
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Vinda International Holdings Limited**, you should at once hand this circular and the enclosed form of proxy to the purchaser or the transferee or to the bank, stockbroker or other licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

GRANT OF OPTIONS TO THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Independent Financial Adviser to the Independent Non-Executive Directors

 **亞洲資產管理**
ASIA INVESTMENT MANAGEMENT

A notice of the EGM to be held at Garden Room A-B, Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Monday, 1 February 2010 at 11:00 a.m. is set out on pages 20 to 21 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed. Whether or not you intend to attend and vote at the EGM in person, please complete the form of proxy enclosed in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

16 January 2010

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Vinda International Holdings Limited (維達國際控股有限公司), a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for approving the grant of the Options
“Group”	the Company and its subsidiaries
“Independent Financial Adviser”	the independent financial adviser to the Independent Non-executive Directors, being Asia Investment Management Limited
“Independent Non-executive Directors”	the independent non-executive directors of the Company, being Dr. Cao Zhen Lei, Mr. Kam Robert, Mr. Hui Chin Tong Godfrey and Mr. Tsui King Fai
“Independent Shareholders”	the Shareholders other than the Connected Persons of the Company
“Latest Practicable Date”	15 January 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in the circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Options”	options conditionally granted to Mr. Li Chao Wang under the Share Option Scheme to subscribe for 7,438,000 Shares at the exercise price of HK\$5.732 per Share
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 19 June 2007
“Shareholder(s)”	holder(s) of the Shares

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Li Chao Wang

Ms. Yu Yi Fang

Mr. Dong Yi Ping

Non-executive Directors

Mr. Leung Ping Chung Hermann

Mr. Johann Christoph Michalski

Mr. Chiu Bun

Independent Non-executive Directors

Dr. Cao Zhen Lei

Mr. Kam Robert

Mr. Hui Chin Tong Godfrey

Mr. Tsui King Fai

Registered Office:

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong*

Room 506, Tower 1

South Seas Centre

75 Mody Road, Tsimshatsui East

Kowloon, Hong Kong

16 January 2010

To the Shareholders

Dear Sir or Madam

**GRANT OF OPTIONS TO THE CHAIRMAN AND
THE CHIEF EXECUTIVE OFFICER**

INTRODUCTION

Reference is made to the Company's announcement dated 16 December 2009. On 16 December 2009, the Board resolved to grant to Mr. Li Chao Wang, the chairman, the chief executive officer, an executive Director and the controlling shareholder of the Company, the Options entitling Mr. Li Chao Wang to subscribe for 7,438,000 Shares at the exercise price of HK\$5.732 per Share subject to and conditional upon the approval of the grant of the Options by the Independent Shareholders at the EGM.

LETTER FROM THE BOARD

The purpose of this circular is to (i) provide you with information on the grant of the Options, (ii) set out the recommendations of the Independent Non-executive Directors in relation to the grant of the Options and (iii) give you a notice of the EGM for passing the ordinary resolution for approving the grant of the Options.

THE OPTIONS

The following are the details of the Options conditionally granted to Mr. Li Chao Wang under the Share Option Scheme:

Date of conditional grant : 16 December 2009

Exercise price : HK\$5.732 per Share

The exercise price of HK\$5.732 per Share represents the highest of:

- (i) the closing price of HK\$5.530 per Share as stated in the daily quotation sheets issued by the Stock Exchange on 16 December 2009, being the date of conditional grant of the Options;
- (ii) the average closing price of HK\$5.732 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of conditional grant of the Options; and
- (iii) the nominal value of the Share.

