Renewed Master Supply Agreement”	renewed master supply agreement dated 2 January 2013 entered into between the Company and SCA HA
“Renewed Product Supply Agreement”	product supply agreement dated 2 January 2013 entered into between SCA Hong Kong, Vinda Hong Kong and Vinda Guangdong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



- “Vinda Hong Kong” Vinda Paper Industrial (H.K.) Co. Limited, a company established under the laws of Hong Kong and a wholly-owned subsidiary of the Company
- “Vinda Guangdong” 維達紙業(廣東)有限公司 (for identification purpose only, in English, Vinda Paper (Guangdong) Company Limited), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
- “HK\$” Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 2 January 2013

*As at the date of this announcement, the executive directors are Mr. Li Chao Wang, Ms. Yu Yi Fang, Ms. Zhang Dong Fang and Mr. Dong Yi Ping; the non-executive directors are Mr. Ulf Olof Lennart Soderstrom, Mr. Johann Christoph Michalski and Mr. Chiu Bun (as alternate to Mr. Soderstrom and Mr. Michalski); and the independent non-executive directors are Dr. Cao Zhen Lei, Mr. Kam Robert, Mr. Hui Chin Tong, Godfrey and Mr. Tsui King Fai.*