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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)

DISCLOSEABLE AND CONNECTED TRANSACTIONS

EQUITY TRANSFER AGREEMENT

On 1 November 2015, Fu An Trading, a Connected Person of the Company, as transferor, the Company and Vinda China, a wholly-owned subsidiary of the Company, as transferee entered into the Equity Transfer Agreement in relation to the transfer of the entire equity interest in Dynasty Paper at a transfer price of HK\$976,000,000 (debt and cash free).

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Equity Transfer Agreement exceed 5% but below 25%, the transactions constitute discloseable transactions of the Company and are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

Fu An Trading is beneficially owned as to 74.21% by Mr. Li Chao Wang, 15.79% by Ms. Yu Yi Fang and 10.00% by Mr. Dong Yi Ping, three executive Directors. In the circumstances, Fu An Trading is regarded as a Connected Person of the Company. As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Equity Transfer Agreement exceed 5%, the transactions therefore constitute non-exempted connected transactions of the Company under Chapter 14A of the Listing Rules which are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

A circular containing, among other things, details of the Equity Transfer Agreement, the Consideration Shares, the Specific Mandate, the advice from an independent financial adviser, the recommendation from the Independent Board Committee and the notice convening the EGM together with the proxy form and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 30 November 2015 as the Company will require more than 15 business days (as defined under the Listing Rules) to prepare the relevant information to be included in the circular.

An EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Equity Transfer Agreement and the transactions contemplated thereunder including the allotment and issue of the Consideration Shares and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares.

Completion of the transactions contemplated under the Equity Transfer Agreement is conditional upon the satisfaction of the conditions precedent set out in the section headed “Conditions precedent” in this announcement, including the approval of the Equity Transfer Agreement and the transactions contemplated thereunder by the Independent Shareholders at the EGM. Accordingly, the transactions contemplated under the Equity Transfer Agreement may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

BACKGROUND

On 22 November 2011, Vinda China, entered into the Phase I Agreement in respect of a piece of land together with a factory and ancillary infrastructures and facilities to be constructed thereon with Former Taiyuan as the landlord, a Connected Person of the Company. The lease arrangement contemplated under the Phase I Agreement constituted continuing connected transactions of the Company. For details, please refer to the announcement of the Company dated 22 November 2011.

On 27 March 2012, Vinda China and Former Taiyuan entered into the Phase II Agreement in respect of a piece of land which is adjacent to the subject matter of the Phase I Agreement. The lease arrangement contemplated under the Phase II Agreement also constituted continuing connected transactions of the Company. For details, please refer to the announcement of the Company dated 27 March 2012.

On 10 April 2014, the Supplemental Lease Agreement was entered into between Vinda China and Former Taiyuan in respect of the new buildings and ancillary facilities constructed, at the request of the Group and at the cost of the Former Taiyuan, on the two pieces of land leased to Vinda China under the Phase I Agreement and the Phase II Agreement. The lease arrangement under the Supplemental Lease Agreement also constituted continuing connected transactions of the Company. For details, please refer to the announcement of the Company dated 10 April 2014.

The Sanjiang Properties will be transferred by Former Taiyuan to Dynasty Paper at the time the Company Division is completed.

THE EQUITY TRANSFER AGREEMENT

Date

1 November 2015

Parties

- (1) Fu An Trading as transferor;
- (2) the Company; and
- (3) Vinda China as transferee.

Fu An Trading is beneficially owned as to 74.21% by Mr. Li Chao Wang, 15.79% by Ms. Yu Yi Fang and 10.00% by Mr. Dong Yi Ping, three executive Directors. In the circumstances, Fu An Trading is regarded as a Connected Person of the Company.

Assets to be acquired

The entire equity interest of Dynasty Paper.

Upon Completion, Dynasty Paper will become an indirect wholly-owned subsidiary of the Company. Please refer to the paragraph headed "Information relating to Dynasty Paper" below for the information relating to Dynasty Paper.

