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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

ASALEO CARE PRODUCT SUPPLY AGREEMENT

AND

**REVISION OF THE SCA ANNUAL CAPS FOR
THE SCA MASTER PROCUREMENT AGREEMENT**

AND

**REVISION OF THE VINDA ANNUAL CAPS FOR
THE VINDA MASTER PROCUREMENT AGREEMENT**

Reference is made to the announcement of the Company dated 1 April 2016 in relation to the completion of the acquisition of the entire issued share capital of, among other entities, SCA Malaysia, and the entering of the Vinda Master Procurement Agreement and the SCA Master Procurement Agreement.

Asaleo Care Product Supply Agreement

On 22 December 2016 (after trading hours), the Company and Asaleo Care entered into the Asaleo Care Product Supply Agreement, pursuant to which the Company agrees to sell (or to procure the relevant member(s) of the Group to sell), and Asaleo Care agrees to purchase (or to procure the relevant member(s) of the Asaleo Group to purchase), the Asaleo Care Personal Products pursuant to contract notes entered into from time to time in accordance with the terms and conditions of the Asaleo Care Product Supply Agreement.

Revision of the SCA Annual Caps for the SCA Master Procurement Agreement

In view of the expected increasing demand by SCA Group Holding for Vinda Products, the Board considers that the Original SCA Annual Caps may need to be increased to account for the expected additional purchase monies payable by SCA Group Holding to the Company for the Vinda Products. To this end, the Company proposes to revise the Original SCA Annual Caps under the SCA Master Procurement Agreement as disclosed in the section headed “*SCA Master Procurement Agreement – Revised SCA Annual Caps*” of this announcement.

Revision of the Vinda Annual Caps for the Vinda Master Procurement Agreement

In view of the expected demand by the Company for the SCA Products, the Board considers that the Original Vinda Annual Caps may need to be revised to account for the expected changes to the amount of purchase monies payable by the Company to SCA Group Holding for the SCA Products. To this end, the Company proposes to revise the Original Vinda Annual Caps under the Vinda Master Procurement Agreement as disclosed in the section headed “*Vinda Master Procurement Agreement – Revised Vinda Annual Caps*” of this announcement.

Listing Rules implications

SCA Group Holding is a controlling shareholder of the Company and therefore a Connected Person of the Company. Since SCA Group Holding is entitled to exercise or control the exercise of approximately 35.98% of the voting power at the general meeting of Asaleo Care Limited, Asaleo Care Limited is also a Connected Person of the Company. Further, as Asaleo Care is a wholly-owned subsidiary of Asaleo Care Limited, Asaleo Care is also a Connected Person of the Company. Therefore, the transactions contemplated under the Asaleo Care Product Supply Agreement, the Vinda Master Procurement Agreement and the SCA Master Procurement Agreement, which are of a continuing nature, will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and will be aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules. Further, as the Company proposes to revise the annual caps for each of the SCA Master Procurement Agreement and the Vinda Master Procurement Agreement, the Company is required to re-comply with the relevant provisions of Chapter 14A of the Listing Rules in respect of the continuing connected transactions thereunder pursuant to Rule 14A.54 of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) calculated based on the Aggregated Annual Caps are more than 0.1% but less than 5%, the transactions contemplated under the Asaleo Care Product Supply Agreement, the Vinda Master Procurement Agreement and SCA Master Procurement Agreement are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 1 April 2016 in relation to the completion of the acquisition of the entire issued share capital of, among other entities, SCA Malaysia, and the entering of the Vinda Master Procurement Agreement and the SCA Master Procurement Agreement (the “**Previous Announcement**”). Unless otherwise defined herein, capitalized terms in this announcement shall have the same meanings as those defined in the Previous Announcement.

