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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 30 March 2011, the Company entered into the Master Agreement with V-Care in relation to certain continuing connected transactions.

Since each of the applicable percentage ratios (other than the profits ratio) calculated with reference to each of the Annual Caps for the Master Agreement is less than 5%, the continuing connected transactions contemplated under the Master 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.

MASTER AGREEMENT

On 30 March 2011, the Company entered into the Master Agreement with V-Care whereby:

- (a) the Group is appointed by V-Care as its non-exclusive sales agent and be responsible for the sale of V-Care's personal care products in the PRC (including Hong Kong, Macau and Taiwan);
- (b) members of the Group will purchase V-Care's personal care products which the Group will sell to its customers; and
- (c) members of the Group will sell the Group's household consumable paper products, such as packet tissue, box tissue, soft packs and wet wipes to V-Care.

The principal terms of the Master Agreement are as follows:

Date: 30 March 2011

Parties: (1) V-Care
(2) The Company

Duration: The Master Agreement is for a term of commencing from 30 March 2011 and expiring on 31 December 2012.

Nature of the Master Agreement

- (a) The Group is appointed by V-Care as its non-exclusive sales agent and will be responsible for procuring the sale of V-Care's personal care products in the PRC (including Hong Kong, Macau and Taiwan). V-Care's personal care products will include initially baby diapers and later sanitary napkins manufactured by V-Care or its outsourced manufacturing partners under its proprietary brand name "Babifit貝愛多" and such other brands which V-Care would create or procure from time to time. In consideration for the services provided by the Group, V-Care will pay to the Group on a monthly basis a commission based on a market rate of a prescribed percentage of the total net sales value of the sale of V-Care's products solicited or procured by the Group.
- (b) Members of the Group will purchase as a distributor V-Care's personal care products, including baby diapers and later sanitary napkins manufactured by V-Care or its outsourced manufacturing partners under its proprietary brand name "Babifit貝愛多" and such other brands which V-Care would create or procure from time to time from V-Care at prices and other terms negotiated between the Company and V-Care 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 V-Care to Independent Third Parties, and as agreed between the Group and V-Care. Purchase orders for V-Care's personal care products shall be given by the Group to V-Care in writing or, if given orally, shall be confirmed by the Group in writing not more than 3 days after the order is given by the Group.
- (c) Members of the Group will sell the Group's household consumable paper products, including packet tissue, box tissue, soft packs and wet wipes, to V-Care at prices and other terms negotiated between the Company and V-Care 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 the Group and V-Care. The Group's products will be used by V-Care in connection with its promotion activities relating to the sale of its personal care products. Purchase orders for the Group's household consumable paper products shall be given by V-Care to the Group in writing or, if given orally, shall be confirmed by V-Care in writing not more than 3 days after the order is given by V-Care.

Annual Caps and determination

The Annual Caps under the Master Agreement are as follows:

	Annual caps for the year ending 31 December	
	2011	2012
Commission from the sale of V-Care's products	HK\$4,090,000	HK\$15,210,000
Purchase of V-Care's products from V-Care	HK\$33,000,000	HK\$130,000,000
Sale of the Group's tissue paper to V-Care	<u>HK\$2,200,000</u>	<u>HK\$4,500,000</u>
TOTAL	<u>HK\$39,290,000</u>	<u>HK\$149,710,000</u>

In determining the proposed Annual Caps of the continuing connected transactions contemplated under the Master Agreement for each of the 2 financial years ending 31 December 2012, the Board has taken into account for reference of the following principal factors:

- (a) the two-prong approach of V-Care's outsourced production strategy and self-operated manufacturing facilities;
- (b) the expected development of the Group's sale of personal care products; and
- (c) the expected rate of growth of the Group's sales network and overall business.

REASONS FOR AND BENEFITS OF THE MASTER AGREEMENT

The continuing connected transactions contemplated under the Master Agreement are expected to occur on a regular and continuing basis in the ordinary and usual course of business of the Group.

The Group is principally engaged in the manufacturing of household consumable paper products in the PRC and its principal products include toilet paper, paper handkerchiefs, facial tissue paper and paper napkins. The V-Care Group is engaged in the manufacturing and sale of baby diapers and later sanitary napkins manufactured by V-Care or its outsourced manufacturing partners under its proprietary brand name "Babifit 貝愛多". The Board believes that the Master Agreement can provide opportunities for the Group to cooperate with V-Care and thereby expand the Group's existing business to the distribution of disposable diapers and sanitary napkins. The Directors (including the independent non-executive Directors but excluding Mr. Li Chao Wang, Ms. Yu Yi Fang and Mr. Dong Yi Ping, three executive Directors) consider that the Master Agreement will allow the Group to secure additional business, and hence revenue, for the Group.

The Directors (including the independent non-executive Directors but excluding Mr. Li Chao Wang, Ms. Yu Yi Fang and Mr. Dong Yi Ping, three executive Directors) consider that the Master 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 (including the independent non-executive Directors but excluding Mr. Li Chao Wang, Ms. Yu Yi Fang and

Mr. Dong Yi Ping, three executive Directors) believe that the terms of the Master 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

Reference is made to the Company's announcement dated 16 December 2010 regarding a subscription of shares of V-Care which also constituted a connected transaction of the Company. Upon completion of the subscription which took place on 11 February 2011, V-Care was owned as to 41% by a wholly owned subsidiary of the Company, as to 39% by Fu An International, as to 7% by Dynasty Fortune Partners, L.P. and as to 13% by Cathay Capital Holdings II, L.P. As Fu An International is a substantial shareholder of the Company, it is regarded as a Connected Person of the Company. As Fu An International controls the exercise of over 30% of the voting power at general meetings of V-Care, V-Care is also regarded as a Connected Person of the Company. In the circumstances, the transactions between the Group and the V-Care Group as contemplated under the Master Agreement 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 each of the Annual Caps for the Master Agreement is less than 5%, the continuing connected transactions contemplated under the Master 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 Master 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 term of the Master Agreement, the aggregate amount payable under the Master Agreement exceeds the Annual Caps for the relevant years, or (ii) if the Master Agreement is renewed or there is material change to the terms of the transactions, the Company will comply with the provisions of Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Annual Caps”	the annual caps for the transactions contemplated under the Master 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

“Fu An International”	Fu An International Company Limited, a company incorporated under the laws of the British Virgin Islands and a substantial shareholder 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”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the agreement dated 30 March 2011 made between V-Care and the Company (each contracting for itself and its subsidiaries)
“PRC”	People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“V-Care”	V-Care Holdings Limited, a company incorporated under the laws of the British Virgin Islands and owned as to 41% by a wholly owned subsidiary of the Company, as to 39% by Fu An International, as to 7% by Dynasty Fortune Partners, L.P. and as to 13% by Cathay Capital Holdings II, L.P.
“V-Care Group”	V-Care and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
Vinda International Holdings Limited
LI CHAO WANG
Chairman

Hong Kong, 30 March 2011

As at the date of this announcement, the executive directors of the Company are Mr. LI Chao Wang, Ms. YU Yi Fang, Mr. DONG Yi Ping and Ms. ZHANG Dong Fang; the non-executive directors are Mr. Johann Christoph MICHALSKI and Mr. CHIU Bun; and the independent non-executive directors are Dr. CAO Zhen Lei, Mr. KAM Robert, Mr. HUI Chin Tong, Godfrey and Mr. TSUI King Fai.