Closing price of the Share on : HK\$5.530 per Share
16 December 2009, being
the date of the conditional
grant

Total number of Shares which : 7,438,000 Shares representing 0.822% of the issued share
may be issued upon full capital of the Company as at the Latest Practicable Date
exercise of the Options and
the approximate percentage
in the issued share capital
of the Company

LETTER FROM THE BOARD

- Exercise period of the Options : (i) Options representing 2,454,000 Shares are exercisable after the expiry of the first anniversary of the date of grant of the Options;
- (ii) Options representing 2,454,000 Shares are exercisable after the expiry of the second anniversary of the date of grant of the Options; and
- (iii) Options representing 2,530,000 Shares are exercisable after the expiry of the third anniversary of the date of grant of the Options,
- save that any of the outstanding and unexercised Options at the end of each of the aforesaid exercise periods may be rolled over to the next exercise period and thereafter and be exercisable before 15 December 2019 (the day falling 10 years after the date of grant of the Options)
- Amount payable on acceptance of the Options : HK\$1.00 is payable by Mr. Li Chao Wang on acceptance of the Options
- Voting, dividend, transfer and other rights : Subject to the Share Option Scheme, the Shares allotted upon the exercise of the Options will rank pari passu in all respects with the Shares in issue on the date of such exercise and will be subject to all the provisions of the memorandum and articles of association of the Company for the time being in force

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Under Rule 17.04(1) of the Listing Rules and the Share Option Scheme, each grant of options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the Independent Non-executive Directors.

In addition, where any grant of options to a substantial Shareholder or its associates would result in the Shares issued or to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and
- (b) having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million,

such further grant must be approved by the Independent Shareholders. All Connected Persons of the Company must abstain from voting in favour of such grant at the general meeting.

Options representing 1,600,000 Shares had been granted to Mr. Li Chao Wang within the 12-month period prior to the conditional grant of the Options. As the Options conditionally granted to Mr. Li Chao Wang to subscribe for 7,438,000 Shares will exceed the limit as set out in Rule 17.04(1), the grant of the Options will be subject to the approval by the Independent Shareholders.

All the Independent Non-executive Directors attending the board meeting on 16 December 2009 voted unanimously in favour of the resolution approving the grant of the Options, subject to the approval of the grant of the Options by the Independent Shareholders (with all Connected Persons of the Company abstaining from voting).

SCHEME MANDATE LIMIT

The maximum number of Shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 10% of the Shares in issue as at the date of listing of the Company on the Stock Exchange on 10 July 2007, being 85,875,668 Shares, provided that options lapsed in accordance with the terms of the Share Option Scheme will not be counted. After the date of listing of the Company, options to subscribe for a total of 27,546,000 Shares (other than the Options) have been granted to certain employees and Directors under the Share Option Scheme on 24 February 2009. Accordingly, there are available sufficient unissued options for the purpose of granting the Options under the scheme mandate limit of the Company.

EGM

A notice of the EGM is set out on pages 20 to 21 of this circular. At the EGM, an ordinary resolution will be proposed for approving the grant of the Options by the Independent Shareholders.

LETTER FROM THE BOARD

Pursuant to Rule 17.04(1) of the Listing Rules and the Share Option Scheme, all Connected Persons of the Company must abstain from voting in favour of the grant of the Options. As at the Latest Practicable Date, Mr. Li Chao Wang's associates, namely, Fu An International Company Limited held 284,606,235 Shares representing approximately 31.46% of the issued share capital of the Company and controlled and were entitled to exercise control over the voting right in respect of such Shares. Mr. Li Chao Wang and Fu An International Company Limited, other Directors holding Shares, namely Ms. Yu Yi Fang, Mr. Robert Kam and Mr. Leung Ping Chung Hermann, and another substantial Shareholder, namely Svenska Cellulosa Aktiebolaget, will abstain from voting in favour at the EGM to be convened to approve the grant of the Options to Mr. Li Chao Wang.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the Company will procure the chairman of the EGM to demand for voting on poll in respect of the ordinary resolution to be proposed at the EGM in accordance with the memorandum and articles of association of the Company. Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong, will serve as the scrutineer for the vote-taking.

APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

Asia Investment Management Limited has been appointed as the independent financial adviser to the Independent Non-executive Directors in respect of the grant of the Options. The full text of the letter from Asia Investment Management Limited is set out in Appendix II to this circular.

THE INDEPENDENT NON-EXECUTIVE DIRECTORS' RECOMMENDATION

The Board proposed to grant the Options to Mr. Li Chao Wang in recognition of his long-term services and contribution to the Company in the past and as a means to providing incentive to retain Mr. Li Chao Wang as the Chairman of the Board under the renewed service agreement entered into on 24 December 2009. Mr. Li Chao Wang will cease to be the chief executive officer of the Company on the date the relevant designate reports duty to assume the office of chief executive officer which is expected to be on or before the end of February 2010. Mr. Li Chao Wang will remain as the Chairman of the Group.

