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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 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 accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was affected for transmission to the purchaser or transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of Vinda International Holdings Limited.

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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  
IN RELATION TO THE ACQUISITION OF  
THE ENTIRE EQUITY INTEREST IN  
JIANGMEN DYNASTY FORTUNE PAPER LIMITED  
AND  
PROPOSED ISSUE OF CONSIDERATION SHARES  
UNDER SPECIFIC MANDATE**

**Independent Financial Adviser to the  
Independent Board Committee and the Independent Shareholders**



**SOMERLEY CAPITAL LIMITED**

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Terms defined in the section headed "Definitions" of this circular have the same meanings when used in this cover page, unless the context otherwise requires.

A letter from the Board is set out on pages 7 to 18 of this circular. A letter from the Independent Board Committee is set out on pages 19 and 20 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 38 of this circular.

A notice convening the EGM to be held at Camomile & Magnolia Room, Kowloon Shangri-La, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Wednesday, 13 January 2016 at 10:30 a.m. is set out on pages 53 and 54 of this circular. Whether or not you are able to attend the EGM, please 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting thereof if you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked. This circular is published on the website of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk> and on the website of the Company at <http://www.vindapaper.com>.

28 December 2015

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	7
<b>Letter from the Independent Board Committee</b> .....	19
<b>Letter from the Independent Financial Adviser</b> .....	21
<b>Appendix I — Property Valuation Report</b> .....	39
<b>Appendix II — General Information</b> .....	47
<b>Notice of EGM</b> .....	53

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 2 November 2015 in relation to, among other things, the Equity Transfer Agreement and the transactions contemplated thereunder including the issue of the Consideration Shares under the Specific Mandate
“associate(s)”	shall have the meaning given to it in the Listing Rules
“Board”	the board of directors of the Company
“Business License”	a new business license to be issued by the Registration Authority to Dynasty Paper after the Equity Transfer is approved by the Registration Authority
“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)
“Company Division”	the division of Former Taiyuan to be implemented by Fu An Trading in accordance with the Company Law of the PRC, as described in the paragraph headed “Company Division” in the section headed “Letter from the Board” in this circular
“Completion”	completion of the Equity Transfer pursuant to the Equity Transfer Agreement
“Completion Date”	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”	55,000,000 fully paid-up new Shares to be issued by the Company at Completion pursuant to the Equity Transfer Agreement 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 Latest Practicable Date up to the date of issue of the Consideration Shares, represent approximately 5.22% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Share
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“Dynasty Paper”	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 as at the Latest Practicable Date
“EGM”	means the extraordinary general meeting of the Company to be held at Camomile & Magnolia Room, Kowloon Shangri-La, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Wednesday, 13 January 2016 at 10:30 a.m. to approve, inter alia, the Equity Transfer Agreement and the transactions contemplated thereunder including the issue of Consideration Shares under the Specific Mandate
“Enlarged Group”	the Group and Dynasty Paper
“Equity Transfer”	the transfer of the Sale Interest by Fu An Trading to Vinda China in accordance with the terms of the Equity Transfer Agreement
“Equity Transfer Agreement”	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”	HK\$103,260,000, being the estimated Net Debt of Dynasty Paper as at the date of the Equity Transfer Agreement
“Examination and Approval Authority”	Jiangmen City Bureau of Commerce, Guangdong province
“Former Taiyuan”	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 the PRC and a wholly-owned subsidiary of Fu An Trading
“Fu An International”	Fu An International Company Limited, a company incorporated under the laws of British Virgin Islands and a Substantial Shareholder of the Company
“Fu An Trading”	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”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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## DEFINITIONS

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“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders except Fu An International and its associates
“Jian Da”	廣東景達律師事務所 (in English, for identification purpose only, Jian Da Law Firm), the legal advisers as to the laws of the PRC engaged by the Company to provide legal opinion in relation to New Taiyuan and its land and properties
“Latest Practicable Date”	23 December 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lease Agreements”	the Phase I Agreement, the Phase II Agreement and the Supplemental Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Dong”	Mr. Dong Yi Ping, an executive Director of the Company
“Mr. Li”	Mr. Li Chao Wang, an executive Director of the Company
“Ms. Yu”	Ms. Yu Yi Fang, an executive Director of the Company
“Net Debt”	with respect to Dynasty Paper, the indebtedness of Dynasty Paper (including without limitation obligation for payment or repayment of money incurred in respect of money borrowed, any bond, loan stock, debenture or similar instrument, any financial leases, any guarantee or similar instrument, any interest rate or currency swap agreements, any declared but unpaid dividends, but excluding bills payable) less the amount of cash and cash equivalents of Dynasty Paper

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## DEFINITIONS

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“New Taiyuan”	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 the PRC and a wholly-owned subsidiary of Fu An Trading
“Phase I Agreement”	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”	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”	the types and quantities of pollutants on the pollutant discharge permit issued by the environmental protection department in the PRC to the Enlarged Group required for the operations of the Sanjiang Plant which are completely the same as the types and quantities of pollutants on the pollutant discharge permit issued to Former Taiyuan
“PRC”	People’s Republic of China (excluding Hong Kong, Macau and Taiwan)
“Registration Authority”	Jiangmen City Administration of Industry and Commerce, Guangdong province
“RMB”	Renminbi, the lawful currency of the PRC
“Roma”	Roma Appraisals Limited, the independent property valuer engaged by the Company to appraise the market value of the Sanjiang Properties
“Sale Interest”	the entire equity interest in Dynasty Paper
“Sanjiang Plant”	the Group’s production plant situated at the Sanjiang Properties

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## DEFINITIONS

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“SCA”	Svenska Cellulosa Aktiebolaget SCA (publ), a company incorporated under the laws of Sweden, a Connected Person of the Company
“SCA Group”	the group of companies of which SCA is the ultimate holding company, including any body corporate controlled by SCA (but excluding the Company and its wholly-owned subsidiaries from time to time)
“SCA Group Holding BV”	a company incorporated under the laws of the Netherlands, the Controlling Shareholder and a Connected Person of the Company
“Sanjiang Properties”	the subject matter of the Lease Agreements, namely, two pieces of land situated at Xinjiang Village, Sanjiang County, Xinhui District, Guangdong, the PRC, together with all the factories, buildings and the ancillary infrastructure and facilities erected thereon including but not limited to the boilers, water sewage disposal treatment facilities and thermal power station, together with the Pollutant Discharge Indicators
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of share(s) of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 19 June 2007
“Specific Mandate”	the specific mandate to the Directors to allot and issue the Consideration Shares, to be sought from the Independent Shareholders at the EGM
“sq. m.”	square metres
“Stock Exchange”	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

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## DEFINITIONS

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“Supplemental Lease Agreement”	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”	維達紙業(中國)有限公司 (in English, for identification purpose only, Vinda Paper (China) Company Limited), a limited company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

*In this circular, unless otherwise stated, certain amounts denominated in RMB have been translated into HK\$ at the exchange rate of RMB1 = HK\$1.22 for illustration purpose only. Such conversions shall not be construed as representations that amounts in RMB were or could have been or could be converted into HK\$ at such rate or any other exchange rate on such date or any other date.*

*For ease of reference, the names of the PRC established companies or entities have been included in this circular in both the Chinese and English languages. The English names of these PRC companies and entities are only English translation of their respective official Chinese names. In the event of any inconsistency, the Chinese version shall prevail.*





**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. 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)

*Registered office:*

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

*Principal Place of Business  
in Hong Kong:*

Penthouse  
East Ocean Centre  
98 Granville Road  
Tsimshatsui East  
Kowloon  
Hong Kong

Hong Kong, 28 December 2015

*To the Shareholders*

Dear Sir/Madam

**DISCLOSEABLE AND CONNECTED TRANSACTIONS  
IN RELATION TO THE ACQUISITION OF  
THE ENTIRE EQUITY INTEREST IN  
JIANGMEN DYNASTY FORTUNE PAPER LIMITED  
AND  
PROPOSED ISSUE OF CONSIDERATION SHARES  
UNDER SPECIFIC MANDATE**

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## LETTER FROM THE BOARD

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### INTRODUCTION

#### Equity Transfer

Reference is made to the Announcement in relation to the Equity Transfer. Pursuant to the Equity Transfer Agreement, Vinda China has conditionally agreed to acquire, and Fu An Trading has conditionally agreed to sell, the Sale Interest, being the entire equity interest in Dynasty Paper. The agreed debt and cash free value (assuming that there is no Net Debt of Dynasty Paper as at the Completion Date) of the Sale Interest is HK\$976,000,000, whereas the initial transfer price for the Sale Interest (being the agreed debt and cash free value of the Sale Interest less the Estimated Net Debt of HK\$103,260,000) is HK\$872,740,000, which will be satisfied by the allotment and issue of the Consideration Shares, credited as fully paid at Completion, by the Company to Fu An Trading or its nominee. The initial transfer price for the Sale Interest is subject to adjustment based on the actual Net Debt of Dynasty Paper on the Completion Date.

