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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

AGGREGATION OF TRANSACTIONS

The Group has been purchasing packaging material from SCA Tianjin and SCA Wuhan. SCA Tianjin and SCA Wuhan are wholly-owned subsidiaries of SCA, a substantial shareholder of the Company and a Connected Person.

During the finalization of the audited financial statements of the Company for the year ended 31 December 2008, it came to the attention of the Board that during the 12-month period ended on 31 December 2008, the total amount paid by the Group to SCA Tianjin and SCA Wuhan for the packaging material was approximately HK\$3,518,000. These transactions constituted continuing connected transactions under Rule 14A.14 of the Listing Rules and had exceeded the *de minimis* threshold set forth in Rule 14A.33(3) of the Listing Rules and are subject to the reporting and announcement requirements and exempted from the requirement of obtaining the independent shareholders' approval pursuant to Rule 14A.34(1) of the Listing Rules.

MASTER PURCHASE AND SUPPLY AGREEMENT

On 16 April 2009, the Company entered into the Master Purchase and Supply Agreement with SCA whereby:

- (1) members of the Group will purchase various packaging materials, such as carton boxes from the SCA Group 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 Independent Third Parties and accepted by the Group; and

(2) members of the Group will sell the Group's tissue paper products, such as toilet rolls, table napkins, tissue towels and face tissues to the SCA Group (excluding SCA HA which is separately covered under a product supply agreement dated 20 June 2007, details of which have been set out in the prospectus of the Company dated 26 June 2007) 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 Master Purchase and Supply Agreement has an initial term of 2 years commencing on 1 January 2009 and ending on 31 December 2010 (both dates inclusive).

The transactions under the Master Purchase and Supply Agreement are of a continuing nature and will constitute continuing connected transactions under Chapter 14A of the Listing Rules. The applicable percentage ratios (other than the profits ratio) calculated with reference to the individual annual caps will be more than 2.5% but less than 25% and the annual maximum cap is less than HK\$10,000,000. Accordingly, the continuing connected transactions under the Master Purchase and 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 Purchase and Supply Agreement will be disclosed in the Company's next published annual reports in compliance with the requirements under the Listing Rules.

AGGREGATION OF TRANSACTIONS

The Group has been purchasing packaging material from SCA Tianjin and SCA Wuhan. SCA Tianjin and SCA Wuhan are wholly-owned subsidiaries of SCA. SCA is a substantial shareholder of the Company and a Connected Person.

During the finalization of the audited financial statements of the Company for the year ended 31 December 2008, it came to the attention of the Board that during the 12-month period ended on 31 December 2008, the total amount paid by the Group to SCA Tianjin and SCA Wuhan for the packaging material was approximately HK\$3,518,000. These transactions constituted continuing connected transactions under Rule 14A.14 of the Listing Rules and had exceeded the *de minimis* threshold set forth in Rule 14A.33(3) of the Listing Rules and are subject to the reporting and announcement requirements and exempted from the requirement of obtaining the independent shareholders' approval pursuant to Rule 14A.34(1) of the Listing Rules.

As the purchase transactions conducted during the 12-month period ended on 31 December 2008 are only exempted from the independent shareholders' approval requirement, the Company should have complied with the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules. The Company failed to comply with the reporting and announcement requirements in relation to the purchase transactions which took place during the 12-month period ended on 31 December 2008 pursuant to Chapter 14A of the Listing Rules on a timely basis. The Company considers that this was an inadvertent oversight and an unintentional non-compliance with the Listing Rules.

MASTER PURCHASE AND SUPPLY AGREEMENT

On 16 April 2009, the Company entered into the Master Purchase and Supply Agreement with SCA whereby:

- (1) members of the Group will purchase various packaging materials, such as carton boxes from the SCA Group at prices to be determined on an arm's length basis and comparable to the prevailing market rates or at rates similar to those accepted by the Group from Independent Third Parties; and
- (2) members of the Group will sell the Group's tissue paper products, such as toilet rolls, table napkins, tissue towels and face tissues to the SCA Group (excluding SCA HA which is separately covered under a product supply agreement dated 20 June 2007, details of which have been set out in the prospectus of the Company dated 26 June 2007) 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 sale of the packaging material or the Group's tissue paper products (as the case may be) to be made under the Master Purchase and Supply Agreement will be made in accordance with the prices and other terms negotiated between the Company and SCA 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 SCA or the Company (as the case may be) to Independent Third Parties, and as agreed between the Vinda Group and the SCA Group.

