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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)**

**PLACING OF EXISTING SHARES AND  
TOP-UP SUBSCRIPTION OF NEW SHARES  
UNDER GENERAL MANDATE**

**Sole Placing Agent**  
**BofA Merrill Lynch**

**PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION FOR  
NEW SHARES**

On 27 September 2010, Fu An entered into (i) the Placing Agreement with the Company, Mr. Li and the Sole Placing Agent; and (ii) the Subscription Agreement with the Company. Pursuant to the Placing Agreement, the Vendors agreed to appoint the Sole Placing Agent as agent to the exclusion of all others and the Sole

Placing Agent agreed to act as agent for the Vendors to procure, on a best effort basis, purchasers for the Placing Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing Agreement. The Placing Shares represent (i) approximately 3.6% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

Pursuant to the Subscription Agreement, Fu An conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue the Subscription Shares at the Subscription Price upon the terms and subject to the conditions set out in the Subscription Agreement. The Subscription Price, being equivalent to the Placing Price, was determined after arm's length negotiation between Fu An and the Company with reference to the Placing Price. The Subscription Shares represent (i) approximately 3.1% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

The maximum net proceeds to be received by the Company from the Subscription, after deducting related fees and expenses, are estimated to be approximately HK\$264 million. The Company intends to apply such net proceeds for partially funding the Group's expected production capacities expansion plans and for working capital purposes.

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

#### **IMPLICATIONS UNDER THE TAKEOVERS CODE**

The shareholding interest of the Concert Parties in the issued share capital of the Company will be reduced from approximately 31.6% to approximately 28.0% immediately upon completion of the Placing and will increase to approximately 30.2% immediately after the completion of the Subscription, thereby triggering a general offer obligation under Rule 26 of the Takeovers Code. The Concert Parties will apply to the Securities and Futures Commission for the grant of a waiver to the Concert Parties from the obligation to make a general offer under Rule 26 of the Takeovers Code with respect to the acquisition of the Subscription Shares.

**As the Placing and the Subscription are subject to the satisfaction of a number of conditions and may or may not proceed to completion, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares.**

## **PLACING AGREEMENT**

The Placing Agreement was made between the Company, the Vendors and the Sole Placing Agent on 27 September 2010 pursuant to which the Vendors had agreed to appoint the Sole Placing Agent as agent to the exclusion of all others and the Sole Placing Agent agreed to act as agent for the Vendors to procure, on a best effort basis, purchasers for the Placing Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing Agreement.

### **Parties**

- (1) Fu An, a substantial and controlling shareholder of the Company, is owned as to 73.68% by Sentential Holdings Limited, 15.79% by Join Pride International Limited and 10.53% by Daminos Management Limited.
- (2) Mr. Li,
- (3) Sole Placing Agent (as placing agent), who will procure, on a best effort basis, purchasers to purchase the Placing Shares, will receive the Transaction Fee, which will be paid by the Vendors and was arrived after arm's length negotiation between the Company and the Sole Placing Agent. To the best knowledge and information of the Directors, the Sole Placing Agent and its ultimate beneficial owners are third parties independent of the Company and Connected Persons of the Company.
- (4) The Company, who entered into the Placing Agreement on certain matters relating to certain Placing Shares which are placed by the Vendors for the sole purpose of facilitating completion of the Subscription Agreement.

Prior to the Placing, the Concert Parties owned 286,206,235 Shares representing approximately 31.6% of the existing issued share capital of the Company. Upon completion of the Placing but before the Subscription, the Concert Parties will own 253,706,235 Shares representing approximately 28.0% of the issued share capital of the Company.

### **Placees**

The Placing Shares under the Placing Agreement will be placed by the Sole Placing Agent at the Placing Price to Placees who shall be determined solely by the Sole Placing Agent and will be independent professional, institutional and other investors.

It is expected that the Placees (the number of which is more than six) and their ultimate beneficial owners (i) will be independent of and not acting in concert (as defined under the Takeovers Code) with any of the Vendors, parties acting in concert with it, or any of the Vendors' or the Company's or its subsidiaries' directors, chief executive or substantial shareholders (as defined in the Listing Rules), or any of their respective associates (as defined in the Listing Rules); and (ii) will not become Connected Persons of the Company after completion of the Placing.

### **Placing Price**

The Placing Price is HK\$9.50 per Share. The Placing Price was determined after arm's length negotiation between the Company, the Vendors and the Sole Placing Agent with reference to the market price of the Shares and represents (i) a discount of approximately 3.1% to the closing price of HK\$9.80 per Share quoted on the Stock Exchange on the Last Trading Date, (ii) a discount of approximately 0.2% to the average closing price of HK\$9.52 per Share on the Stock Exchange for the last 5 trading days up to and including the Last Trading Date, and (iii) a discount of approximately 0.1% to the average closing price of HK\$9.51 per Share on the Stock Exchange for the last 10 trading days up to and including the Last Trading Date.

The Directors (including the independent non-executive Directors) consider the Placing Price to be fair and reasonable.