The Company will seek the Specific Mandate for the issue and allotment of the Consideration Shares.

#### Company Division

As at the Latest Practicable Date, Fu An Trading owned the entire equity interest in Former Taiyuan. Prior to and as a condition to Completion, Fu An Trading will implement the Company Division, which will result in Former Taiyuan being divided into the two new legal entities of New Taiyuan and Dynasty Paper, each wholly-owned by Fu An Trading, and the assets, businesses, rights and liabilities of Former Taiyuan being divided between New Taiyuan and Dynasty Paper, such that upon completion of the Company Division, Dynasty Paper will hold the full ownership interest in the Sanjiang Properties and will assume the indebtedness of Former Taiyuan associated with the Sanjiang Properties.

#### Purpose of this circular

The purpose of this circular is to provide the Shareholders with (i) further details of the Equity Transfer Agreement, the Equity Transfer and the proposed issue of Consideration Shares under the Specific Mandate; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreement and the transactions contemplated thereunder; (iv) the valuation report of the Sanjiang Properties; and (v) a notice convening the EGM.

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## LETTER FROM THE BOARD

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### EQUITY TRANSFER AGREEMENT

On 1 November 2015, the Company, Vinda China and Fu An Trading entered into the Equity Transfer Agreement. The principal terms are set out below:

**Date**

1 November 2015

**Parties**

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

**Assets to be acquired**

The Sale Interest, being the entire equity interest in Dynasty Paper.

Upon Completion, Dynasty Paper will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group. Please refer to the paragraph headed “Information on Dynasty Paper” below for the information relating to Dynasty Paper.

**Transfer price**

The agreed debt and cash free value (assuming that there is no Net Debt of Dynasty Paper as at the Completion Date) of the Sale Interest is HK\$976,000,000, which equals the market value of the Sanjiang Properties as at 30 September 2015 as appraised by Roma. The initial transfer price (being the agreed debt and cash free value of the Sale Interest less the Estimated Net Debt of HK\$103,260,000) is HK\$872,740,000, which 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 Board has considered various means to settle the transfer price in respect of the Equity Transfer including the issue of the Consideration Shares and cash settlement. The Board considers that the issue of the Consideration Shares is an appropriate means taking into account the financial position of the Group. In addition, the Board is of the view that the acceptance of Shares to settle the transfer price in respect of the Equity Transfer by Mr. Li, Ms. Yu and Mr. Dong (through Fu An Trading), being three of the executive Directors and the ultimate beneficial owners of Fu An Trading, reflects such Directors’ commitment to the long term development of the Group, which is beneficial to the Group.

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## LETTER FROM THE BOARD

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The initial transfer price for the Sale Interest is subject to the following post-Completion adjustments:

- (a) if the actual Net Debt of Dynasty Paper as at the Completion Date is less than the Estimated Net Debt, Vinda China will pay Fu An Trading the difference in cash; or
- (b) if the actual Net Debt of Dynasty Paper as at the Completion Date is more than the Estimated Net Debt, Fu An Trading will pay Vinda China the difference in cash,

in each case within five business days from the agreement or determination of the actual Net Debt by reference to the completion accounts to be prepared in accordance with the terms of the Equity Transfer Agreement. There is no maximum limit on the adjustment to the initial transfer price agreed by the parties. Based on the financial information available to the Company, it is expected that the actual Net Debt will not be substantially different from the Estimated Net Debt.

The transfer price for the Sale Interest was determined after arm's length negotiations between the Company, Vinda China and Fu An Trading, after taking into account, among others, (i) the market value of the Sanjiang Properties of approximately RMB800,000,000 (equivalent to approximately HK\$976,000,000) as at 30 September 2015, as appraised by Roma, the independent property valuer; (ii) the amount of the Estimated Net Debt; and (iii) the future development potential of the Sanjiang Properties.

Sanjiang Properties comprise, among others, two parcels of land with Lot Nos. 0603003183 and 0603000050 (the "**Parcels of Land**") situated at Sanjiang Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC. Former Taiyuan acquired the Parcels of Land in September 2011 at RMB225,000,000 (equivalent to approximately HK\$274,500,000) and thereafter constructed on the Parcels of Land the factories, buildings and ancillary infrastructure and facilities (including boilers, water sewage disposal treatment facilities and thermal power station) which also form part of the Sanjiang Properties. The total construction costs of the factories, buildings and ancillary infrastructure and facilities erected on the Parcels of Land are in the approximate sum of RMB350,860,000 (equivalent to approximately HK\$428,049,200).

### **Consideration Shares**

The Consideration Shares represent (i) approximately 5.51% of the issued share capital of the Company as at the Latest Practicable Date, and (ii) assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the date of 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 all dividends,

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## LETTER FROM THE BOARD

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distributions and other payments made or to be made for which the record date falls on or after the date of allotment and issue of the Consideration Shares. An application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

The issue price of the Consideration Shares of HK\$15.868 per Consideration Share 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 4.53% to the closing price of HK\$15.18 per Share as quoted on the Stock Exchange on the Latest Practicable Date; (ii) 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; (iii) 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; and (iv) a premium of approximately 198.8% over the unaudited consolidated net asset value attributable to the Shareholders as of 30 June 2015 of approximately HK\$5.31 per Share.

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

### **Conditions precedent**

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 having been completed;
- (c) the approval by the shareholder(s) of Dynasty Paper of the Equity Transfer Agreement and the transactions contemplated thereunder having been obtained;
- (d) the necessary approval by the shareholder(s) of Vinda China of the Equity Transfer Agreement and the transactions contemplated thereunder having been obtained;
- (e) the Examination and Approval Authority having granted the approval for the Equity Transfer.
- (f) the undertakings given by Fu An Trading in the Equity Transfer Agreement being true and correct at Completion;
- (g) the operating status of Dynasty Paper being normal and its operations not being affected by any governmental or court orders;

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## LETTER FROM THE BOARD

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- (h) the approval by the Independent Shareholders at the EGM of the Equity Transfer Agreement and the transactions contemplated therein having been obtained; and
- (i) the issue and allotment of the Consideration Shares to Fu An Trading only taking 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 the conditions set out in paragraphs (b), (c), (e), (f) and (g) above, whereas Vinda China or the Company, as the case may be, shall use its best endeavours to satisfy the conditions set out in paragraphs (a), (d), (h) and (i) above, as soon as possible after the execution of the Equity Transfer Agreement and in any event on or before 31 March 2017.

With respect to the condition set out in paragraph (e) above, the Company, Vinda China and Fu An Trading have agreed to make the application to the Examination and Approval Authority after the expiry of twelve (12) months from the date of completion of the Company Division (which is expected to take place in or around early 2016).

The Group is in the process of engaging professional advisers in the PRC to conduct the due diligence investigations on Dynasty Paper. It has no intention to waive any of the above conditions and will not waive any of the conditions if such waiver will materially affect the interest of the Company and the Shareholders. As at the Latest Practicable Date, none of the above conditions had been fulfilled.

### **Company Division**

As at the Latest Practicable Date, Fu An Trading owned the entire equity interest in Former Taiyuan. Prior to and as a condition to completion of the Equity Transfer, Fu An Trading will implement the Company Division, which will result in Former Taiyuan being divided into the two new legal entities of New Taiyuan and Dynasty Paper, each wholly-owned by Fu An Trading, and the assets, businesses, rights and liabilities of Former Taiyuan being divided between New Taiyuan and Dynasty Paper, such that upon completion of the Company Division, Dynasty Paper will hold the full ownership interest in the Sanjiang Properties and will assume the indebtedness of Former Taiyuan associated with the Sanjiang Properties.

