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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**

#### **Master Supply Agreement**

Reference is made to the announcement of the Company in relation to the Original Master Purchase and Supply Agreement entered into between the Company and SCA dated 16 April 2009. The Original Master Purchase and Supply Agreement will expire on 31 December 2010.

On 15 December 2010, the Company and SCA Shanghai entered into the Master Supply Agreement for a term of 3 years commencing from 1 January 2011 and expiring on 31 December 2013 (both dates inclusive).

Pursuant to the Master Supply Agreement, members of the Group will sell the Group's household consumable paper products such as toilet rolls, table napkins, tissue towels and face tissues to the SCA Group (excluding (i) SCA HA which is separately covered under a product supply agreement dated 30 April 2010, details of which have been set out in the announcement of the Company dated 30 April 2010, and (ii) SCA HK which is separately covered under a product supply agreement dated 29 June 2010, details of which have been set out in the announcement of the Company dated 30 June 2010) at prices to be determined on an arm's length basis and comparable to the prevailing market rates or at rates similar to those offered by the Group to Independent Third Parties.

The Directors consider that the Master Supply Agreement and the transactions contemplated thereunder were entered into in the ordinary and usual course of business of the Company, 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 Master 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 Shanghai is a wholly-owned subsidiary of SCA, which is a substantial shareholder of the Company. As a result, SCA Shanghai is a Connected Person of the Company. The transactions under the Master Supply Agreement are of a continuing nature and will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios (other than the profits ratio) calculated with reference to the individual annual caps under the Master Supply Agreement on an annual basis is less than 5%, the continuing connected transactions under the Master 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 approval of the independent shareholders' approval under Rule 14A.34 of the Listing Rules.

Details of the continuing connected transactions under the 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 in relation to the Original Master Purchase and Supply Agreement entered into between the Company and SCA dated 16 April 2009. The Original Master Purchase and Supply Agreement will expire on 31 December 2010.

On 15 December 2010, the Company and SCA Shanghai entered into the Master Supply Agreement for a term of 3 years commencing from 1 January 2011 and expiring on 31 December 2013 (both dates inclusive).

## **THE MASTER SUPPLY AGREEMENT**

### **Date**

15 December 2010

### **Parties**

- (1) SCA Shanghai, a Connected Person
- (2) the Company

### **Duration**

The Master Supply Agreement is for a term of 3 years commencing from 1 January 2011 and expiring on 31 December 2013 (both dates inclusive).

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

Pursuant to the Master Supply Agreement, members of the Group will sell the Group's household consumable paper products such as toilet rolls, table napkins, tissue towels and face tissues to the SCA Group (excluding (i) SCA HA which is separately covered under a product supply agreement dated 30 April 2010, details of which have been set out in the announcement of the Company dated 30 April 2010, and (ii) SCA HK which is separately covered under a product supply agreement dated 29 June 2010, details of which have been set out in the announcement of the Company dated 30 June 2010) at prices to be determined on an arm's length basis and comparable to the prevailing market rates or at rates similar to those offered by the Group to Independent Third Parties.

Orders for the Group's household consumable paper products shall be given by the SCA Group to the Group in writing or, if given orally, shall be confirmed by the SCA Group in writing not more than 3 days after the order is given by the SCA Group. Whilst the Group agrees to take all steps reasonably required to fulfill its obligations under the Master Supply Agreement in the normal course, the Group shall not be obliged to give the SCA Group any priority over any other customers of the Group with regard to the supply or delivery of the Group's household consumable paper products.

## Terms of Sale

The sale of the Group's household consumable paper products to be made under the Master Supply Agreement will be made in accordance with the prices and other terms negotiated between the Company and SCA Shanghai 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 Company to Independent Third Parties, and as agreed between the Group and the SCA Group.

## Annual Caps and Determination

The annual caps under the Master Supply Agreement for the sale of the Group's household consumable paper products to the SCA Group (excluding SCA HA and SCA HK) are as follows:

<b>Annual caps for the year ending 31 December</b>		
<b>2011</b>	<b>2012</b>	<b>2013</b>
HK\$5.0 million	HK\$6.0 million	HK\$7.2 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 growth of the Group's sale of the Group's household consumable paper products to the SCA Group during the term of the Original Master Purchase and Supply Agreement; and
- (b) the expected rate of growth of the Group's sales and overall business.

The Directors (including the independent non-executive Directors but excluding Mr. Johann Christoph Michalski and Mr. Chiu Bun) consider that the annual caps are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In the event that (i) for any financial year during the term of the Master Supply Agreement, the aggregate amount of the price of the Group's household consumable paper products 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.