ASALEO CARE PRODUCT SUPPLY AGREEMENT

As of June 2014, Asaleo Care Limited was no longer a subsidiary of, and became an associate (as defined in the Listing Rules) of, SCA Group Holding following the floatation of Asaleo Care Limited on the Australian Securities Exchange. SCA Group Holding, a Connected Person of the Company, is entitled to exercise or control the exercise of approximately 35.98% of the voting power at the general meeting of Asaleo Care Limited. Therefore, Asaleo Care Limited is also a Connected Person of the Company. Further, as Asaleo Care is a wholly-owned subsidiary of Asaleo Care Limited, Asaleo Care is also a Connected Person of the Company. To meet the mutual business needs and requirements of Asaleo Care Limited and the Company, the Company and Asaleo Care entered into the Asaleo Care Product Supply Agreement on 22 December 2016. The principal terms of the Asaleo Care Product Supply Agreement are set out below.

Date

22 December 2016 (after trading hours)

Parties

- (1) the Company as vendor; and
- (2) Asaleo Care as purchaser.

Term

The term of the Asaleo Care Product Supply Agreement shall take effect from 1 January 2016 and, unless it is otherwise terminated or discharged in accordance with its own terms, shall continue in force for a term of three (3) years and expire on 31 December 2018.

Asaleo Care Personal Products and the total quantity

The Company agrees to sell (or to procure the relevant member(s) of the Group to sell), and Asaleo Care agrees to purchase (or to procure the relevant member(s) of the Asaleo Group to purchase), the Asaleo Care Personal Products which Asaleo Care (or the relevant member(s) of the Asaleo Group) may, from time to time, request pursuant to contract notes entered into from time to time in accordance with the terms and conditions of the Asaleo Care Product Supply Agreement.

Upon purchasing the Asaleo Care Personal Product, Asaleo Group may only sell and distribute the Asaleo Care Personal Products supplied by the Group within Australia, New Zealand and specified countries in the pacific region as set out under the Asaleo Care Product Supply Agreement.

Pricing

The price at which the Asaleo Care Personal Products will be sold shall be an amount which shall be determined by Asaleo Care and the Company at the time that the contract note(s) for the Asaleo Care Personal Products are submitted by Asaleo Care by reference to prevailing market rates or at rates similar to those offered by the Group to independent third parties.

The terms of the Asaleo Care Product Supply Agreement were arrived at after arm's length negotiations between the Company and Asaleo Care. They are based on normal commercial terms or better and on terms (including pricing) no less favourable to Vinda when compared to those offered to independent third parties.

Historical Amounts

For the three (3) years ended 31 December 2013, 2014 and 2015, there were transactions similar to those contemplated under the Asaleo Care Product Supply Agreement to the value of approximately HK\$28,960,090, HK\$55,453,914 and HK\$35,632,309, respectively.

APSA Annual Caps

Pursuant to the requirements under Chapter 14A of the Listing Rules, the Company proposes the following APSA Annual Caps with respect to the Asaleo Care Product Supply Agreement:

| Year | 2016 | 2017 | 2018 |
|------------------|-------------|-------------|-------------|
| | <i>HK\$</i> | <i>HK\$</i> | <i>HK\$</i> |
| APSA Annual Caps | 40,000,000 | 60,000,000 | 60,000,000 |

The APSA Annual Caps were determined by reference to the historical transaction values of similar transactions in the past, the expected rate of growth of the Group's sales and overall business and the agreed pricing pursuant to the Asaleo Care Product Supply Agreement.

Reasons for and benefits of the Asaleo Care Product Supply Agreement

The Company considers that it would be beneficial for the Company to enter into the Asaleo Care Product Supply Agreement as the transactions contemplated thereunder facilitate the overall operations and growth of the Group's business.

As the Company has had a history of business collaboration with the Asaleo Group, it is also expected that the transactions contemplated under the Asaleo Care Product Supply Agreement will further deepen the strategic partnership, establish better collaboration and ensure efficient cooperation between the Company and the Asaleo Group.

SCA MASTER PROCUREMENT AGREEMENT

As disclosed in the Previous Announcement, the Company entered into, among other things, the SCA Master Procurement Agreement on 31 March 2016. In view of the expected increasing demand by SCA Group Holding for Vinda Products, the Board considers that the Original SCA Annual Caps may need to be increased to account for the expected additional purchase monies payable by SCA Group Holding to the Company for the Vinda Products. To this end, the Company proposes to revise the Original SCA Annual Caps under the SCA Master Procurement Agreement. Please refer to the Previous Announcement for a summary of the principal terms of the SCA Master Procurement Agreement.