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

- (a) the approval of the Company Division by the Examination and Approval Authority, the Registration Authority and the competent tax authorities having been granted, all taxes and fees relating to the Company Division having been settled, and all tax filings required for the Company Division having been completed;

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## LETTER FROM THE BOARD

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- (b) the creditors and the debtors of Former Taiyuan having agreed in writing on the division of the rights and liabilities of Former Taiyuan between New Taiyuan and Dynasty Paper as proposed;
- (c) New Taiyuan and Fu An Trading having entered into a deed of indemnity in favour of Dynasty Paper to indemnify Dynasty Paper for its actual losses arising from unknown or contingent liabilities (including tax liabilities) that are not yet crystallised at the time of completion of the Company Division assumed by Dynasty Paper as a result of the Company Division;
- (d) Dynasty Paper or Vinda China having obtained the pollutant discharge permit issued by the environmental protection department in the PRC and the Pollutant Discharge Indicators on such permit being completely the same as those on the permit issued to Former Taiyuan before completion of the Company Division; and
- (e) Dynasty Paper having obtained the property right certificates in respect of the Sanjiang Properties issued in its name.

As at the Latest Practicable Date, the condition set out in paragraph (d) above had been satisfied. It is expected that the Company Division will complete in or around early 2016.

### **Completion**

After the expiry of twelve (12) months from the date of completion of the Company Division, 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;
- (b) after obtaining the approval of the Equity Transfer by the Examination and Approval Authority, apply to the Registration Authority in a timely manner for the change in the registration details of Dynasty Paper; and
- (c) obtain the Business License of Dynasty Paper.

Completion of the Equity Transfer shall take place on the Completion Date, that is, the date on which the Business License is issued to Dynasty Paper, which is expected to take place in early 2017.

The Lease Agreements will be terminated upon completion of the Equity Transfer.

### **SHAREHOLDING STRUCTURE OF THE COMPANY IMMEDIATELY BEFORE AND AFTER COMPLETION**

As at the Latest Practicable Date, except for 12,191,000 options granted under the Share Option Scheme, there were no outstanding convertible securities issued or options granted which carry rights to acquire Shares.

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## LETTER FROM THE BOARD

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Details of the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) immediately after Completion and the issue and allotment of the Consideration Shares, assuming that there is no other change in the share capital of the Company, are set out below:

Shareholders	As at the Latest Practicable Date		Immediately after Completion and the issue and allotment of the Consideration Shares	
	No. of Shares	Approximately %	No. of Shares	Approximately %
SCA Group Holding BV	513,200,425	51.37	513,200,425	48.69
Fu An International and/or its associate(s)	216,341,581	21.65	271,341,581 (Note 1)	25.74
Ms. Yu ( <i>Director</i> )	50,000	0.005	50,000	0.005
Public Shareholders	<u>269,495,680</u>	<u>26.974</u>	<u>269,495,680</u>	<u>25.57</u>
Total	<u><u>999,087,686</u></u>	<u><u>100.00</u></u>	<u><u>1,054,087,686</u></u>	<u><u>100.00</u></u>

*Note:*

1. Amongst these Shares, 55,000,000 Shares will be allotted and issued to Fu An Trading or its nominee pursuant to the Equity Transfer Agreement.

The issue and allotment of the Consideration Shares to Fu An Trading will not result in the change of control of the Company.

### INFORMATION ON DYNASTY PAPER AND THE SANJIANG PROPERTIES

#### Dynasty Paper

Dynasty Paper was established by Fu An Trading under the laws of the PRC on 12 October 2015 for the purpose of the Company Division and is wholly-owned by Fu An Trading. The registered capital of Dynasty Paper is RMB178 million, which had not been paid up as at the Latest Practicable Date. The latest book value of Dynasty Paper as at the Latest Practicable Date was zero as the transfer of Sanjiang Properties to Dynasty Paper was yet to take place.

As Dynasty Paper was newly established on 12 October 2015, there had been no financial statement prepared as at the Latest Practicable Date. The net asset value of Dynasty Paper as at the Latest Practicable Date was nil as the transfer of the Sanjiang Properties from Former Taiyuan to Dynasty Paper is yet to complete. Dynasty Paper had no operations and no net profit or loss since its establishment and up to the Latest Practicable Date. Upon completion of the Company Division, Dynasty Paper will hold the Sanjiang Properties, the valuation of which was HK\$976,000,000 as of 31 August 2015, and will assume the indebtedness of Former Taiyuan associated with the Sanjiang Properties which comprises the loans in connection with the construction and maintenance of the Sanjiang Properties and will be the actual Net Debt of Dynasty Paper after completion of the Company Division.



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## LETTER FROM THE BOARD

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### **Sanjiang Properties**

The Sanjiang Properties comprise an industrial complex situated at Baimiao Industrial District (with the Parcels of land), Sanjiang Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC. The Sanjiang Properties has a total site area of 189,321 sq.m. with various buildings and structures erected thereon of total gross floor area of 127,543.02 sq.m. The structures include boundary fences, roads, water tanks, water sewage disposal treatment facilities, thermal power station and gates, among other facilities. As at the Latest Practicable Date, the Sanjiang Properties were leased to the Group for production, warehouse, staff quarters and ancillary office uses pursuant to the Lease Agreements.

Based on the audited financial information of Former Taiyuan for the two years ended 31 December 2013 and 31 December 2014, the revenue generated by Sanjiang Properties was RMB62,000,000 (equivalent to approximately HK\$75,640,000) for both financial years, which equals the amount of annual rental paid by the Group under the Lease Agreements.

### **REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER**

Sanjiang Plant is currently the biggest production hub of the Group in terms of capacity. The Group's acquisition of Sanjiang Plant through the acquisition of the Sale Interest 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 Latest Practicable Date, 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 one of the Group's 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.

The Board has reviewed the valuation report prepared by Roma and considers that the valuation methodology, the bases and assumptions adopted by Roma in arriving at the market value of Sanjiang Properties in the sum of RMB800,000,000 (equivalent to approximately HK\$976,000,000) as at 30 September 2015 are fair and reasonable.

### **GENERAL**

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.

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## LETTER FROM THE BOARD

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Vinda China is an operating subsidiary of the Group established under the laws of the PRC, and is principally engaged in the manufacturing and sale of household consumable paper products in the PRC .

Fu An Trading is an investment holding company incorporated in Hong Kong and is a Connected Person of the Company.

Completion of the transactions contemplated under the Equity Transfer Agreement is conditional upon the satisfaction of the conditions set out in the paragraph headed “Conditions precedent” in this section, 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.

### IMPLICATION UNDER 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 are higher than 5% but below 25%, they 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 by Mr. Li, Ms. Yu and Mr. Dong, the three executive Directors, as to 74.21%, 15.79% and 10.00%, respectively. 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 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.

Mr. Li, Ms. Yu and Mr. Dong, who are Directors and collectively and beneficially own the entire equity interest of Fu An Trading, have a material interest in the transactions contemplated under the Equity Transfer Agreement and hence had abstained from voting on the relevant board resolutions approving the Equity Transfer Agreement.

### EGM

The notice convening the EGM to be held at Camomile & Magnolia Room, Kowloon Shangri-La, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Wednesday, 13 January 2016 at 10:30 a.m. is set out on pages 53 and 54 of this circular. An ordinary resolution will be proposed to the Independent Shareholders at the EGM to consider and, if thought fit, approve, among other things, the Equity Transfer Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares under the Specific Mandate. The votes on the resolution proposed to be approved at the EGM will be taken by poll and an announcement will be made by the Company after the EGM on the results of the EGM.

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## LETTER FROM THE BOARD

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A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. A form of proxy for use at the EGM is accompanied with this circular. A proxy need not be a member of the Company. Whether or not you intend to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Fu An International, a Substantial Shareholder of the Company, is indirectly controlled by Mr. Li, the majority shareholder of Fu An Trading. Ms. Yu is interested in 15.79% of the entire issued share capital of Fu An Trading. Hence, both Fu An International and Ms. Yu are regarded as having a material interest in the transactions contemplated under the Equity Transfer Agreement, and they and their associates are therefore required to abstain from voting on the resolution to be proposed at the EGM to approve the Equity Transfer Agreement. As at the Latest Practicable Date, Fu An International held 216,341,581 Shares and Ms. Yu held 50,000 Shares, representing approximately 21.65% and 0.005% of the issued share capital of the Company, respectively.