Transfer price

The agreed debt and cash free value for the entire equity interest of Dynasty Paper is HK\$976,000,000, of which HK\$872,740,000 will be satisfied by the issue and allotment of the Consideration Shares, credited as fully paid, at an issue price of HK\$15.868 per Consideration Share by the Company to Fu An Trading or its nominee at Completion. The remaining part of the transfer price of HK\$103,260,000 represents the Estimated Net Debt which the Group will assume and will be subject to adjustment based on the actual net debt of Dynasty Paper at the Completion Date. If the actual net debt is less than the Estimated Net Debt, there will be added to the transfer price the amount by which the actual net debt is less than the Estimated Net Debt; and if the actual net debt is more than the Estimated Net Debt, the transfer price will be deducted by the amount which the actual net debt is greater than the Estimated Net Debt. The difference between the actual net debt and the Estimated Net Debt will be payable in cash within five business days from the agreement or determination of the actual net debt.

The transfer price for the entire equity interest of Dynasty Paper was determined after arm's length negotiations between the Company, Vinda China and Fu An Trading, after taking into account of, amongst others, the market value and future development potential of assets including the Sanjiang Properties and the Pollutant Discharge Indicators to be acquired by the Group under the Equity Transfer Agreement which, as appraised by an independent property valuer appointed by the Group, have a total value of approximately RMB800,000,000 (equivalent to approximately HK\$976,000,000) as at 31 August 2015.

The issue price of the Consideration Shares was determined after arm's length negotiations between the Company, Vinda China and Fu An Trading with reference to the average closing price of the Shares as quoted on the Stock Exchange on 20 October 2015, 22 October 2015, 23 October 2015, 26 October 2015 and 27 October 2015 of HK\$15.868 which represents: (i) a premium of approximately 3.98% over the closing price of HK\$15.26 per Share as quoted on the Stock Exchange on the last trading day preceding the date of the Equity Transfer Agreement, and (ii) a premium of approximately 0.53% to the average closing price of HK\$15.784 per Share as quoted on the Stock Exchange on the last five trading days immediately prior to the date of the Equity Transfer Agreement. Particulars of the Consideration Shares are set out in the paragraph headed "Consideration Shares" below.

Conditions precedent

(A) Conditions precedent for the Equity Transfer

Completion of the Equity Transfer contemplated under the Equity Transfer Agreement is conditional upon, amongst others, the following conditions being fulfilled on or before 31 March 2017 or any other date as agreed by the parties:

- (a) Vinda China having been satisfied with the due diligence results on the financial, commercial and legal affairs of Dynasty Paper;
- (b) the Company Division as set out in paragraph headed "(B) Completion of the Company Division" below having been completed;
- (c) the Registration Authority having granted the approval for the Equity Transfer;
- (d) undertakings given by Fu An Trading having remained true and correct at Completion;
- (e) the approval by the Independent Shareholders at the EGM of the Equity Transfer Agreement and the transactions contemplated therein having been obtained; and
- (f) the issue and allotment of the Consideration Shares to Fu An Trading shall only take place if, taking into account the dilutive effect of the Consideration Shares, the percentage of the issued share capital of the Company in the hands of the public Shareholders shall not be less than 25%.

Fu An Trading or Dynasty Paper, as the case may be, shall use its best endeavours to satisfy conditions (b), (c) and (d), above. Vinda China or the Company, as the case may be, shall use its best endeavours to satisfy conditions (a), (e) and (f) above as soon as possible, on or before 31 March 2017.

(B) Completion of the Company Division

The Company Division shall be regarded as completed when all of the following conditions have been fulfilled:

- (a) approval from Examination and Approval Authority, Registration Authority and the competent tax authorities regarding the Company Division having been granted;

- (b) the creditors and the debtors of the Former Taiyuan having agreed in writing on the segregation of the creditor's rights and liabilities of the Former Taiyuan between New Taiyuan and Dynasty Paper;
- (c) New Taiyuan and Fu An Trading having entered into a deed of indemnity in favour of Dynasty Paper to cover the actual losses arising from unknown or contingent liabilities including tax liabilities that are not yet crystallised at the time of the Company Division;
- (d) Dynasty Paper or Vinda China having obtained the pollutant discharge permit issued by the environmental protection department and the Pollutant Discharge Indicators on such permit are completely the same as those obtained by the Former Taiyuan before the Company Division; and
- (e) Dynasty Paper having obtained the property right certificates in respect of the assets transferred to it by Former Taiyuan.

As at the date of this announcement, condition (B)(d) above has been satisfied.