LETTER FROM THE BOARD

Mr. Li Chao Wang has been a member of the executive Board since 17 August 1999 and has become the Chairman of the Board since 28 April 2000. He is the founder of the Group and the Group's Chief Executive Officer. During his term of service, there has been a remarkable increment in the net profit and the net assets of the Company. The annual current production capacity of the Group is almost two times of that in 2007. The Options represent approximately 1% of the issued share capital of the Company and is equivalent to the number of options granted to each of the two other Executive Directors, namely Ms. Yu Yi Fang and Mr. Dong Yi Ping. In view of the aforesaid and based on the advice from the Independent Financial Adviser, the Independent Non-executive Directors consider that the terms of the grant of the Options are fair and reasonable and so far as the Independent Shareholders are concerned. Accordingly, the Independent Non-executive Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the grant of the Options. The full text of the letter from the Independent Non-executive Directors is set out in Appendix I to this circular.

THE DIRECTORS' RECOMMENDATION

The Directors (excluding the Independent Non-executive Directors, whose opinion is included in the letter from the Independent Board Committee set out on page 9 of this circular) consider that the grant of the Options is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders and the Independent Shareholders (as the case may be) to vote in favour of the ordinary resolution for approving the grant of the Options to be proposed at the EGM.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement contained herein misleading.

Yours faithfully
For and on behalf of the Board
Vinda International Holdings Limited
Li Chao Wang
Chairman

**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)

Registered Office:

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong*

Room 506, Tower 1
South Seas Centre
75 Mody Road, Tsimshatsui East
Kowloon, Hong Kong

16 January 2010

To the Independent Shareholders

Dear Sir or Madam

We write to you in connection with the grant of the Options to Mr. Li Chao Wang, the chairman, chief executive officer, executive Director and controlling shareholder of the Company, details of which are set out in the letter from the Board contained in the circular of the Company dated 16 January 2010 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

Having considered the terms of the grant of the Options and the advice of Asia Investment Management Limited in relation thereto as set out on pages 10 to 19 of the Circular, we are of the view that the grant of the Options to Mr. Li Chao Wang is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company. We therefore recommend that you vote in favour of the ordinary resolution to be proposed at the EGM to approve the grant of the Options to Mr. Li Chao Wang.

Yours faithfully

Cao Zhen Lei

Independent

Non-executive Director

Kam Robert

Independent

Non-executive Director

Hui Chin Tong Godfrey

Independent

Non-executive Director

Tsui King Fai

Independent

Non-executive Director



亞洲資產管理
ASIA INVESTMENT MANAGEMENT

Asia Investment Management Limited

Room 1203, 12th Floor
Tower 2, Lippo Centre
89 Queensway, Hong Kong

16 January 2010

*To the Independent Non-executive Directors of
Vinda International Holdings Limited*

Dear Sirs,

**GRANT OF OPTIONS TO THE CHAIRMAN AND
THE CHIEF EXECUTIVE OFFICER**

INTRODUCTION

We refer to our engagement as the independent financial adviser to the independent non-executive Directors (the “Independent Non-executive Directors”) of Vinda International Holdings Limited (the “Company”) in relation to the proposed grant of options (the “Proposed Grant of Options”) to the Chairman and the Chief Executive Officer, Mr. Li Chao Wang (“Mr. Li”), details of which are contained in an announcement of the Company dated 16 December 2009 (the “Announcement”) and in the letter from the board (the “Letter from the Board”), as set out on page 3 to page 8 of the circular of the Company dated 16 January 2010 (the “Circular”) to the shareholders of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular of which this letter forms part unless the content otherwise requires.