The Independent Board Committee comprising all of the independent non-executive Directors has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Equity Transfer Agreement. The Independent Financial Adviser, being Somerley, has been appointed to advise the Independent Board Committee and the Independent Shareholders.

### RECOMMENDATIONS

The Independent Board Committee, having considered the terms of the Equity Transfer Agreement and the reasons for and benefits of the Equity Transfer, as well as the advice and recommendations of the Independent Financial Adviser set out in the section headed "Letter from the Independent Financial Adviser" in this circular, considers that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are normal commercial terms which are fair and reasonable so far as the Company and the Shareholders are concerned, the entering into of the Equity Transfer Agreement by the Company is in the ordinary and usual course of business of the Company and is in the interests of the Company and the Shareholders as a whole. As such, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares under the Specific Mandate).

On the basis of the information set out in this circular, the Directors (including members of the Independent Board Committee) consider that the terms of the Equity Transfer Agreement are normal commercial terms which are fair and reasonable, and the

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## LETTER FROM THE BOARD

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transactions contemplated under the Equity Transfer Agreement (including the issue of the Consideration Shares under the Specific Mandate) are in the interests of the Company and the Shareholders as a whole. The Directors, therefore, recommend the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of the EGM.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 19 and 20 of this circular, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 21 to 38 of this circular and the information set out in the appendices of this circular.

Yours faithfully,  
By order of the board  
**Vinda International Holdings Limited**  
**Johann Christoph MICHALSKI**  
*Chief Executive Officer*



**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)**

28 December 2015

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS**

We refer to the circular dated 28 December 2015 issued by the Company (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless specified otherwise.

We have been formed to advise the Independent Shareholders in relation to the terms of the Equity Transfer Agreement and the transactions contemplated thereunder. Somerley has been appointed by the Company as the Independent Financial Adviser to advise us in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter set out on pages 21 to 38 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendix to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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After taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we concur with its views and consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are normal commercial terms which are fair and reasonable so far as the Company and the Shareholders are concerned, the entering into of the Equity Transfer Agreement by the Company is in the ordinary and usual course of business of the Company and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders should vote in favor of the resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder including the issue of Consideration Shares under the Specific Mandate.

Yours faithfully  
For and on behalf of the  
**Independent Board Committee**

**Mr. KAM Robert**  
**Mr. TSUI King Fai**  
**Mr. WONG Kwai Huen, Albert**  
**Mr. CHIA Yen On**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the letter of advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



**SOMERLEY CAPITAL LIMITED**  
20th Floor  
China Building  
29 Queen's Road Central  
Hong Kong

28 December 2015

*To: The Independent Board Committee and the Independent Shareholders*

Dear Sirs,

### **DISCLOSEABLE AND CONNECTED TRANSACTIONS**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the proposed acquisition of the entire equity interest of Jiangmen Dynasty Fortune Paper Limited (the “**Transaction**”). Details of the Transaction are contained in the circular issued by the Company to the Shareholders dated 28 December 2015 (the “**Circular**”), of which this letter forms a part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 1 November 2015, the Equity Transfer Agreement was entered into whereby Vinda China (a wholly-owned subsidiary of the Company) agreed to acquire the entire equity interest of Dynasty Paper from Fu An Trading at a consideration (the “**Consideration**”) of approximately HK\$976 million less the Estimated Net Debt. The Consideration under the Equity Transfer Agreement will be settled by (i) issue and allotment of the Consideration Shares equivalent to approximately HK\$872.7 million by the Company to Fu An Trading or its nominee; and (ii) assuming of the Estimated Net Debt by the Group.

As one or more of the applicable percentage ratios of the Transaction exceed 5% but are below 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Fu An Trading is beneficially owned as to approximately 74.21% by Mr. Li Chao Wang, approximately 15.79% by Ms. Yu Yi Fang and approximately 10.0% by Mr. Dong Yi Ping, three executive Directors. In these circumstances, Fu An Trading is regarded as a Connected Person of the Company. The Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transaction is subject to the approval of the Independent Shareholders at the EGM. Fu An Trading and its associates shall abstain from voting on the relevant resolution to be proposed at the EGM to approve, among other things, the Transaction.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee comprising all four independent non-executive Directors, namely Mr. KAM Robert, Mr. TSUI King Fai, Mr. WONG Kwai Huen, Albert and Mr. CHIA Yen On, has been established to advise the Independent Shareholders in respect of the Transaction and on how they should vote at the EGM. We, Somerley Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

In formulating our advice, we have reviewed, among other things, the Equity Transfer Agreement, the annual reports of the Company for each of the two years ended 31 December 2013 and 31 December 2014, the interim report of the Company for the six months ended 30 June 2015 and the information as set out in the Circular. We have also discussed the businesses and future prospects of the Group with the management of the Group. We have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Group and have assumed that they are true, accurate and complete at the time they were made and will remain so up to the time of the EGM. We have also sought and received confirmation from the Directors, that all material relevant information has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter. However, we have not conducted any independent investigation into the business and affairs of the Group and Dynasty Paper.

As at the Latest Practicable Date, Somerley Capital Limited does not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Somerley Capital Limited. In the last two years, except for another independent financial adviser engagement (in relation to the major and connected transactions and exempted continuing connected transactions exceeding three years, details of which have been set out in the announcement of the Company dated 29 October 2015), there is no other engagement between the Company and Somerley Capital Limited. Accordingly, we do not consider that any conflict of interest arises for Somerley Capital Limited in acting as the independent financial adviser of the Transaction. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company.



## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation, we have considered the principal factors and reasons set out below.

### **1. Principal business activities and financials of the Group**

The Company is an investment holding company and the Group is principally engaged in sales of household paper products including toilet rolls, hankies, softpacks, box tissue, paper napkins and wet wipes, and other personal care products including incontinence care, feminine care and baby care products. In late 2014, the Company acquired certain companies with distribution business in the PRC and associated intellectual property rights of brand names and designs from SCA Group to extend business diversity of the Group and market share in Hong Kong and the PRC.

The tissue business accounted for approximately 96.6% and 98.6% of the Group's revenue for the six months period ended 30 June 2015 and for the year ended 31 December 2014 respectively. As disclosed in the interim report for the six months ended 30 June 2015 of the Group, the revenue of the tissue business segment increased by approximately 25.5% to approximately HK\$4,583.5 million as compared with the corresponding period in 2014. Meanwhile, sales volume of tissue paper products reached approximately 320,348.4 tons, representing an increase of approximately 25.0% from the corresponding period in 2014. For the year ended 31 December 2014, the revenue of the Group increased by approximately 17.5% to approximately HK\$7,985.2 million as compared with 2013. Meanwhile, sales volume of tissue paper products reached approximately 555,685.0 tons, representing an increase of approximately 15.3% from the year ended 31 December 2013.

As a result, profit attributable to the equity holders of the Company for the six months ended 30 June 2015 was approximately HK\$330.8 million, as compared to approximately HK\$222.2 million for the corresponding period in 2014. Profit attributable to the equity holders of the Company increased from approximately HK\$542.9 million in 2013 to approximately HK\$593.5 million in 2014.

As disclosed in the interim report for the six months ended 30 June 2015 of the Group, the Group had approximately 890,000 tons of annual production capacity. In consideration of the long-term demand for tissue paper products in the PRC, the Group originally planned to have further 90,000 tons of production capacity in Shandong and Sichuan. As a result of delay in supply of equipment, it was anticipated that 30,000 tons of such production capacity had been postponed and would be put into operation in 2016. According to the current construction progress, it is expected that the annual production capacity will reach approximately 950,000 tons by the end of 2015.

### **2. Lease arrangement with Connected Person of the Company**

The Group has three existing lease agreements with the Connected Person of the Company, including the Phase I Agreement, the Phase II Agreement and the Supplemental Lease Agreement (i.e. the Lease Agreements). Each of the Lease Agreements is a continuing connected transaction under the Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(i) The Phase I Agreement*

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 at Sibeï Yangsha, Xinjiang Village, Sanjiang County, Xinhui District, Guangdong Province, the PRC thereon with Former Taiyuan as the landlord, a Connected Person of the Company. The Phase I Agreement has an initial term of 15 years that commenced on 22 November 2011 (i.e. ending in November 2026) with an initial fixed annual rental of RMB29 million until 31 December 2014 where the annual rental would be subject to review by the Board every three years.