Historical Amounts

For the three (3) years ended 31 December 2013, 2014 and 2015, there were transactions similar to those contemplated under the SCA Master Procurement Agreement to the value of approximately HK\$15,349,007, HK\$29,086,804 and HK\$24,797,151, respectively.

Revised SCA Annual Caps

On 22 December 2016, the Company proposes to revise the Original SCA Annual Caps for the SCA Master Procurement Agreement as follows:

| Year | 2016 | 2017 | 2018 |
|--------------------------|-------------|-------------|-------------|
| | <i>HK\$</i> | <i>HK\$</i> | <i>HK\$</i> |
| Original SCA Annual Caps | 100,000,000 | 100,000,000 | 100,000,000 |
| Revised SCA Annual Caps | 150,000,000 | 200,000,000 | 200,000,000 |

The Revised SCA Annual Caps were determined by reference to the historical transaction values of similar transactions in the past, the expected rate of growth of the Group's sales and overall business and the agreed pricing pursuant to the SCA Master Procurement Agreement.

VINDA MASTER PROCUREMENT AGREEMENT

As disclosed in the Previous Announcement, the Company entered into, among other things, the Vinda Master Procurement Agreement on 31 March 2016. In view of the expected demand by the Company for the SCA Products, the Board considers that the Original Vinda Annual Caps may need to be revised to account for the expected changes to the amount of purchase monies payable by the Company to SCA Group Holding for the SCA Products. To this end, the Company proposes to revise the Original Vinda Annual Caps under the Vinda Master Procurement Agreement. Please refer to the Previous Announcement for a summary of the principal terms of the Vinda Master Procurement Agreement.

Historical Amounts

For the three (3) years ended 31 December 2013, 2014 and 2015, there were transactions similar to those contemplated under the Vinda Master Procurement Agreement to the value of approximately HK\$0, HK\$39,268,339 and HK\$151,769,200, respectively.

Revised Vinda Annual Caps

On 22 December 2016, the Company proposes to revise the Original Vinda Annual Caps for the Vinda Master Procurement Agreement as follows:

| Year | 2016 <i>HK\$</i> | 2017 <i>HK\$</i> | 2018 <i>HK\$</i> |
|----------------------------|----------------------------|----------------------------|----------------------------|
| Original Vinda Annual Caps | 300,000,000 | 300,000,000 | 300,000,000 |
| Revised Vinda Annual Caps | 200,000,000 | 200,000,000 | 200,000,000 |

The Revised Vinda Annual Caps were determined by reference to the historical transaction values of similar transactions in the past, the expected rate of growth of the Group's sales and overall business and the agreed pricing pursuant to the Vinda Master Procurement Agreement.

REASONS FOR AND BENEFITS OF THE SCA MASTER PROCUREMENT AGREEMENT AND THE VINDA MASTER PROCUREMENT AGREEMENT

The Company considers that it would be beneficial for the Company to enter into the SCA Master Procurement Agreement and the Vinda Master Procurement Agreement as the transactions contemplated thereunder have facilitated, and will continue to facilitate, the overall operations and growth of the Group's business.

As the Company has a history of business collaborations with the SCA Group, it is also expected that the transactions contemplated under the SCA Master Procurement Agreement and the Vinda Master Procurement Agreement will further deepen the strategic partnership, establish better collaboration and ensure efficient cooperation between the Company and the SCA Group.

AGGREGATE ANNUAL CAPS

The Aggregate Annual Caps of the Company under the Asaleo Care Product Supply Agreement, the SCA Master Procurement Agreement and Vinda Master Procurement Agreement (which are aggregated under Rule 14A.81 of the Listing Rules) for each of the years ending 31 December 2016, 2017 and 2018 will be as follows:

| Year | 2016 | 2017 | 2018 |
|---------------------------|--------------------|--------------------|--------------------|
| | <i>HK\$</i> | <i>HK\$</i> | <i>HK\$</i> |
| APSA Annual Caps | 40,000,000 | 60,000,000 | 60,000,000 |
| Revised SCA Annual Caps | 150,000,000 | 200,000,000 | 200,000,000 |
| Revised Vinda Annual Caps | <u>200,000,000</u> | <u>200,000,000</u> | <u>200,000,000</u> |
| Total: | <u>390,000,000</u> | <u>460,000,000</u> | <u>460,000,000</u> |

