

*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 howsoever 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)**

**CONTINUING CONNECTED TRANSACTIONS –  
REVISION OF ANNUAL CAPS**

Reference is made to the Announcements.

In view of the increase in demand by the Company for personal care products and raw materials under the Vinda Master Procurement Agreement, the Board expects that the Original Vinda Annual Caps may not be sufficient for the expected resultant changes to the amount of purchase monies payable by the Group to SCA Group Holding under the Vinda Master Procurement Agreement for the financial years ending 31 December 2017 and 31 December 2018. The Board therefore proposes to revise the Original Vinda Annual Caps under the Vinda Master Procurement Agreement for the years ending 31 December 2017 and 31 December 2018 to HK\$300,000,000 and HK\$300,000,000, respectively.

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 36.16% 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 Board proposes to revise the Original Vinda Annual Caps under 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 on an aggregated basis 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 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.

## **BACKGROUND**

Reference is made to the Announcements.

## **VINDA MASTER PROCUREMENT AGREEMENT**

As disclosed in the Announcements, the Company entered into, among other things, the Vinda Master Procurement Agreement on 31 March 2016. Please refer to the Announcements for a summary of the principal terms of the Vinda Master Procurement Agreement.

In view of the increase in demand by the Company for personal care products and raw materials under the Vinda Master Procurement Agreement, the Board expects that the Original Vinda Annual Caps may not be sufficient for the expected resultant changes to the amount of purchase monies payable by the Group to SCA Group Holding under the Vinda Master Procurement Agreement for the financial years ending 31 December 2017 and 31 December 2018. The Board therefore proposes to revise the Original Vinda Annual Caps under the Vinda Master Procurement Agreement for the financial years ending 31 December 2017 and 31 December 2018 as set out further below.

### **Historical transaction amounts**

For the two (2) years ended 31 December 2014 and 2015, there were transactions similar to those contemplated under the Vinda Master Procurement Agreement to the value of approximately HK\$39,268,339 and HK\$151,769,200, respectively. For the period from 31 March 2016 (i.e. effective date of the Vinda Master Procurement Agreement) to 31 December 2016 and the seven (7) months ended 31 July 2017, the transaction amounts under the Vinda Master Procurement Agreement were approximately HK\$119,453,484 and HK\$133,319,177, respectively.

### **Revised Vinda Annual Caps**

On 5 September 2017, the Board proposed to revise the Original Vinda Annual Caps for the Vinda Master Procurement Agreement as follows:

	<b>Year ending 31 December</b>	
	<b>2017</b>	<b>2018</b>
	<i>HK\$</i>	<i>HK\$</i>
Original Vinda Annual Caps	200,000,000	200,000,000
Revised Vinda Annual Caps	300,000,000	300,000,000

## **Basis of determining the Revised Vinda Annual Caps**

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

## **SCA MASTER PROCUREMENT AGREEMENT**

As disclosed in the Announcements, the Company entered into, among other things, the SCA Master Procurement Agreement on 31 March 2016. Please refer to the Announcements for a summary of the principal terms of the SCA Master Procurement Agreement.

### **Historical transaction amounts**

For the two (2) years ended 31 December 2014 and 2015, there were transactions similar to those contemplated under the SCA Master Procurement Agreement to the value of approximately HK\$29,086,804 and HK\$24,797,151, respectively. For the period from 31 March 2016 (i.e. effective date of the SCA Master Procurement Agreement) to 31 December 2016 and the seven (7) months ended 31 July 2017, the transaction amounts under the SCA Master Procurement Agreement were approximately HK\$135,202,246 and HK\$66,669,674, respectively.

## **ASALEO CARE PRODUCT SUPPLY AGREEMENT**

As disclosed in the Announcements, the Company entered into, among other things, the Asaleo Care Product Supply Agreement on 22 December 2016. Please refer to the Announcements for a summary of the principal terms of the Asaleo Care Product Supply Agreement.

## **Historical transaction amounts**

For the two (2) years ended 31 December 2014 and 2015, there were transactions similar to those contemplated under the Asaleo Care Product Supply Agreement to the value of approximately HK\$55,453,914 and HK\$35,632,309, respectively. For the year ended 31 December 2016 and the seven (7) months ended 31 July 2017, transaction amounts under the Asaleo Care Product Supply Agreement were approximately HK\$30,312,849 and HK\$21,257,337, respectively.

## **REASONS FOR AND BENEFITS OF THE ASALEO CARE PRODUCT SUPPLY AGREEMENT**

The Company considers that the Asaleo Care Product Supply Agreement and the transactions contemplated thereunder are beneficial for the Company as they have facilitated, and will continue to 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.

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

The Company considers that the SCA Master Procurement Agreement and the Vinda Master Procurement Agreement and the transactions contemplated thereunder are beneficial for the Company as they 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 (the hygiene unit of which has been spun off and become Essity 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 Essity Group.