*(ii) The Phase II Agreement*

On 27 March 2012, Vinda China and Former Taiyuan entered into the Phase II Agreement in respect of a piece of land situated at Sibeï Yangsha, Xinjiang Village, Sanjiang County, Xinhui District, Guangdong, the PRC together with a factory and ancillary infrastructure and facilities (including without limitation boilers, sewage disposal treatment and heat and electricity system) erected on that land. The Phase II Agreement has a term that commenced on 27 March 2012 and ending on the same date when the Phase I Agreement expires with an initial fixed annual rental of RMB16.8 million until 31 December 2014 where the annual rental would be subject to review by the Board every three years.

*(iii) The Supplemental Lease Agreement*

On 10 April 2014, the Supplemental Lease Agreement was entered into between Vinda China and Former Taiyuan in respect of new buildings and ancillary facilities constructed, at the request of the Group and at the cost of Former Taiyuan, on the two pieces of land leased to Vinda China under the Phase I Agreement and the Phase II Agreement. The Supplemental Lease Agreement commenced on 10 April 2014 and ending on the same date when the Phase I Agreement expires in November 2026 with an initial fixed annual rental of RMB16.2 million until 31 December 2016 where the annual rental would be subject to review by the Board every three years. In addition, pursuant to the Supplemental Lease Agreement, an option to purchase the subject matter of the Phase I Agreement, the Phase II Agreement and the Supplemental Lease Agreement which comprises two pieces of land together with all the factories, buildings and the ancillary infrastructure and facilities erected thereon was granted to the Group. Under the Supplemental Lease Agreement, the total annual rental charge (the “**Total Annual Rental Charge**”) was RMB62 million (i.e. the aggregation of RMB29 million, RMB16.8 million and RMB16.2 million as mentioned above) for the year ending 31 December 2015 and would be subject to further review by the Board every three years with reference to the then prevailing market rental.

### 3. Information on Dynasty Paper

#### *(i) Background of Dynasty Paper*

Dynasty Paper was established by Fu An Trading under the laws of the PRC on 12 October 2015 and is wholly-owned by Fu An Trading. 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. The Sanjiang Properties, which are owned by Former Taiyuan as at the date of the announcement, will be transferred to Dynasty Paper.

#### *(ii) Principal assets of Dynasty Paper*

The principal assets of Dynasty Paper are the Sanjiang Properties and the Pollutant Discharge Indicators (the "**Principal Assets**"). Dynasty Paper will not have any material assets other than the assets comprised the Sanjiang Properties and the Pollutant Discharge Indicators.

The Sanjiang Properties comprise two parcels of land situated at Xinjiang Village, Sanjiang County, in Xinhui District, Guangdong, PRC with a total site area of approximately 189,321 square metres, together with all of the factories, buildings and the ancillary infrastructure and facilities thereon which were completed in different stages between 2006 and 2013.

The Sanjiang Plant of the Sanjiang Properties is currently the biggest production hub of the Group's tissue paper products in terms of production capacity. Sanjiang Plant has a maximum paper production capacity amounting to approximately 200,000 tons per year which accounted for approximately 22.5% of the Group's production capacity as at 31 December 2014 and 30 June 2015. The capacity utilisation rate of the Sanjiang Plant was over 90% for the ten-month period ended 31 October 2015.

The Pollutant Discharge Indicators represent the types and quantities of pollutant which Former Taiyuan, as approved by Environmental Protection Bureau of Xinhui District, Jiangmen City, Guangdong Province, the PRC, may discharge in the registration place (i.e. Sanjiang County, Xinhui District, Guangdong, the PRC) of Former Taiyuan in its normal course of business as at the date of the Company Division. As part of the conditions under the Company Division, Dynasty Paper or Vinda China will have obtained the pollutant discharge permit issued by Environmental Protection Bureau of Xinhui District, Jiangmen City, Guangdong Province, the PRC and the Pollutant Discharge Indicators on such permit will be completely the same as those obtained by Former Taiyuan before the Company Division.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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The details of the Sanjiang Properties are as below:

Nature of the property	Location	Lot number/Real estate title certificates	Total site/gross floor area in square metres (approximately)
An industrial complex comprises two parcels of land attached with various buildings and ancillary facilities including thermal power station, sewage disposal treatment facilities, water tanks, roads and boundary fences.	Baimiao Industrial District, Sanjiang Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC	(Lot number 0603003183 and 0603000050)	189,321
Land use rights	Baimiao Industrial District, Sanjiang Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC	Yue Fang Di Quan Zheng Jiang Men Zi No. (0200065320, 0200083330, 0200083331, 0200009317, 0200065340, 0200048214, 0200065334, 0200048211, 0200065335, 0200094006, 0200094196, 0200094002, 0200094005)	127,543

#### **4. Reasons for and benefits of the Transaction**

The Sanjiang Plant is currently the biggest production hub of the Group in terms of production capacity. Through the Transaction, the Group can further consolidate its status in the PRC and will also result in rental cost savings and enhance the asset base of the Group.

For the year ending 31 December 2015, the aggregate annual rental payable by the Group under the Lease Agreements would be RMB62 million. It is the Group's intention to acquire its production base in Sanjiang so as to (i) get full control of the largest and the most strategic production site of the Group; (ii) reduce rental costs of the Group and avoid additional rental expenses due to the potential increase in rental of the Sanjiang Properties in the future; (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. Therefore, we consider the Transaction is in line with the business strategy of the Company and is in the interests of the Company and the Shareholders as a whole.

## **5. Principal terms of the Equity Transfer Agreement**

### *(i) Consideration*

The Consideration under the Equity Transfer Agreement will be settled by (i) issue and allotment of the Consideration Shares equivalent to approximately HK\$872.7 million by the Company to Fu An Trading or its nominee; and (ii) assuming of the Estimated Net Debt by the Group.

It is expected that, at the Completion Date, the net debt of Dynasty Paper mainly consists of a shareholder loan with interest rate of 5.0% per annum repayable in three years. In view of the RMB loan benchmark interest rate for three-year loan as announced by the People's Bank of China was ranged from 4.75% to 6.0% per annum in 2015, we consider the interest rate of the net debt which the Group will assume be acceptable.

The Estimated Net Debt 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, such amount of difference will be settled in cash.

### *(ii) Basis of Consideration*

The Consideration was determined after arm's length negotiations between the Company, Vinda China and Fu An Trading, after taking into account, among others, (i) the market value of the Sanjiang Properties of approximately RMB800 million (equivalent to approximately HK\$976 million) as at 30 September 2015, as appraised by the Valuer (as defined hereinafter); (ii) the amount of the Estimated Net Debt; and (iii) the future development potential of the Sanjiang Properties.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(iii) Conditions precedent for the Equity Transfer*

Completion of the Equity Transfer contemplated under the Equity Transfer Agreement is conditional upon, among 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 section headed “Equity Transfer Agreement — Company Division” in the Letter from the Board of the Circular having been completed;
- (c) the approval by the shareholder(s) of Dynasty Paper of the Equity Transfer Agreement and the transactions contemplated thereunder having been obtained;
- (d) the necessary approval by the shareholder(s) of Vinda China of the Equity Transfer Agreement and the transactions contemplated thereunder having been obtained;
- (e) the Examination and Approval Authority having granted the approval for the Equity Transfer;
- (f) undertakings given by Fu An Trading in the Equity Transfer Agreement being true and correct at Completion;
- (g) the operating status of Dynasty Paper being normal and its operations not being affected by any governmental or court orders;
- (h) the approval by the Independent Shareholders at the EGM of the Equity Transfer Agreement and the transactions contemplated therein having been obtained; and
- (i) the issue and allotment of the Consideration Shares to Fu An Trading only taking 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), (e), (f) and (g), above. Vinda China or the Company, as the case may be, shall use its best endeavours to satisfy conditions (a), (d), (h) and (i) above, as soon as possible after the execution of the Equity Transfer Agreement and in any event on or before 31 March 2017.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *(iv) Completion of the Company Division*

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

- (a) the approval of the Company Division by the Examination and Approval Authority, the Registration Authority and the competent tax authorities having been granted, all taxes and fees relating to the Company Division having been settled, and all tax filings required for the Company Division having been completed;
- (b) the creditors and the debtors of Former Taiyuan having agreed in writing on the division of the rights and liabilities of Former Taiyuan between New Taiyuan and Dynasty Paper as proposed;
- (c) New Taiyuan and Fu An Trading having entered into a deed of indemnity in favour of Dynasty Paper to indemnify Dynasty Paper for its actual losses arising from unknown or contingent liabilities (including tax liabilities) that are not yet crystallised at the time of completion of the Company Division assumed by Dynasty Paper as a result of the Company Division;
- (d) Dynasty Paper or Vinda China having obtained the pollutant discharge permit issued by the environmental protection department in the PRC and the Pollutant Discharge Indicators on such permit being completely the same as those on the permit issued to Former Taiyuan before completion of the Company Division; and
- (e) Dynasty Paper having obtained the property right certificates in respect of the Sanjiang Properties issued in its name.