LISTING RULES IMPLICATIONS

SCA Group Holding is a controlling shareholder of the Company and therefore a Connected Person of the Company. Since SCA Group Holding is entitled to exercise or control the exercise of approximately 35.98% of the voting power at the general meeting of Asaleo Care Limited, Asaleo Care Limited is also a Connected Person of the Company. Further, as Asaleo Care is a wholly-owned subsidiary of Asaleo Care Limited, Asaleo Care is also a Connected Person of the Company. Therefore, the transactions contemplated under the Asaleo Care Product Supply Agreement, the Vinda Master Procurement Agreement and the SCA Master Procurement Agreement, which are of a continuing nature, will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and will be aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules.

Further, as the Company proposes to revise the annual caps for each of the SCA Master Procurement Agreement and the Vinda Master Procurement Agreement, the Company is required to re-comply with the relevant provisions of Chapter 14A of the Listing Rules in respect of the continuing connected transactions thereunder pursuant to Rule 14A.54 of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) calculated based on the Aggregated Annual Caps are on an aggregated basis, more than 0.1% but less than 5%, the transactions contemplated under the Asaleo Care Product Supply Agreement, the Vinda Master Procurement Agreement and the SCA Master Procurement Agreement are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In the event that (i) the aggregate amount of the price receivable or payable by the Group for any financial year during the terms of the Asaleo Care Product Supply Agreement, the Vinda Master Procurement Agreement or the SCA Master Procurement Agreement exceeds the APSA Annual Caps, the Revised Vinda Annual Caps or the Revised SCA Annual Caps (as the case may be) for the relevant year, or (ii) the Asaleo Care Product Supply Agreement, the Vinda Master Procurement Agreement or the SCA Master Procurement Agreement is renewed or there is any material change to their respective terms, the Company will comply with the relevant provisions under the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the terms of the Asaleo Care Product Supply Agreement, the Vinda Master Procurement Agreement and the SCA Master Procurement Agreement and the transactions contemplated thereunder (including the APSA Annual Caps, the Revised SCA Annual Caps and the Revised Vinda Annual Caps) are on normal commercial terms or better and fair and reasonable, and are entered into in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the transactions contemplated under the Asaleo Care Product Supply Agreement and/or the Vinda Master Procurement Agreement and/or the SCA Master Procurement Agreement, and hence no Director is required to abstain from voting on the relevant board resolutions to approve such agreements and the transactions contemplated thereunder. However, Mr. Johann Christoph Michalski, Mr. Jan Christer Johansson, Mr. Carl Magnus Groth and Mr. Ulf Olof Lennart Soderstrom, who are former employees or current employees of SCA, elected to abstain from voting on the relevant board resolutions approving the transactions contemplated under the Asaleo Care Product Supply Agreement, the Vinda Master Procurement Agreement and the SCA Master Procurement Agreement.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in the manufacturing and sale of tissue and personal care products in the PRC, Hong Kong, Macau, Korea, Malaysia, Taiwan and other Southeast Asian countries including, among others, Singapore, Thailand, Indonesia, and its principal products include toilet paper, hanky, softpack, box tissues, wet wipes, paper napkins, baby diapers, incontinence products and feminine care products.

INFORMATION ABOUT ASALEO CARE

As of June 2014, Asaleo Care Limited was no longer a subsidiary of, and became an associate (as defined in the Listing Rules) of, SCA Group Holding following the floatation of Asaleo Care Limited on the Australian Securities Exchange (ASX:AHY). SCA Group Holding, a Connected Person of the Company, is entitled to exercise or control the exercise of approximately 35.98% of the voting power at the general meeting of Asaleo Care Limited. Therefore, Asaleo Care Limited is also a Connected Person of the Company. Further, as Asaleo Care is a wholly-owned subsidiary of Asaleo Care Limited, Asaleo Care is also a Connected Person of the Company.