Mr. Li is the Chairman of the Company, an executive Director and the controlling Shareholder and thus a connected person of the Company. Accordingly, the Proposed Grant of Options is subject to the approval of the independent non-executive Directors in accordance with the requirement under Rule 17.04 of the Listing Rules. Details of the Options conditionally granted to Mr. Li are set out in the Letter from the Board. Further, where any grant of options to a substantial Shareholder or its associates would result in the Shares issued or to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and (b) having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, such further grant must be approved by the Independent Shareholders. All Connected Persons must abstain from voting in favour of such grant at the general meeting.

During the 12-month period immediately precedent to the Proposed Grant of Options, Mr. Li had been granted with options entitling him to subscribe 1,600,000 Shares upon full exercise of such options. As the Shares subject to the Options will exceed the limit as set out in Rule 17.04(1), the Proposed Grant of Options will be subject to the approval by the Independent Shareholders.

All the independent non-executive Directors attending the board meeting on 16 December 2009 voted unanimously in favour of resolution approving the Proposed Grant of Options, subject to the approval of the Proposed Grant of Options by the Independent Shareholders (with all Connected Persons of the Company abstaining from voting for the relevant resolution(s)).

Dr. Cao Zhen Lei, Mr. Kam Robert, Mr. Hui Chin Tong Godfrey and Mr. Tsui King Fai, being the independent non-executive Directors, are required to advise the Independent Shareholders in relation to the Proposed Grant of Options pursuant to Rule 17.04 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made, or referred to, in the Circular were true, accurate and complete in all respects at the time they were made and continue to be true as at the date of the Circular. We have assumed that all information, opinions, statements of belief, intention and representations made by the Directors and the management of the Company to us or as contained in the Circular, are true, accurate and complete in all material respects as at the date hereof and we have relied upon them in formulating our opinion. We have also assumed that all information, representations and opinions contained or referred to in the Circular are fair and reasonable and have relied on them.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of, and reasons for, the Proposed Grant of Options and to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reason to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, at the date of the Circular.

This letter is issued for the information for the Independent Non-executive Directors solely in connection with their consideration of the Proposed Grant of Options, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the terms of the Proposed Grant of Options, we have considered the following principal factors and reasons:

Rationale for the Proposed Grant of Options

As set out in the Letter from the Board contained in the Circular, the Board proposed the Proposed Grant of Options to Mr. Li in recognition of his services and contribution to the Company in the past and, also, as a means to providing incentive to retain Mr. Li as the Chairman of the Board under the new contract entered into on 24 December 2009. As advised by the management of the Company, the Company and Mr. Li entered into a new service contract on 24 December 2009 whereby Mr. Li will cease to be the Chief Executive Officer upon the relevant designate reports duty to assume the office of Chief Executive Officer which is expected to be on or before the end of February 2010. Mr. Li will only retain the role as the Chairman of the Group with more focus on the strategic direction of the Group. The re-designation is intended to avail more time to Mr. Li, as the Chairman of the Board, to focus on the formulation of strategic direction of the Group. More importantly, the Board intended to uphold the good standard of corporate governance as a recommended best practice as stipulated in the Listing Rules and decided that it should appoint a new Chief Executive Officer and re-designate Mr. Li as the Chairman of the Board so that the roles and responsibilities of the Chairman and of the Chief Executive Officer be well segregated to ensure a balance of power and authority over the Company and that power and authority is not concentrated in any one individual Director. In view of the likely difficult and challenging business environment ahead, the Board considers it necessary to leverage on Mr. Li's experience and expertise for developing the business operations and formulating the strategic direction of the Group. We agree with the Remuneration Committee that the Proposed Grant of Option is an important means as an incentive for the Company to retain Mr. Li to continue his role as Chairman of the Group.

In assessing the rationale for the Proposed Grant of Options, we had held discussion with the Directors and the management of the Company not interested in the Proposed Grant of Options. We were advised by the management and confirmed with the members of the Remuneration Committee of the Company that the remuneration packages designed for Directors and management members of the Group as a whole varied on individual basis and were determined according to both objective criteria (such as performance, experience, qualification and age) and intangible attributes (such as personal caliber, interpersonal skills, communication technique, market network and social connections) of a given individual.