As at Latest Practicable Date, condition (d) above has been satisfied.

### **6. The valuation of the Principal Assets**

The Principal Assets were valued by Roma Appraisals Limited, an independent property valuer appointed by the Company. We have interviewed Roma Appraisals Limited (the “Valuer”) regarding its expertise and understand that the Valuer is an established independent property valuer with a large number of completed assignments acting for listed companies with property interests in, among others, Hong Kong and the PRC. We understand that the valuer-in-charge of the Valuer’s valuation team has over 11 years’ post qualification experience in the valuation experience in the PRC and the relevant valuation team members have post qualification experience ranging from 3 years to 8 years. We have also reviewed the terms of the Valuer’s engagement letter and noted that the purpose of which is to prepare an industrial complex valuation report and to provide the Company with the opinion of value on the Principal Assets to be held by Dynasty Paper. The engagement letter also contains standard valuation scopes that are typical of industrial complex valuation carried out by independent property valuers.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Valuer advised that The Hong Kong Institute of Surveyors provides guidelines on the independence of valuers in their code of practice, which specifies declaration of interests when applicable. The Valuer also advised that, in respect of its assessment, it has no conflict of interest with the Company and Fu An Trading based on professional guidelines.

Also, we obtained and reviewed brochures and credentials submitted by the Valuer. We also performed research on the background of the Valuer to crosscheck our understanding based on the information in the credentials provided by them.

### *Valuation methodologies*

The full text of the valuation report and certificate of the properties attributable to the Dynasty Paper as at 30 September 2015 (the “**Valuation Report**”) is set out in Appendix I to the Circular. In general, there are three approaches that are commonly used in assessing the valuation of a property in the valuation industry, namely, market approach, income approach and cost approach. Having reviewed the valuation report prepared by the Valuer, we have discussed with the Valuer on the rationale of adopting the valuation methodology for valuing the Principal Assets. In arriving at the fair value of the Principal Assets, the Valuer has considered the following valuation methodologies:

#### *(a) Income approach*

The income approach (the “**Income Approach**”) is the present worth of the future economic benefits of ownership. This approach is generally applied to an aggregation of the Principal Assets that consists of stable cash flow income.

The Valuer has valued the Principal Assets by using net rental income derived from the existing tenancies with due consideration for the reversionary income potential of the properties.

#### *(b) Cost approach*

The cost approach (the “**Cost Approach**”) considers the cost to reproduce or replace in new condition the properties appraised in accordance with current market prices for similar properties, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence present (physical, functional or economical), taking consideration of past and present maintenance policy and rebuilding history. This approach generally furnishes a reliable indication of value for properties without a known used market, therefore the Valuer does not consider such approach is an appropriate valuation approach in assessing the fair value of the Principal Assets.



*(c) Market approach*

The Market Approach (the “**Market Approach**”) considers prices recently paid for assets similar to the Principal Assets, with adjustments made to the indicated market prices to reflect condition and utility of the Principal Assets relative to the market comparatives. The Market Approach is generally adopted when there is an established used market with comparable transactions.

The Principal Assets comprise an industrial complex designed specifically for production (where a certain level of contaminants as a by-product is allowed) and there are only a few similar properties, in terms of nature of industry and size, could be located in the surrounding region. As advised by the Valuer, there are no readily identifiable market comparables involving sale and purchase of properties comparable to the Principal Assets in the past three years that could be used as comparable transactions as required under the Market Approach. Given such limitation, the Valuer considers the Market Approach is not an appropriate valuation approach in assessing the fair value of the Principal Assets.

*(d) Conclusion*

Since the Principal Assets are generating rental income throughout the years and have a regular cash flows, the Valuer concludes that the Income Approach is the most appropriate valuation method.

After considering the reasons for the Valuer’s choice of adopting the valuation approach for valuing the Principal Assets, we are of the opinion that the valuation approach adopted is reasonable in assessing the fair value of the Principal Assets as at 30 September 2015.

***Valuation basis***

*(a) Income Approach*

The Valuer has applied the income capitalisation method (the “**Income Capitalisation Method**”) under the Income Approach with the term rent of the contractual tenancies capitalised until expiry of the existing tenancies. To account for reversionary potential, the leased units are assumed to be let at its market rent upon expiry of the existing tenancies to the expiry of the land use rights attached with the Sanjiang Properties.

As such, the Total Annual Rental Charge amounted to RMB62 million has been used as the rental income derived from the Principal Assets and capitalised at a capitalisation rate of 7.5% per annum which has been considered, by the Valuer, as an appropriate market yield given the nature, size and specialty of the Principal Assets.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The capitalisation rate applied is based on the yields achieved in market transactions in the range of 4% to 9% per annum in Guangdong Province, the PRC based on the comparable properties at similar locations and characteristics. According to the Valuer, the capitalisation rate reflects implicitly the quality of the investment, the expectation of rental growth and capital appreciation with relevant risk factors, and limited supply of property with similar characteristics and is based on the Valuer's experience in valuing other similar properties. As advised by the Valuer, the adopted capitalisation rate in the valuation of the Principal Assets is based on the research on the transacted properties in sales and purchases with rental arrangements.

We have examined the details of the transactions being referenced by the Valuer in adopting the capitalisation rate.

As advised by the Valuer, (i) Vinda China, as the user of the Principal Assets, has to bear the maintenance cost of the factories, production facilities, electricity supply and sewage handling facilities, etc, both before and upon Completion; and (ii) the construction of the Principal Assets was completed, and no additional construction cost is to be incurred by Vinda China upon Completion.

Having considered the above, we consider that the valuation basis adopted by the Valuer is reasonable and in line with the industry practice.

### *Valuation assumptions*

The Valuer incorporated various assumptions in the Income Capitalisation Method as below:

In arriving at the valuation based on the Income Capitalisation Method, the Valuer has incorporated various key assumptions including:

- the rental income and the capitalisation rate of the Principal Assets remains stable;
- there will be no substantial change in the political and economic policies where the Principal Assets are currently operating;
- all of the relevant legal approvals and business certificates or licences to operate the Principal Assets can be obtained and renewable upon expiry;
- there will be sufficient supply of technical staffs in the Principal Assets in which the industrial complex operates, and the industrial complex will retain competent management, key personnel and technical staffs to support its ongoing operations and developments; and
- interest rates and exchange rates in the localities for the operation of the Principal Assets will not differ materially from those presently prevailing.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Valuer has projected the income of the 40-year horizon starting from the year 2015 till the expiry of the land use rights attached with the Sanjiang Properties in 2055. We are also advised by the Valuer that the key assumptions adopted in the valuation of the Sanjiang Properties are in line with the industry practice.

The Valuer has also carried out inspections and made relevant enquiries and searches for the purpose of the valuation. We have reviewed and discussed the aforesaid capitalisation rate adopted for the Principal Assets with the Valuer. We are of the view that the basis and assumptions made in the Income Capitalisation Method are reasonable and in line with the industry practice.