Completion

After the expiry of twelve (12) months from the date of completion of the Company Division and the date on which the filing formalities have been completed with the competent tax authorities, Fu An Trading and Vinda China shall promptly complete the following:

- (a) sign the equity transfer agreement which complies with the requirements of the Examination and Approval Authority and the Registration Authority and apply to the approval authority for the Equity Transfer;
- (b) obtain the approval from the Examination and Approval Authority, apply to the Registration Authority in a timely manner for change registration; and
- (c) obtain the Business License of Dynasty Paper.

Completion of the transactions under the Equity Transfer Agreement shall take place on the Completion Date, which is expected to take place in late December 2016 or early 2017.

Consideration Shares

HK\$872,740,000 of the transfer price under the Equity Transfer Agreement will be satisfied by the issue of the Consideration Shares by the Company to Fu An Trading on Completion.

The Board considers the issue price of HK\$15.868 of the Consideration Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Consideration Shares represent approximately 5.51% of the issued share capital of the Company as at the date of this announcement, and assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the issue of the Consideration Shares, approximately 5.22% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares when issued, will rank pari passu in all respects with the Shares in issue on the date of allotment and issuance, and free and clear of any pledges, liens, encumbrances and restrictions on transfer. The Consideration Shares will be issued under the

Specific Mandate. The Consideration Shares shall be entitled to dividends, interim dividends or other distribution from the Completion Date. An application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

Details of the shareholding structure of the Company as at the date of this announcement and immediately after Completion, assuming that there is no other change in the share capital of the Company are set out below:

Shareholders	As at the date of this announcement		Immediately after Completion and allotment and issuance of the Consideration Shares	
	<i>No. of Shares</i>	<i>Approximately %</i>	<i>No. of Shares</i>	<i>Approximately %</i>
SCA Group	513,200,425	51.37	513,200,425	48.69
Fu An International	216,341,581	21.65	271,341,581	25.74
Public Shareholders	<u>269,545,680</u>	<u>26.98</u>	<u>269,545,680</u>	<u>25.57</u>
Total	<u>999,087,686</u>	<u>100.00</u>	<u>1,054,087,686</u>	<u>100.00</u>

Information relating to Dynasty Paper

Dynasty Paper was established by Fu An Trading under the laws of the PRC on 12 October 2015 and wholly-owned by Fu An Trading. Upon completion of the Company Division, Fu An Trading shall respectively hold the entire equity interest of New Taiyuan and Dynasty Paper.

Dynasty Paper and New Taiyuan have reached an agreement in respect of the distribution of the Former Taiyuan's assets, business, and creditor's rights and liabilities prior to the Company Division and obtained the written consent of the relevant creditors and debtors. Sanjiang Properties, which are owned by Former Taiyuan as at the date of the announcement, will be transferred to Dynasty Paper.

As Dynasty Paper was newly established on 12 October 2015, there has been no financial statement prepared as at the date of this announcement. The net asset value of Dynasty Paper as at the date of this announcement is nil as the transfer of Sanjiang Properties from Former Taiyuan to Dynasty Paper is yet to complete. Dynasty Paper has no operations and no net profit or loss since its establishment and up to the date of this announcement. Upon completion of Company Division, Dynasty Paper shall hold Sanjiang Properties owned by Former Taiyan, the valuation of Sanjiang Properties as of 31 August 2015 was HK\$976,000,000.

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Equity Transfer Agreement exceed 5% but below 25%, they therefore constitute discloseable transactions of the Company and are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

Fu An Trading is beneficially owned as to 74.21% by Mr. Li Chao Wang, 15.79% by Ms. Yu Yi Fang and 10.00% by Mr. Dong Yi Ping, three executive Directors. In the circumstances, Fu An Trading is regarded as a Connected Person of the Company. As one or more of the applicable percentage ratios in respect of the transactions under the Equity Transfer

Agreement exceed 5%, the transactions contemplated under the Equity Transfer Agreement therefore constitute connected transactions which are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER AGREEMENT

The Group is principally engaged in the manufacturing and sale of household consumable paper products and personal care products in the PRC, Hong Kong and Macau, and its principal products include toilet paper, paper handkerchiefs, facial tissue paper, paper napkins, baby diapers, incontinence products and feminine care products. The Sanjiang Plant is currently the biggest production hub of the Group in terms of capacity. The Group's acquisition of the Sanjiang Plant through the acquisition of the entire equity interest of Dynasty Paper is positive to the Group in further consolidating its status in the PRC. Such acquisition will also result in rental cost savings and enhance the asset base of the Group. As at the date of the announcement, the aggregate annual rental payable by the Group under the Lease Agreements was RMB62,000,000.