As advised by the management, and the members of the Remuneration Committee, of the Company, we noted that Mr. Li has been pivotal in contributing to the ongoing growth and development of the Group, which details are further elaborated as follows:

Mr. Li has been serving the Company as a member of the executive Board since 17 August 1999 and has become the Chairman of the Board since 28 April 2000. He is a founder of the Group and the Group's Chief Executive Officer and spearheads the overall corporate development and strategic planning activities of the Group. During his term of office as Chairman of the Group, the net profit attributable to the Shareholders increased from approximately HK\$45.2 million for the year ended 31 December 2004 to approximately HK\$165.9 million for the year ended 31 December 2008, and the audited net assets of the Company increased from approximately HK\$314.8 million as at 31 December 2004 to approximately HK\$1,709.1 million as at 31 December 2008. The unaudited net profit attributable to the Shareholders for the six months ended 30 June 2009 amounted to approximately HK\$180.2 million, representing a remarkable increment of approximately HK\$118.4 million from approximately HK\$61.8 million as recorded for the six months ended 30 June 2008. The annual production capacity increased from approximately 170,000 tons per annum at the beginning of 2007 to approximately 320,000 tons per annum as currently stands. Mr. Li is a key member of the Board responsible for corporate business activities. He has been responsible for general management activities of the Group. During his tenure as Chairman, Mr. Li has successfully led the Company to listing on the Stock Exchange, with the net proceeds of equity fund raising of approximately HK\$870 million in the initial public offering of the Company. In recognition of his services and contribution to the Company over the years, the Remuneration Committee proposed the Proposed Grant of Options to Mr. Li. The Remuneration Committee confirmed that the Proposed Grant of Options was decided on an individual basis with particular reference to reinforcing Mr. Li's long-term commitment and ongoing contribution towards the Group during which time the Group has demonstrated substantial growth.

The Board advised us that the number of Options granted to Mr. Li was determined by the Board to bring the total number of options held by Mr. Li to a sum that represents approximately 1 per cent. of the outstanding equity capital of the Company, which is equivalent to the total number of options granted to each of the two other executive Directors (namely Ms. Yu Yi Fang and Mr. Dong Yi Ping). The number of Options to be granted to Mr. Li was discussed and agreed upon by the Directors present at the board meeting during which various factors have been taken into account including, but not limited to, the personal contribution to the Group, the incentive element to be offered to Mr. Li, the financial position of the Company, the prevailing trading prices of the Shares, board lot requirements, the dilutive effect of the issue of the new Shares. However, no single factor or specific factors were given overwhelming weight in determining the number of the Options to be granted.

We have further reviewed the board minutes of the Company and we note that the Proposed Grant of Options has been well discussed and approved by the Board which was of the view that the Proposed Grant of Options was in the interest of the Company.

We were given to understand that the Board has considered and discussed other alternatives to the Proposed Grant of Options to remunerate Mr. Li. In line with the conservative approach in financial risk management adopted by the Company over the years, the Board considers it in the interests of the Company to maintain a strong cash reserve under the prevailing market conditions. Moreover, the Board also considers that the nature of vesting by instalments under the Proposed Grant of Options would be able to align the Company's long-term performance to the future price of the Shares, which provides incentive to Mr. Li. The Proposed Grant of Options to Mr. Li is a well-justified alternative to remunerating and motivating Mr. Li in lieu of cash bonus which would have created a cash outlay for the Company.

According to the contemporary perspective of human resources management, ordinary shares and/or its derivative instruments (such as share options) are one of the elements in the compensation and incentive package to reward management performance. We acknowledge that grant of share options can serve to motivate management to create and focus on shareholders' value (in terms of upside movement of share price to be driven by sustainable and growing corporate profitability) of a company, thereby aligning what are originally two separate objectives of management (i.e. compensation-oriented) and shareholders (i.e. equity-oriented) towards the company to a platform with common and coherent focal point. The Grant of Options to Mr. Li has a two-way effect of preserving cashflow and creating incentive for directors and key management. The fact that Mr. Li is a controlling Shareholder and a key executive of the Company does not deter his position to be remunerated for a reasonable amount in a reasonable mode as compared to the other management members of the of the Company.