### 7. Issue price of the Consideration Shares

The total number of the Consideration Shares will be 55,000,000 Shares and the issue price (the “**Issue Price**”) will be HK\$15.868 per Consideration Share. The Issue Price represents:

- a premium of approximately 4.0% over the closing price of the Shares of HK\$15.26 per Share as quoted on the Stock Exchange on the last trading day before the date of the Equity Transfer Agreement;
- a premium of approximately 0.5% over the average of the closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Equity Transfer Agreement of approximately HK\$15.784 per Share;
- a premium of approximately 0.1% over the average of the closing price of the Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the date of the Equity Transfer Agreement of approximately HK\$15.846 per Share;
- a premium of approximately 4.8% over the average of the closing price of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to date of the Equity Transfer Agreement of approximately HK\$15.137 per Share;
- a premium of approximately 198.8% over the net asset value attributable to the Shareholders of approximately HK\$5.31 per Share as at 30 June 2015; and
- equivalent to the issue price of the consideration shares to be issued under the major and connected transactions of the Company, details of which have been set out in the announcement of the Company dated 29 October 2015.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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*(i) Trading volume*

Set out in the table below are the monthly trading volumes of the Shares and the percentages of such monthly trading volumes to the issued share capital and the public float of the Company during the period from 1 January 2014 up to and including the Latest Practicable Date:

	<b>Total monthly trading volume of the Shares ('000)</b> <i>(Note 1)</i>	<b>Total percentage of the monthly trading volume of the Shares to the issued share capital of the Company</b> <i>(Note 2)</i>	<b>Total percentage of the monthly trading volume of the Shares to the public float</b> <i>(Notes 2 &amp; 3)</i>
<b>2014</b>			
January	16,620	1.66%	6.18%
February	12,301	1.23%	4.58%
March	7,231	0.72%	2.69%
April	7,818	0.78%	2.91%
May	4,914	0.49%	1.83%
June	4,792	0.48%	1.78%
July	18,678	1.87%	6.95%
August	6,138	0.61%	2.28%
September	5,232	0.52%	1.95%
October	7,736	0.77%	2.88%
November	3,887	0.39%	1.45%
December	6,752	0.68%	2.51%
<b>2015</b>			
January	10,805	1.08%	4.02%
February	10,126	1.01%	3.77%
March	6,794	0.68%	2.53%
April	28,341	2.84%	10.53%
May	42,236	4.23%	15.68%
June	21,568	2.16%	8.01%
July	36,144	3.62%	13.41%
August	18,302	1.83%	6.79%
September	18,522	1.85%	6.87%
October	12,605	1.26%	4.68%
November	9,604	0.96%	3.56%
December (Up to the Latest Practicable Date)	7,743	0.77%	2.87%

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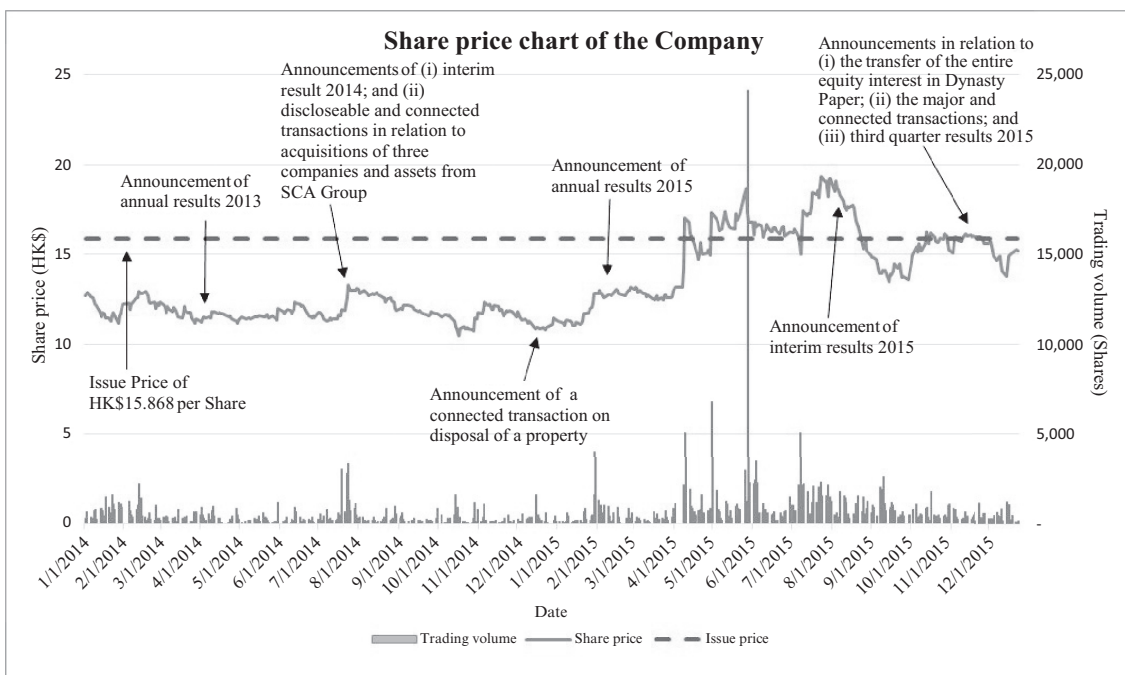
## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Notes:

1. Source: Bloomberg
2. The calculation is based on the total monthly trading volume of the Shares divided by the total issued share capital of the Company or the total number of Shares in public hands at the end of each month or as at the Latest Practicable Date.
3. The total number of Shares in public hands is calculated based on the number of total issued Shares excluding those held by SCA Group Holding BV (the controlling shareholder of the Company as defined under the Listing Rules) or Fu An International (a substantial shareholder of the Company).

(ii) *Share price performance*



Source: Bloomberg

We have looked at the Share price movement in the past two years preceding the date of the Announcement. As shown in the chart above, the Shares closed between HK\$10.48 and HK\$19.32 during the period from 2 January 2014 up to and including the Latest Practicable Date. In general, there was an upward trend of the Share price from 2014 to July 2015 and recorded at the highest level of HK\$19.32 on 24 July 2015. The Share price has been maintained at a price level above HK\$15 for most of the time during 2015.

After the publication of the Announcement, the closing price of Shares increased slightly from HK\$15.26 on 30 October 2015 (the last trading day before the date of the Announcement) to HK\$16.16 on 12 November 2015, representing an increase of approximately 5.9% to the closing price on the trading day before the publication of the Announcement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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From the date immediately after publication of the Announcement to the Latest Practicable Date, the closing price of the Shares is within a range of HK\$13.78 to HK\$16.16. As at the Latest Practicable Date, the price of the Shares closed at HK\$15.18.

Having taken into account that (i) the Issue Price represents over 2.0 times of the latest NAV per Share of HK\$5.31; and (ii) the Issue Price represents slight premiums (ranging from approximately 0.1% to approximately 4.8%) over the closing price on the last trading day and the average closing prices of Shares for the last five, ten and thirty trading days immediately prior to the date of the Equity Transfer Agreement, we are of the view that the Issue Price is acceptable.

### 8. Financial effects of the Transaction on the Group

#### (a) Net assets

After Completion, the net assets of the Group is expected to increase to the extent of the portion of the Consideration financed by the issue of the Consideration Shares. On a per Share basis, the net asset value will increase from approximately HK\$5.31 as at 30 June 2015 to approximately HK\$5.86 upon Completion. The improvement in the net assets of the Group represents a benefit to the Company and the Shareholders as a whole.

	As at 30 June 2015	Increased by the Consideration Shares	Total
Net assets (HK\$)	5,301,247,701	872,740,000	6,173,987,701
Number of Shares	<u>999,087,686</u> <sup>(Note)</sup>	<u>55,000,000</u>	<u>1,054,087,686</u>
Net asset value per Share (HK\$)	<u>5.31</u>	<u>15.87</u>	<u>5.86</u>

Note: Number of Shares in issue as at the Latest Practicable Date.

#### (b) Earnings

Following Completion, earnings of Dynasty Paper will be consolidated into the Group. As Dynasty Paper does not have principal assets other than the Sanjiang Properties and the Pollutant Discharge Indicators, it is expected that Dynasty Paper would not have substantial earnings contribution to the Group.

#### (c) Cashflow

The Consideration under the Equity Transfer Agreement will be settled by (i) issue and allotment of the Consideration Shares equivalent to approximately HK\$872 million by the Company to Fu An Trading or its nominee; and (ii) assuming of the Estimated Net Debt by the Group. As discussed with the management of the Group,

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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the Group's cashflow position will not be significantly adversely affected by the Transaction. It is expected that, upon Completion, it would reduce rental costs of the Group and avoid additional rental expenses due to the potential increase in rental of the Sanjiang Properties.

*(d) Dilution*

The Consideration Shares represent approximately 5.5% of the issued share capital of the Company as at the Latest Practicable Date and approximately 5.2% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The existing public Shareholders' shareholdings will be diluted from approximately 26.97% as at the Latest Practicable Date to approximately 25.56% immediately after Completion and allotment and issuance of the Consideration Shares. The dilution in their shareholdings will be approximately 1.4% and such dilution effect is considered to be immaterial.