It is the Group's intention to acquire its production base in Sanjiang so as to (i) get full control of the Group's one of the largest and most strategic production sites; (ii) reduce the rental costs of the Group and avoid additional rental expenses due to the potential future increase in rental costs of the Sanjiang Properties; (iii) ensure that its production will not be affected by the possible termination of the Lease Agreements; (iv) avoid costs for relocation of its production facilities in the event of termination of the Lease Agreements; and (v) enhance its asset base.

The Company will indirectly own the Sanjiang Properties through Vinda China once the transactions contemplated under the Equity Transfer Agreement are completed.

Mr. Li Chao Wang, Ms. Yu Yi Fang and Mr. Dong Yi Ping, who collectively and beneficially own the entire equity interest of Dynasty Paper have a material interest in the transactions contemplated under the Equity Transfer Agreement and hence had abstained from voting on the relevant board resolutions. The other Directors, including the independent non-executive Directors, consider the terms of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole.

GENERAL

Fu An Trading is an investment holding company incorporated in Hong Kong and is principally engaged in the business of investment holding.

The Company shall appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to the fairness and the reasonableness of the Equity Transfer Agreement and the transactions contemplated thereunder.

A circular containing, among other things, details of the Equity Transfer Agreement, the Consideration Shares, the Specific Mandate, the advice from an independent financial adviser, the recommendation from the Independent Board Committee and the notice convening the EGM together with the proxy form and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 30 November 2015 as the Company will require more than 15 business days (as defined under the Listing Rules) to prepare the relevant information to be included in the circular.

An EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Equity Transfer Agreement and the transactions contemplated thereunder including the allotment and issue of the Consideration Shares and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares.

Completion of the transactions contemplated under the Equity Transfer Agreement is conditional upon the satisfaction of the conditions precedent set out in the section headed “Conditions precedent” in this announcement, including the approval of the Equity Transfer Agreement and the transactions contemplated thereunder by the Independent Shareholders at the EGM. Accordingly, the transactions contemplated under the Equity Transfer Agreement may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

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
- “Business License” refers to a new business license issued by the Registration Authority to Dynasty Paper after the Equity Transfer is approved by the Registration Authority
- “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)
- “Company Division” means the division of the Former Taiyuan implemented by Fu An Trading in accordance with the provisions under the Company Law of the PRC
- “Completion” means completion of the Equity Transfer pursuant to Equity Transfer Agreement
- “Completion Date” means the date on which the transactions contemplated under the Equity Transfer Agreement is completed, which shall be the date on which the Business License is issued to Dynasty Paper after the Equity Transfer is approved by the Registration Authority
- “Connected Person” shall have the meaning given to it in the Listing Rules
- “Consideration Shares” means 55,000,000 fully paid-up new Shares which would, after taking into account the dilutive effect of such new Shares, assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the issue of the Consideration Shares, represent approximately 5.22% of the issued share capital of the Company immediately after Completion, at the notional price of HK\$15.868 per Share
- “Directors” means directors of the Company

“Dynasty Paper”	means 江門朝富紙業有限公司 (for identification purpose only, in English, Jiangmen Dynasty Fortune Paper Limited), a wholly foreign-owned company established under the laws of the PRC and a wholly-owned subsidiary of Fu An Trading after the Company Division
“EGM”	means extraordinary general meeting of the Company
“Equity Transfer”	means the act in which Fu An Trading transfers the entire equity interest of Dynasty Paper to Vinda China in accordance with the terms of the Equity Transfer Agreement
“Equity Transfer Agreement”	means the equity transfer agreement dated 1 November 2015 made between Fu An Trading as transferor, the Company and Vinda China, a wholly-owned subsidiary of the Company, as transferee in respect of the Equity Transfer
“Estimated Net Debt”	means HK\$103,260,000, being the estimated net debt of Dynasty Paper
“Examination and Approval Authority”	means Jiangmen City Bureau of Commerce, Guangdong province
“Former Taiyuan”	means 江門泰源紙業有限公司 (for identification purpose only, in English, Jiangmen Taiyuan Paper Company Limited), a company established under the laws of PRC and a wholly-owned subsidiary of Fu An Trading prior to the Company Division
“Fu An International”	means Fu An International Company Limited, a company incorporated under the laws of British Virgin Islands and a Substantial Shareholder of the Company owned as to 74.21% by Mr. Li Chao Wang, 15.79% by Ms. Yu Yi Fang and 10.00% by Mr. Dong Yi Ping, three executive Directors
“Fu An Trading”	means Fu An Trading (Hong Kong) Limited, a company incorporated under the laws of Hong Kong on 3 December 2010, a Connected Person 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 Board Committee”	means an independent committee of the Board comprising all independent non-executive Directors
“Independent Shareholders”	means the Shareholders except for Fu An International
“Lease Agreements”	means the Phase I Agreement, the Phase II Agreement and the Supplemental Lease Agreement