### **Placing Shares**

An aggregate of up to 32,500,000 Shares, which will be placed by the Sole Placing Agent, representing (i) approximately 3.6% of the issued share capital of the Company as at the date of this announcement and (ii) approximately 3.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

### **Rights to the Placing Shares**

The Placing Shares will be sold free from all liens, charges and encumbrances, and together with all rights attaching to them as at the Closing Date, including the right to receive all dividends declared, made or paid on or after the Closing Date.

## **Condition and Completion of the Placing**

The obligation of the Sole Placing Agent to proceed to complete the Placing is conditional upon:

- (A) the Subscription Agreement having been entered into by the parties thereto; and
- (B) a waiver granted by the Securities and Futures Commission to the Concert Parties waiving their obligation to observe Rule 26.1 of the Takeovers Code in relation to the Placing and subscription of Subscription Shares by Fu An under the Subscription Agreement.

The Placing Agreement has not provided for the right of the parties to waive the above conditions.

Completion of the Placing will take place on the Closing Date.

## **Lock-up undertakings**

Each of the Vendors have undertaken to the Sole Placing Agent that (except for (i) the sale of the Placing Shares pursuant to the Placing Agreement; and (ii) the Shares pledged by Fu An as security for credit facilities granted previously) for a period of 90 days from the Closing Date, the Vendors will not and will procure that none of the their nominees and companies controlled by them and trusts associated with them (whether individually or together and whether directly or indirectly) will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests therein beneficially owned or held by the Vendors or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Sole Placing Agent.

The Company has undertaken to the Sole Placing Agent, and the Vendors have undertaken to the Sole Placing Agent to procure, that for a period of 90 days from

the Closing Date, the Company will not, except for the Subscription Shares and save pursuant to (a) the terms of any employee share option scheme of the Company; or (b) any subscription warrants; or (c) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share(s) or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interest in Shares; or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of the Sole Placing Agent.

## **SUBSCRIPTION AGREEMENT**

The Subscription Agreement was made between Fu An and the Company on 27 September 2010 pursuant to which Fu An had conditionally agreed to subscribe and the Company had conditionally agreed to allot and issue the Subscription Shares at the Subscription Price upon the terms and subject to the conditions set out in the Subscription Agreement.

### **Parties**

- (1) Fu An (as subscriber).
- (2) The Company (as issuer).

### **Subscription Price**

The Subscription Price, being equivalent to the Placing Price, was determined after arm's length negotiation between Fu An and the Company with reference to the Placing Price. The Directors (including the independent non-executive Directors) consider that the Subscription Price of the Subscription Shares to be issued by the Company is fair and reasonable.

### **Subscription Shares**

An aggregate of up to 28,500,000 Shares, which will be subscribed by Fu An, representing (i) approximately 3.1% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription, and have an aggregate nominal value of HK\$2,850,000. The Subscription Shares have a market value of

HK\$279,300,000 based on the closing price of the Shares as at 27 September 2010. The Subscription Shares, when issued and fully paid, will rank pari passu in all respects with other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

### **Conditions of the Subscription**

Completion of the Subscription is conditional upon the fulfillment of the following:

- (A) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares); and
- (B) completion of the Placing having occurred pursuant to the terms of the Placing Agreement.

There is no provision in the Subscription Agreement allowing the parties thereto to waive any of the above conditions.

### **Completion of the Subscription**

Completion of the Subscription shall take place on the second Business Day after the date upon which the last of the Conditions to be satisfied shall have been so satisfied, provided that it shall take place on a date no later than a date falling 14 days after the date of the Subscription Agreement (or such other time and/or date as Fu An and the Company may agree in writing).

If completion of the Subscription is extended beyond 14 days after the date of the Placing Agreement, the Subscription will constitute a connected transaction under the Listing Rules which will require the approval of independent Shareholders of the Company and steps will be taken by the Company to ensure compliance with the Listing Rules and further announcement(s) will be made by the Company accordingly.

If completion of the Subscription does not occur within 14 days after the date of the Subscription Agreement, or such later date as may be agreed between the Company and Fu An, the obligations and liabilities of Fu An and the Company under the Subscription Agreement shall be null and void.

### **Mandate to allot and issue new Shares**

The Subscription Shares will be allotted and issued under the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting held on 14 May 2010. Under such general mandate, the Company is allowed to allot and issue Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company. As at the date of this announcement, the Company has not issued any new Shares pursuant to such

general mandate. Accordingly, the allotment and issue of the Subscription Shares is not subject to any approval by the Shareholders.

## APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

## EFFECTS ON SHAREHOLDING STRUCTURES

The shareholding structures of the Company before and after completion of the Placing and the Subscription is summarised as follows:

	<b>Before Placing and Subscription</b>		<b>After Placing but before Subscription</b>		<b>After Placing and Subscription</b>	
		%		%		%
Fu An ( <i>Note 1</i> )	284,606,235	31.4	253,706,235	28.0	282,206,235	30.2
Mr. Li's personal interests ( <i>Note 2</i> )	<u>1,600,000</u>	<u>0.2</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>
Concert Parties	286,206,235	31.6	253,706,235	28.0	282,206,235	30.2
Others and public shareholders	620,665,451	68.4	620,665,451	68.4	620,665,451	66.3
Placees	<u>0</u>	<u>0</u>	<u>32,500,000</u>	<u>3.6</u>	<u>32,500,000</u>	<u>3.5</u>
<b>Total issued share capital</b>	<b><u>906,871,686</u></b>	<b><u>100.0</u></b>	<b><u>906,871,686</u></b>	<b><u>100.0</u></b>	<b><u>935,371,686</u></b>	<b><u>100.0</u></b>

*Note:*

1. Fu An is owned as to 73.68% by Sentential Holdings Limited, 15.79% by Join Pride International Limited and 10.53% by Daminos Management Limited. The entire issued share capital of Sentential Holdings Limited is held by Eagle Power Assets Limited, whose entire issued share capital is held by HSBC International Trustee Limited in its capacity as trustee of CW Li Family Trust with Mr. Li as the settlor. The entire issued share capital of Join Pride International Limited is held by Kingdom World Assets Limited, whose entire issued share capital is held by HSBC International Trustee Limited in its capacity as trustee of YF Yu Family Trust with Ms. Yu Yi Fang as the settlor. The entire issued share capital of Daminos Management Limited is held by Profit Zone Assets Limited, whose entire issued share capital is held by HSBC International Trustee Limited in its capacity as trustee of YP Dong Family Trust with Mr. Dong Yi Ping as the settlor.
2. Mr. Li is a party acting in concert with Fu An.



## **IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WAIVER**

As there will be changes in the aggregate percentage shareholdings in respect of the Concert Parties from 31.6% to 28.0% after completion of the Placing and from 28.0% to 30.2% after completion of the Subscription (namely an increase in the voting right of the Concert Parties to 30% or more of the voting rights of the Company), the Concert Parties would be obliged to make a general offer for all the other issued Shares under Rule 26.1(b) of the Takeovers Code.

The Concert Parties will apply to the Securities and Futures Commission for the grant of a waiver to the Concert Parties from the obligation to make a general offer under Rule 26 of the Takeovers Code with respect to the acquisition of the Subscription Shares. .

## **USE OF PROCEEDS FROM THE SUBSCRIPTION**

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- (B) it would introduce new investors to the Company and hence further optimize and diversify the Company's shareholding base;
- (C) it would capture the current share price for the Company to raise new proceeds for partially funding the Group's expected production capacities expansion plans and for working capital purposes; and
- (D) it is expected that the Company's gearing level would be lowered by the proposed Placing and Subscription.

The Directors, taking into account the above benefits to the Company, considered that the proposed Placing and Subscription is beneficial to the Company and in the best interest of the Shareholders.

## **COMPANY'S PRINCIPAL ACTIVITIES**

The Group is principally engaged in the manufacturing and sale of household consumable paper products in the People's Republic of China and its 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:

- |                |   |
|----------------|---|
| “Business Day” | any day (excluding a Saturday or Sunday or public holiday in Hong Kong) on which banks are generally open for business in Hong Kong   |
| “Closing Date” | two Business Days after the date when the sale of the Placing Shares shall be reported as a cross-trade to the Stock Exchange which shall be (i) 28 September 2010 or, (ii) if dealings in the Shares on the Stock Exchange are suspended at all times on 28 September 2010, the first day on which dealings resume and the cross-trade can be reported to the Stock Exchange in accordance with its rules, or such other date as the Vendors and the Sole Placing Agent may agree in writing |

“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)
“Concert Parties”	Fu An together with Mr. Li, Ms. Yu Yi Fang and Mr. Dong Yi Ping
“Conditions”	the conditions to completion of the Subscription set out in the Subscription Agreement
“Connected Persons”	as defined in the Listing Rules
“Directors”	the directors of the Company
“Fu An”	Fu An International Company Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a substantial shareholder of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of The People’s Republic of China
“Last Trading Date”	27 September 2010, being the last full trading day for the Shares immediately prior to the execution of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Li”	Mr. Li Chao Wang, the chairman and executive Director
“Placees”	any professional institutional and other investors whom the Sole Placing Agent has procured to purchase any of the Placing Shares
“Placing”	the placing of the Placing Shares by the Vendors pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated 27 September 2010 made between the Company, the Vendors and the Sole Placing Agent for the placing of the Placing Shares at the Placing Price
“Placing Price”	HK\$9.50 per Share

“Placing Shares”	the 32,500,000 Shares to be placed by the Vendors pursuant to the Placing Agreement
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Sole Placing Agent”	Merrill Lynch Far East Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by Fu An for the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 27 September 2010 made between Fu An and the Company for the subscription of the Subscription Shares at the Subscription Price
“Subscription Price”	HK\$9.50 per Share
“Subscription Shares”	up to 28,500,000 Shares to be issued to Fu An by the Company under the Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Transaction Fee”	a transaction fee, in Hong Kong dollars of 2.28% of the amount equal to the Placing Price multiplied by the 28,500,000 Shares
“Vendors”	Fu An and Mr. Li
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 27 September 2010

*As at the date of this announcement, the executive Directors are Mr. Li Chao Wang, Ms. Yu Yi Fang, Ms. Zhang Dong 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.*