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

The SCA Group 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. Mr. Chiu Bun, a non-executive Director, disclosed his interest in the meeting approving the Master Supply Agreement and the transactions contemplated thereunder in accordance with the articles of association of the Company in that he was also the Director in Business Development and Legal Affairs of SCA Hygiene North Asia and gave general notice that he was to be regarded as interested in any transaction with any subsidiary or associated company of SCA. Mr. Chiu Bun also disclosed the interest of Mr. Johann Christoph Michalski, a non-executive Director, who did not attend the meeting in that Mr. Johann Christoph Michalski was the President of SCA Asia Pacific and gave general notice that he was to be regarded as interested in any transaction with any subsidiary or associated company of SCA. Mr. Chiu Bun had elected to abstain from voting at the meeting.

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 Directors (including the independent non-executive Directors but excluding Mr. Johann Christoph Michalski and Mr. Chiu Bun) consider that (i) the Master Supply Agreement was entered into in the usual and ordinary course of business of the Company, and (ii) the Master Supply Agreement had been negotiated and was conducted on an arm's length basis between the parties and on normal commercial terms. The Directors (including the independent non-executive Directors but excluding Mr. Johann Christoph Michalski and Mr. Chiu Bun) believe that the terms of the Master Supply Agreement and the annual caps are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

The Group has been selling household consumable paper products to the SCA Group. The Master Supply Agreement can provide additional opportunities for the Group to partner with the SCA Group in the distribution of the Group's household consumable paper products. The Group and the SCA Group have always maintained a good business relationship. The Directors (including the independent non-executive Directors but excluding Mr. Johann Christoph Michalski and Mr. Chiu Bun) consider that the Master Supply Agreement will allow the Group to secure additional business, and hence revenue, for the Group.

## **IMPLICATIONS OF THE LISTING RULES**

SCA Shanghai is a wholly-owned subsidiary of SCA, which is a substantial shareholder of the Company. As a result, SCA Shanghai is a Connected Person of the Company. The transactions under the Master Supply Agreement are of a continuing nature and will 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 individual annual caps under the Master Supply Agreement on an annual basis is less than 5%, the continuing connected transactions under the Master 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 approval of the independent shareholders' approval under Rule 14A.34 of the Listing Rules.

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

## **INFORMATION ON THE COMPANY**

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.

## **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 (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
“Master Supply Agreement”	means the master supply agreement dated 15 December 2010 made between the Company (for itself and on behalf of the Group) and SCA Shanghai (for itself and on behalf of its subsidiaries, its holding company and the subsidiaries of its holding company) for the Group’s sale of household consumable paper products to the SCA Group, for the period commencing on 1 January 2011 and ending on 31 December 2013
“Original Master Purchase and Supply Agreement”	means the master purchase and supply agreement dated 16 April 2009 made between the Company (for itself and on behalf of the Group) and SCA (for itself and on behalf of its subsidiaries) for (1) the Group’s acquisition of packaging material from the SCA Group, and (2) the Group’s sale of tissue paper products to the SCA Group, for the period commencing on 1 January 2009 and ending on 31 December 2010
“PRC”	means the People’s Republic of China
“RMB”	means Renminbi, the lawful currency of the PRC
“SCA”	means Svenska Cellulosa Aktiebolaget (Swedish Cellulose Incorporated), a substantial shareholder and a Connected Person of the Company
“SCA Group”	means SCA and its subsidiaries
“SCA HA”	means SCA Hygiene Australasia Pty Limited and SCA Hygiene Australasia Limited, a wholly-owned subsidiary of SCA

“SCA HK”	means SCA Tissue Hong Kong Limited, a company established under the laws of Hong Kong, an indirect wholly-owned subsidiary of SCA
“SCA Shanghai”	means 愛生雅貿易(上海)有限公司 (for identification purpose only, in English, SCA Trading (Shanghai) Company Limited), a company established under the laws of the PRC and a wholly-owned subsidiary of SCA
“Shares”	means ordinary shares of the Company
“Shareholders”	means holders of shares of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“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, 15 December 2010

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Li Chao Wang, Ms. Yu Yi Fang, Ms. Zhang Dong Fang and Mr. Dong Yi Ping; two non-executive Directors, namely Mr. Johann Christoph Michalski and Mr. Chiu Bun; and four independent non-executive Directors, namely Dr. Cao Zhen Lei, Mr. Kam Robert, Mr. Hui Chin Tong Godfrey and Mr. Tsui King Fai.*