Terms of the Proposed Grant of Options

Under the Proposed Grant of Options, Mr. Li would be entitled to subscribe for 7,438,000 Shares at the exercise price of HK\$5.732 per Share subject to and conditional upon the approval of the Proposed Grant of the Options by the Independent Shareholders at the EGM.

The following are the details of the Options conditionally granted to Mr. Li Chao Wang under the Share Option Scheme:

Date of conditional grant	:	16 December 2009
Exercise price	:	HK\$5.732 per Share
Total number of Shares which may be issued upon full exercise of the Options and the approximate percentage in the issued share capital of the Company	:	7,438,000 Shares representing 0.822% of the issued share capital of the Company as at the Latest Practicable Date

- Exercise period of the Options : (i) Options representing 2,454,000 Shares are exercisable after the expiry of the first anniversary of the date of grant of the Options;
- (ii) Options representing 2,454,000 Shares are exercisable after the expiry of the second anniversary of the date of grant of the Options; and
- (iii) Options representing 2,530,000 Shares are exercisable after the expiry of the third anniversary of the date of grant of the Options,

save that any of the outstanding and unexercised Options at the end of each of the aforesaid exercise periods may be rolled over to the next exercise period and thereafter and be exercisable before 15 December 2019 (the day falling 10 years after the date of grant of the Options).

Closing price of the Share on : HK\$5.53 per Share
16 December 2009, being the
date of the conditional grant

The exercise price of HK\$5.732 per Share represents the highest of (i) the closing price of HK\$5.53 per Share as stated in the daily quotation sheets issued by the Stock Exchange on 16 December 2009, being the date of conditional grant of the Options; (ii) the average closing price of HK\$5.732 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of conditional grant of the Options; and (iii) the nominal value of the Share.

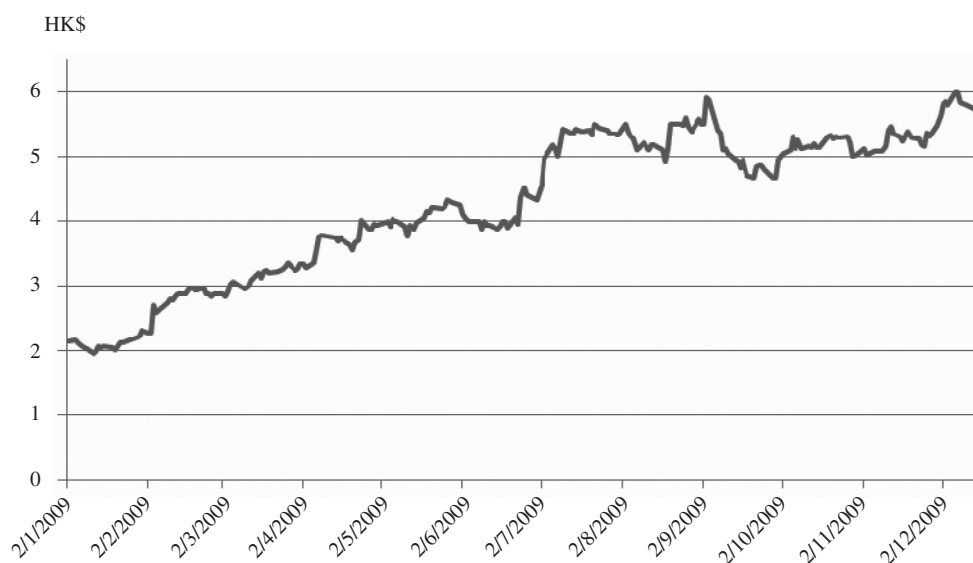
We have examined the Share Option Scheme pursuant to which the Proposed Grant of Options was approved by the Board. We consider that the terms of the Proposed Grant of Options to Mr. Li are on the same bases as the terms of any other options issued to other management members of the Group. We consider that the terms of the Proposed Grant of Options are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

In considering the terms of the Proposed Grant of Options, the Remuneration Committee has made reference to the following:

(i) *The prevailing trading prices of the Shares*

We have considered the movement of the trading prices of the Shares. A chart showing the price movement during the period from 2 January 2009 to 16 December 2009 is set out as follows:

**Closing Prices of Vinda International Holdings Limited
from 2/1/2009 to 16/12/2009**



As illustrated above, the closing price of the Shares as quoted on the Stock Exchange increased from approximately HK\$2.16 as recorded on 2 January 2009 to approximately HK\$5.53 as recorded on 16 December 2009 (being the date of granting the Options), representing an increase of approximately 156 per cent. For the same period, the Hang Seng Index increased from approximately 15,043 points to approximately 21,612 points, representing an increase of approximately 43.7 per cent. The members of the Remuneration Committee consider that the performance of the price of the Shares, as supported by the operating results of the Group in the first half of 2009, has outperformed the Hang Seng Index in the corresponding period.