The Master Purchase and Supply Agreement has an initial term of 2 years commencing on 1 January 2009 and ending on 31 December 2010 (both dates inclusive). The transaction amount under the Master Purchase and Supply Agreement during the period commencing on 1 January 2009 and ending on the date of the

Master Purchase and Supply Agreement was approximately HK\$520,000 for the purchase transactions and approximately HK\$212,000 for the sale transactions. Each of these figures was within the de minimis threshold of Rule 14A.33(3) of the Listing Rules.

The individual annual caps under the Master Purchase and Supply Agreement are as follows:

	Annual caps	
	For the year ending	
	31 December	
	2009	2010
Purchase of packaging material from the SCA Group	HK\$6.0 million	HK\$7.0 million
Sale of the Group's tissue paper products to the SCA Group (excluding SCA HA)	HK\$2.0 million	HK\$2.8 million

In determining the annual caps for the transactions contemplated under the Master Purchase and Supply Agreement, the following principle factors have been taken into consideration:

- (a) the historical growth of the Group's purchase of packaging material from the SCA Group for the first 3 months of year 2009;
- (b) the historical growth of the Group's sale of the Group's tissue paper products to the SCA Group for the first 3 months of year 2009; and
- (c) the expected rate of growth of the Group's sales and overall business.

The Directors, including the independent non-executive Directors but excluding Mr. Chiu Bun, a non-executive Director, who had elected to abstain from voting and Mr. Johann Christoph Michalski, a non-executive Director, who did not attend the meeting for approving the Master Purchase and Supply Agreement, 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.

REASONS FOR AND BENEFITS OF THE MASTER PURCHASE AND SUPPLY AGREEMENT

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. Mr. Chiu Bun, a non-executive Director, disclosed his interest in the meeting approving the Master Purchase and Supply Agreement and the transactions contemplated thereunder in accordance with the articles of association of the Company in that he was also the general counsel 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 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 Group has been purchasing packaging material from the SCA Group and is confident with the quality of the material provided by the SCA Group. The Board considers that by entering into the Master Purchase and Supply Agreement, the Group could secure regular and stable supply of packaging material at the market price from the SCA Group to maintain the Group's daily operation. Secondly, the Master Purchase and Supply Agreement can also provide additional opportunities for the Group to partner with SCA in the distribution of the Group's tissue paper products in the future.

The Directors (including the independent non-executive Directors but excluding Mr. Chiu Bun and Mr. Johann Christoph Michalski) consider that (i) the Master Purchase and Supply Agreement was entered into in the usual and ordinary course of business of the Company, and (ii) the Master Purchase and 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. Chiu Bun and Mr. Johann Christoph Michalski) believe that the terms of the Master Purchase and 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.

IMPLICATIONS OF THE LISTING RULES

As SCA, a substantial shareholder of the Company, each of its subsidiaries is a Connected Person. As a result, the transactions under the Master Purchase and Supply Agreement are of a continuing nature and will constitute continuing connected transactions under Chapter 14A of the Listing Rules. The applicable percentage ratios (other than the profits ratio) calculated with reference to the individual annual caps will be more than 2.5% but less than 25% and the annual maximum cap is less than HK\$10,000,000. Accordingly, the continuing connected transactions under the Master Purchase and 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 Purchase and Supply Agreement will be disclosed in the Company's next published annual reports in compliance with the requirements under the Listing Rules.

INFORMATION ON THE COMPANY

The Group is principally engaged in the manufacturing of tissue paper products in the PRC. The Group's 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 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 of the Company and a Connected Person
“SCA Group”	means SCA and its subsidiaries
“SCA HA”	means SCA Hygiene Australasia Pty Limited and SCA Hygiene Australasia Limited, wholly-owned subsidiaries of SCA
“SCA Tianjin”	means 愛生雅(天津)包裝製品有限公司 (SCA (Tianjin) Packaging Products Limited), a company established under the laws of the PRC, a wholly-owned subsidiary of SCA and a Connected Person
“SCA Wuhan”	means 武漢愛生雅包裝有限公司 (Wuhan SCA Packaging Limited), a company established under the laws of the PRC, a wholly-owned subsidiary of SCA and a Connected Person
“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”	as defined under the Listing Rules
“%”	means per cent.

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

Hong Kong, 17 April 2009

As at the date of this announcement, the executive Directors are Mr. Li Chao Wang, Ms. Yu Yi Fang and Mr. Dong Yi Ping; the non-executive Directors are Mr. Leung Ping Chung Hermann, 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.