## AGGREGATE ANNUAL CAPS

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

	Year ending 31 December	
	2017 (HK\$)	2018 (HK\$)
APSA Annual Caps	60,000,000	60,000,000
SCA Annual Caps	200,000,000	200,000,000
Revised Vinda Annual Caps	<u>300,000,000</u>	<u>300,000,000</u>
Total:	<u><u>560,000,000</u></u>	<u><u>560,000,000</u></u>

Save for the revision to Original Vinda Annual Caps for the two years ending 31 December 2017 and 31 December 2018, the terms of the Asaleo Care Product Supply Agreement, the Vinda Master Procurement Agreement and the SCA Master Procurement Agreement, including but not limited to the respective pricing policies and mechanism thereunder, remain unchanged.

## **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 36.16% 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 Board proposes to revise the Original Vinda Annual Caps under 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 on an aggregated basis 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 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) any respective transaction amount under the Asaleo Care Product Supply Agreement, the Vinda Master Procurement Agreement and SCA Master Procurement Agreement 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 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 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 the Revised Vinda Annual Caps. However, Mr. Johann Christoph Michalski, Mr. Jan Christer Johansson, Mr. Carl Magnus Groth and Mr. Carl Fredrik Stenson RYSTEDT, who are former employees or current employees of Essity, elected to abstain from voting on the relevant board resolutions approving the Revised Vinda Annual Caps.

## **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**

Asaleo Care Limited is an associate of SCA Group Holding. SCA Group Holding, a Connected Person of the Company, is entitled to exercise or control the exercise of approximately 36.16% 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 company which develops and produces sustainable personal care and tissue 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, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Aggregate Annual Caps”	the APSA Annual Caps, the Revised Vinda Annual Caps and the SCA Annual Caps
“Announcements”	the announcements of the Company 1 April 2016, 22 December 2016 and 22 January 2017 in relation to, among other things, the Vinda Master Procurement Agreement, the SCA Master Procurement Agreement and the Asaleo Care Product Supply Agreement.
“APSA Annual Caps”	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”	Asaleo Care Australia Pty Ltd, a wholly-owned subsidiary of Asaleo Care Limited
“Asaleo Care Limited”	Asaleo Care Limited, approximately 36.16% of the issued share capital of which is held by SCA Group Holding
“Asaleo Care Personal Products”	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”	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”	Asaleo Care Limited and its subsidiaries
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	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(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Essity”	Essity Aktiebolag (publ) a company whose shares are quoted and traded on NASDAQ OMX Stockholm, and as American Depository Receipts (ADR level 1) in the United States through Deutsche Bank. Upon completion of the spin off of Essity by Svenska Cellulosa Aktiebolaget, on 14 June 2017, Essity became the ultimate controlling shareholder of the Company in place of Svenska Cellulosa Aktiebolaget

“Essity Group”	the group of companies of which Essity is the ultimate holding company, including any body corporate controlled by Essity (but excluding the Company and its wholly-owned subsidiaries from time to time)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Original Vinda Annual Caps”	the annual maximum monetary value of the personal care products and raw materials to be sold by SCA Group Holding (or the relevant member(s) of the Essity Group) to the Company (or the relevant member(s) of the Group) under the Vinda Master Procurement Agreement as set out in the Announcements
“Revised Vinda Annual Caps”	the revised annual maximum monetary value of the personal care products and raw materials to be sold by SCA Group Holding (or the relevant member(s) of the Essity 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 Annual Caps”	the annual maximum monetary value of the personal care products and raw materials 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 Essity Group) under the SCA Master Procurement Agreement as set out in the Announcements

“SCA Group Holding”	SCA Group Holding BV, the controlling shareholder (as defined under the Listing Rules) and a Connected Person of the Company
“SCA Master Procurement Agreement”	the master procurement agreement dated 31 March 2016 entered into between the Company and SCA Group Holding governing the sale of personal products and raw materials by the Company (or the relevant member(s) of the Group) to SCA Group Holding (or the relevant member(s) of the Essity Group)
“Vinda Master Procurement Agreement”	the master procurement agreement dated 31 March 2016 entered into between SCA Group Holding and the Company governing the sale of personal products and raw materials by SCA Group Holding (or the relevant member(s) of the Essity Group) to the Company (or the relevant member(s) of the Group)

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

Hong Kong, 8 September 2017

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

*Executive Directors:*

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

*Non-executive Directors:*

Mr. Jan Christer JOHANSSON  
Mr. Carl Magnus GROTH  
Mr. Carl Fredrik Stenson RYSTEDT

*Independent Non-executive Directors:*

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

*Alternate Directors:*

Mr. Ulf Olof Lennart SODERSTROM (*alternate to Mr. RYSTEDT*)  
Mr. Gert Mikael SCHMIDT (*alternate to Mr. JOHANSSON and Mr. GROTH*)