We have examined the exercise price of the Proposed Grant of Options and are satisfied that the exercise price is determined in accordance with the Share Option Scheme adopted by the Company on 19 June 2007.

As the Proposed Grant of Options is not indicative of the absolute monetary equivalent benefit vesting and accruing to Mr. Li until the Options are fully exercised and realized, it is impossible that we provide an absolute amount in monetary terms of the Proposed Grant of Options to Mr. Li. It is recognized that the quantum of any award or bonus paid by any commercial enterprise to management may be subjective and may be totally a discretionary decision of the board of directors and/or its remuneration committee which are fully empowered with such decision. As in the case of the Company, the Board advised us that there was no specific basis upon which the number of Shares to be issued under the Proposed Grant of Options determined by the Board. Accordingly, it is difficult for us to opine on the fairness and reasonableness of the quantum of the Grant of Options.

We have enquired with the compensation packages made by the Group to Mr. Li after the Company was listed in July 2007 and set out a summary herein below:

Period	Total package (App. HK\$)	Options granted	Market capitalisation as at the last trading day of the year (App. HK\$)	Net assets attributable to shareholders as set out in the latest published accounts of the year (App. HK\$)
1 January 2007 to 31 December 2007	1,608,431	—	3,814,211,915	1,466,592,307
1 January 2008 to 31 December 2008	2,001,978	—	1,898,067,541	1,709,086,643
1 January 2009 to 31 December 2009	2,002,400	1,600,000 options granted on February 2009 7,438,000 options proposed to be granted	4,984,575,690	1,874,286,644 (Note)

Note: The unaudited net assets attributable to Shareholders for the six months ended 30 June 2009 as extracted from the Company's 2009 interim report

We have reviewed the previous service contract dated 19 June 2007 and the new service contract dated 24 December 2009 both entered into between the Company and Mr. Li. We noted that the annual basic remuneration of Mr. Li under the new service contract is approximately RMB2.17 million (equivalent to approximately HK\$2.46 million), representing an increment of approximately

23.0 per cent. over the remuneration of Mr. Li on an annual basis as stipulated in the old contract. In determination of the annual remuneration of Mr. Li, we understand that the Company has taken into account factors such as the latest financial position of the Group (e.g. net assets) and the price performance of the Shares (e.g. market capitalization). The Company has every justifiable reasons to make reference to the aforesaid factors as the basis to determine the remuneration package of Mr. Li. We have been advised that Mr. Li, as the Chairman of the Board, will continue to serve as the spearhead of the Group and as the pivotal representative of the Group in maintaining the Group's relationships with government officials and agencies, trade associations in the paper industry and other business associates. These connections are considered important in developing the Group's business in the Mainland China which will continue to be the Group's primary market and engine for growth.

Under the circumstances, we consider that the Proposed Grant of Options is a fair means of remunerating and retaining its executive appropriately under the current market environment. We are of the view that the Proposed Grant of Options has been determined and approved by the Board based on objective parameters and the peculiar circumstances of the Company and the individual directors concerned.

(ii) *Dilutive effect to the Independent Shareholders*

The Proposed Grant of Options represents approximately 0.822 per cent. of the issued share capital of the Company as at the Latest Practicable Date. Given that the Options granted to Mr. Li can only be exercised by Mr. Li upon vested by three stages which are scheduled on the first, second and third anniversaries after the expiry of the date of grant of the Options, there would be no immediate dilutive effect to the Independent Shareholders. For illustrative purpose, assuming such Options are exercised upon vested and assuming no new Share would be issued from the date of the Proposed Grant of Options to the date of exercise of the Options, the shareholding interests of the existing Independent Shareholders will be diluted from approximately 67.95 per cent. to approximately 67.39 per cent., representing a reduction of approximately 0.56 per cent..