Asaleo Care is a leading personal care and hygiene company that manufactures, markets, distributes and sells essential everyday consumer products across the feminine care, incontinence care, baby care, consumer tissue and professional hygiene products.

INFORMATION ABOUT SCA GROUP HOLDING

SCA Group Holding is a leading global hygiene and forest products company which develops and produces sustainable personal care, tissue and forest products. SCA Group Holding conducts sales in about 100 countries under many strong brands and its parent company is listed on NASDAQ OMX Stockholm.

DEFINITIONS

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

| | |
|-------------------------|---|
| “Aggregate Annual Caps” | means the APSA Annual Caps, the Revised Vinda Annual Caps and the Revised SCA Annual Caps |
| “APSA Annual Caps” | means the annual maximum monetary value of the Asaleo Care Personal Products to be sold by the Company (or relevant member(s) of the Group) to Asaleo Care (or the relevant member(s) of the Asaleo Group) under the Asaleo Care Product Supply Agreement |
| “Asaleo Care” | means Asaleo Care Australia Pty Ltd, a wholly-owned subsidiary of Asaleo Care Limited |
| “Asaleo Care Limited” | means Asaleo Care Limited, approximately 35.98% of the issued share capital of which is held by SCA Group Holding |

| | |
|--|--|
| “Asaleo Care Personal Products” | means certain household consumable paper and/or personal care products to be supplied by the Company (or the relevant member(s) of the Group) to Asaleo Care (or the relevant member(s) of the Asaleo Group) from time to time |
| “Asaleo Care Product Supply Agreement” | means the product supply agreement dated 22 December 2016 entered into between the Company as vendor and Asaleo Care as purchaser in relation to the sale and purchase of the Asaleo Care Personal Products |
| “Asaleo Group” | means Asaleo Care Limited and its subsidiaries |
| “Connected Person” | has the meaning ascribed to it under the Listing Rules |
| “Original SCA Annual Caps” | means the annual maximum monetary value of the Vinda Products to be sold by the Company (or the relevant members(s) of the Group) to SCA Group Holding (or the relevant member(s) of the SCA Group) under the SCA Master Procurement Agreement as set out in the Previous Announcement |
| “Original Vinda Annual Caps” | means the annual maximum monetary value of the SCA Products to be sold by SCA Group Holding (or the relevant member(s) of the SCA Group) to the Company (or the relevant member(s) of the Group) under the Vinda Master Procurement Agreement as set out in the Previous Announcement |
| “Previous Announcement” | has the meaning ascribed to it in this announcement |
| “Revised SCA Annual Caps” | means the revised annual maximum monetary value of the Vinda Products to be sold by the Company (or the relevant members(s) of the Group) to SCA Group Holding (or the relevant member(s) of the SCA Group) under the SCA Master Procurement Agreement as set out in this announcement |
| “Revised Vinda Annual Caps” | means the revised annual maximum monetary value of the SCA Products to be sold by SCA Group Holding (or the relevant member(s) of the SCA Group) to the Company (or the relevant member(s) of the Group) under the Vinda Master Procurement Agreement as set out in this announcement |

“SCA Group Holding” means SCA Group Holding BV, the controlling shareholder (as defined under the Listing Rules) and a Connected Person of the Company

By Order of the Board
Vinda International Holdings Limited
LI Chao Wang
Chairman

Hong Kong, 22 December 2016

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

Executive Directors:

Mr. LI Chao Wang
Ms. YU Yi Fang
Mr. Johann Christoph MICHALSKI
Mr. DONG Yi Ping
Ms. LI Jielin

Non-Executive Directors:

Mr. Jan Christer JOHANSSON
Mr. Carl Magnus GROTH
Mr. Ulf Olof Lennart SODERSTROM

Independent Non-Executive Directors:

Mr. CHIA Yen On
Mr. KAM Robert
Mr. TSUI King Fai
Mr. WONG Kwai Huen, Albert

Alternate Directors:

Mr. Carl Fredrik Stenson RYSTEDT (*alternate to Mr. SODERSTROM*)
Mr. Gert Mikael SCHMIDT (*alternate to Mr. JOHANSSON and Mr. GROTH*)