“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“New Taiyuan”	means 江門泰源紙業有限公司 (for identification purpose only, in English, Jiangmen Taiyuan Paper Company Limited), a company established under the laws of PRC and a wholly-owned subsidiary of Fu An Trading after the Company Division
“Phase I Agreement”	means a lease agreement dated 22 November 2011 (as supplemented by supplemental agreements dated 18 June 2012 and 18 February 2013 respectively) made between Former Taiyuan as the landlord and Vinda China as the tenant for the lease of a piece of vacant land together with a factory and ancillary infrastructures and facilities to be constructed thereon for a term of 15 years commencing from 22 November 2011, further details of which are set out in the Company’s announcement dated 22 November 2011
“Phase II Agreement”	means a lease agreement dated 27 March 2012 (as supplemented by supplemental agreements dated 18 June 2012 and 18 February 2013 respectively) made between Former Taiyuan as the landlord and Vinda China as the tenant for the lease of a piece of land together with the buildings and ancillary infrastructures and facilities erected thereon for a term commencing from 27 March 2012 and ending on the date on which the Phase I Agreement expires, further details of which are set out in the Company’s announcement dated 27 March 2012
“Pollutant Discharge Indicators”	means the types and quantities of pollutants which the Former Taiyuan, as approved by the environmental protection department, may discharge in the registration place of the Former Taiyuan in its normal business course as at the date of the Company Division
“PRC”	means People’s Republic of China
“Registration Authority”	means Jiangmen City Administration of Industry and Commerce, Guangdong province
“RMB”	means Renminbi, the lawful currency of the PRC
“Sanjiang Plant”	means the Group’s production plant situated at the Sanjiang Properties
“Sanjiang Properties”	means the subject matter of the Lease Agreements, namely, two pieces of land situated at Xinjiang Village, Sanjiang County, in Xinhui District, Guangdong, the PRC, together with all the factories, buildings and the ancillary infrastructure and facilities erected thereon
“Shareholders”	means holders of shares of the Company
“Shares”	means ordinary shares of the Company

“Specific Mandate”	means the specific mandate in relation to allotment and issue of the Consideration Shares to be sought from the Independent Shareholders at an EGM
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiary”	shall have the meaning given to it in the Listing Rules
“Substantial Shareholder”	shall have the meaning given to it in the Listing Rules
“Supplemental Lease Agreement”	means supplemental lease agreement dated 10 April 2014 made between Former Taiyuan as the landlord and Vinda China as the tenant in respect of the new buildings and ancillary facilities erected on the two pieces of land leased by Former Taiyuan as the landlord to Vinda China as the tenant under the Phase I Agreement and Phase II Agreement for a term commencing on the date of the Supplemental Lease Agreement and ending on the date on which the Phase I Agreement expires, further details of which are set out in the Company’s announcement dated 10 April 2014
“Vinda China”	means Vinda Paper (China) Company Limited, a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“%”	means per cent.

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

Hong Kong, 2 November 2015

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

Executive Directors:

Mr. LI Chao Wang

Ms. YU Yi Fang

Mr. Johann Christoph MICHALSKI

Mr. DONG Yi Ping

Ms. LI Jieli

Non-executive Directors:

Mr. Jan Christer JOHANSSON

Mr. Carl Magnus GROTH

Mr. Ulf Olof Lennart SODERSTROM

Independent Non-executive Directors:

Mr. KAM Robert

Mr. TSUI King Fai

Mr. WONG Kwai Huen, Albert

Mr. CHIA Yen On

Alternate Directors:

Mr. CHIU Bun (alternate to Mr. MICHALSKI and Mr. SODERSTROM)

Mr. Gert Mikael SCHMIDT (alternate to Mr. JOHANSSON and Mr. GROTH)