Further, we see that Proposed Grant of Options is no different to any proposed payment of bonus in cash by the Board which has the full power to authorize and approve the payment. The resolution to the vote has the advantage of providing transparency to the Shareholders who can use the opportunity to demonstrate their recognition and appreciation of the performance and contribution of the Chairman of the Group.

(iii) *Financial effect arising from the Proposed Grant of Options*

(a) *Indebtedness*

There would be no change in the indebtedness of the Group as the Group will not incur or reduce any indebtedness under the Proposed Grant of Options or the exercise of the subscription right attached to the Options.

(b) *Working capital*

In the event that Mr. Li exercises the subscription rights of the Options, the working capital of the Company will increase.

(c) *Net assets and net asset value per Share*

Assuming that no new Share would be issued between the period from the Latest Practicable Date to the date of exercise of the Options by Mr. Li, in the event that Mr. Li exercises the subscription rights of the Options, given that the exercise price of HK\$5.732 per Share is substantially higher than the audited net asset value per Share of approximately HK\$1.891 as at 31 December 2008 as calculated based on the information as stipulated in the Company's 2008 annual report, the net assets of the Company will increase as a result of the exercise of the subscription rights attached to the Options.

(d) *Earnings*

It is expected that the earnings per Share on a fully diluted basis would decrease as a result of the exercise of the subscription right attached to the Options by Mr. Li.

Taking into further account the cash preservation nature of the Proposed Grant of Options, we consider that the financial effects of the Proposed Grant of Options are in general in the interest of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the above principal factors and based on the information provided and the representations made to us, in particular, (i) the rationale for the Proposed Grant of Options; (ii) the terms of the Proposed Grant of Options; (iii) the relatively insignificant dilution impact on shareholding; and (iv) the financial effects arising from the Proposed Grant of Options, we consider that the Proposed Grant of Options is fair and reasonable as far as the interests of the Independent Shareholders are concerned. Accordingly, we recommend the Independent Non-executive Directors to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Proposed Grant of Options.

As at the Latest Practicable Date, we were informed that Mr. Li, the controlling Shareholder, together with his associates, were in control of approximately 31.46 per cent. of the issued capital of the Company. Together with other Connected Persons of the Company, he and his associates will abstain from voting in favour of the resolution(s) to approve the Proposed Grant of Options.

Yours faithfully,

For and on behalf of

Asia Investment Management Limited

Alice Kan

Managing Director

Hidulf Kwan

Associate Director

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**Meeting**”) of Vinda International Holdings Limited (the “**Company**”) will be held at Garden Room A-B, Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Monday, 1 February 2010 at 11:00 a.m. for the purposes of consideration and, if thought fit, passing, with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

the grant of options pursuant to the share option scheme of the Company adopted on 19 June 2007 (the “**Share Option Scheme**”) which will entitle Mr. Li Chao Wang to subscribe for 7,438,000 shares of the Company of HK\$0.10 each (the “**Options**”) (the principal terms and conditions of which are set out in the circular of the Company dated 16 January 2010, a copy of which is produced to the meeting and marked “A” and initialed by the Chairman of the meeting for identification purpose) be and is hereby approved and that the directors of the Company be and are hereby authorised to do all such acts, execute all such documents and deeds as they in their absolute discretion consider necessary, desirable or expedient to give effect to the foregoing.”

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

Hong Kong, 16 January 2010

Registered Office:
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong*
Room 506, Tower 1
South Seas Centre
75 Mody Road, Tsimshatsui East
Kowloon, Hong Kong

NOTICE OF EGM

Notes:

1. Any member entitled to attend and vote at the meeting of the Company is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company but must attend the meeting in person to represent the appointing member.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorized to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
3. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.
4. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s). For this purpose, seniority will be determined by the order in which the names stand in the principal or branch register of members of the Company in respect of the share.
6. A form of proxy for the use at the extraordinary general meeting is enclosed herewith.