	<b>As at the Latest Practicable Date</b>		<b>Immediately after Completion and allotment and issuance of the Consideration Shares</b>	
	<i>Number of Shares</i>	<i>approximately %</i>	<i>Number of Shares</i>	<i>approximately %</i>
SCA Group Holding BV	513,200,425	51.37	513,200,425	48.69
Fu An International and/ or its associate(s)	216,341,581	21.65	271,341,581	25.74
Ms. Yu Yi Fang (a Director)	50,000	0.01	50,000	0.01
Public Shareholders	<u>269,495,680</u>	<u>26.97</u>	<u>269,495,680</u>	<u>25.56</u>
<b>Total</b>	<b><u>999,087,686</u></b>	<b><u>100.00</u></b>	<b><u>1,054,087,686</u></b>	<b><u>100.00</u></b>

Given the aforementioned potential benefits of the Transaction to the Group and the terms of the Equity Transfer Agreement are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned, we are of the view that the potential dilution is acceptable.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**OPINION AND RECOMMENDATION**

Taking into account the above principal factors and reasons, we consider that the Equity Transfer Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution in relation to the Transaction to be proposed at the EGM.

Yours faithfully,  
for and on behalf of  
**SOMERLEY CAPITAL LIMITED**  
**David Ching**  
*Director*

*Mr. David Ching is a licensed person registered with the Securities and Futures Commission and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over ten years of experience in the corporate finance industry.*



*The following is the text of a report prepared for the purpose of incorporation in this circular received from Roma Appraisals Limited, an independent valuer, in connection with its valuation as at 30 September 2015 of the property.*



Unit 3806, 38/F, China Resources Building,  
26 Harbour Road, Wan Chai, Hong Kong  
Tel (852) 2529 6878 Fax (852) 2529 6806  
E-mail [info@romagroup.com](mailto:info@romagroup.com)  
<http://www.romagroup.com>

28 December 2015

**Vinda International Holdings Limited**

Penthouse,  
East Ocean Centre,  
98 Granville Road,  
Tsim Sha Tsui,  
Kowloon, Hong Kong

Dear Sir/Madam,

**Re: An industrial complex situated at Baimiao Industrial District (Lot Nos. 0603003183 and 0603000050), Sanjiang Town, Xinhui District, Jiangmen City, Guangdong Province, the People's Republic of China**

In accordance with your instruction for us to value the property intended to be acquired by Vinda International Holdings Limited (the “**Company**”) and/or its subsidiaries (together with the Company referred to as the “**Group**”) in the People's Republic of China (the “**PRC**”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 30 September 2015 (the “**Date of Valuation**”) for the purpose of incorporation in the circular of the Company dated 28 December 2015.

**1. BASIS OF VALUATION**

Our valuation of the property is our opinion of the market value of the concerned property which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

**2. VALUATION METHODOLOGY**

We have valued the property by taking into account the rental income of the property derived from the existing leases with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market. Appropriate adjustments and analysis are considered to the differences in location, size, en-bloc factors and other characters between the comparable properties and the property.

**3. TITLE INVESTIGATION**

For the property in the PRC, We have been provided with copies of extracts of title documents relating to the property in the PRC. However, we have not searched the original documents to ascertain the existence of any amendments which do not appear on the copies handed to us. We have relied, to a very considerable extent, on information given by the Group and the Group's PRC legal advisor, Jian Da, regarding the title to the property in the PRC. All documents have been used for reference only.

In valuing the property, we have relied on the advice given by the Group and its PRC legal advisor that the Group has valid and enforceable title to the property which is freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite estimated land use compensation fee/purchase consideration payable have been fully settled.

**4. VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

## 5. SOURCE OF INFORMATION

In the course of our valuation, we have relied, to a very considerable extent, on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

## 6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain property. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the property under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation are prepared in compliance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in accordance with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

**REMARKS**

Unless otherwise stated, all monetary amounts stated in our valuation are in Renminbi (“RMB”).

Our Valuation Certificate is attached.

Yours faithfully,  
For and on behalf of  
**Roma Appraisals Limited**

**Dr. Alan W K Lee**

*BCom(Property) MFin PhD(BA) MHKIS  
RPS(GP) AAPI CPV CPV(Business)*

**Associate Director**

**Frank F Wong**

*BA (Business Admin) MSc (Real Estate)  
MRICS Registered Valuer*

**Associate Director**

*Note:* Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 11 years’ valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region, European countries and American countries.

*Note:* Mr. Frank F Wong is a Chartered Surveyor and Registered Valuer who has 16 years’ valuation, transaction advisory and project consultancy of properties experience in Hong Kong and 8 years’ experience in valuation of properties in the PRC as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, France, Germany, Poland, United Kingdom, United States, Abu Dhabi (UAE) and Jordan.

## VALUATION CERTIFICATE

## Property intended to be acquired by the Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 September 2015
An industrial complex situated at Baimiao Industrial District (Lot Nos. 0603003183 and 0603000050), Sanjiang Town, Xinhui District, Jiangmen City, Guangdong Province, The PRC	The property comprises 2 parcels of land with a total site area of approximately 189,321 sq.m. and various buildings and ancillary structures erected thereon, which were completed in various stages between 2006 and 2013.	As at the Date of Valuation, the property is leased to the Group for production, warehouse, staff quarters and ancillary office uses. For detail, please see Note 4.	RMB800,000,000.
位於中國廣東省江門市新會區三江鎮白廟工業區(地號0603003183及0603000050)之工業項目	The total gross floor area of the property is approximately 127,543.02 sq.m..  The ancillary structures mainly include boundary fences, roads, water tanks, water sewage disposal treatment facilities, thermal power station and gates.  The land use rights of the property have been granted for terms expiring on 28 December 2055 and 24 May 2060 for industrial use.		

*Notes:*

- Pursuant to 2 State-owned Land Use Rights Certificates — Xin Guo Yong (2010) Di No. 02325 and Xin Guo Yong (2008) Di No. 01868 (新國用(2010)第02325號, 新國用(2008)第01868號), the land use rights of the property with a site area of 116,838 sq.m. and 72,483 sq.m. have been granted to Jiangmen Taiyuan Paper Company Limited (江門泰源紙業有限公司) (“**Former Taiyuan**”), a wholly-owned subsidiary of a connected person of the Group, for terms expiring on 24 May 2060 and 28 December 2055 respectively for industrial use.

2. Pursuant to 13 Real Estate Title Certificates, the buildings of the property with a total gross floor area of approximately 127,543.02 sq.m. have been granted to Former Taiyuan. The detail of which are as follows:

Real Estate Title Certificate	Usage	Gross Floor Area (sq.m.)
Yue Fang Di Quan Zheng Jiang Men Zi No. 0200065320	Non-domestic	674.25
Yue Fang Di Quan Zheng Jiang Men Zi No. 0200083330	Non-domestic	1,553.76
Yue Fang Di Quan Zheng Jiang Men Zi No. 0200083331	Non-domestic	1,946.05
Yue Fang Di Quan Zheng Jiang Men Zi No. 0200009317	Non-domestic	14,091.62
Yue Fang Di Quan Zheng Jiang Men Zi No. 0200065340	Non-domestic	3,477.61
Yue Fang Di Quan Zheng Jiang Men Zi No. 0200048214	Non-domestic	23,685.78
Yue Fang Di Quan Zheng Jiang Men Zi No. 0200065334	Non-domestic	16,580.89
Yue Fang Di Quan Zheng Jiang Men Zi No. 0200048211	Non-domestic	18,897.36
Yue Fang Di Quan Zheng Jiang Men Zi No. 0200065335	Non-domestic	11,619.37
Yue Fang Di Quan Zheng Jiang Men Zi No. 0200094006	Non-domestic	9,904.37
Yue Fang Di Quan Zheng Jiang Men Zi No. 0200094196	Non-domestic	17,640
Yue Fang Di Quan Zheng Jiang Men Zi No. 0200094002	Non-domestic	414.4
Yue Fang Di Quan Zheng Jiang Men Zi No. 0200094005	Non-domestic	7,057.56
	Total:	<u>127,543.02</u>

3. The status of the title and grant of major approvals and licenses in accordance with the information provided to us are as follows:

Land Use Rights Certificates	Yes
Real Estate Title Certificates	Yes

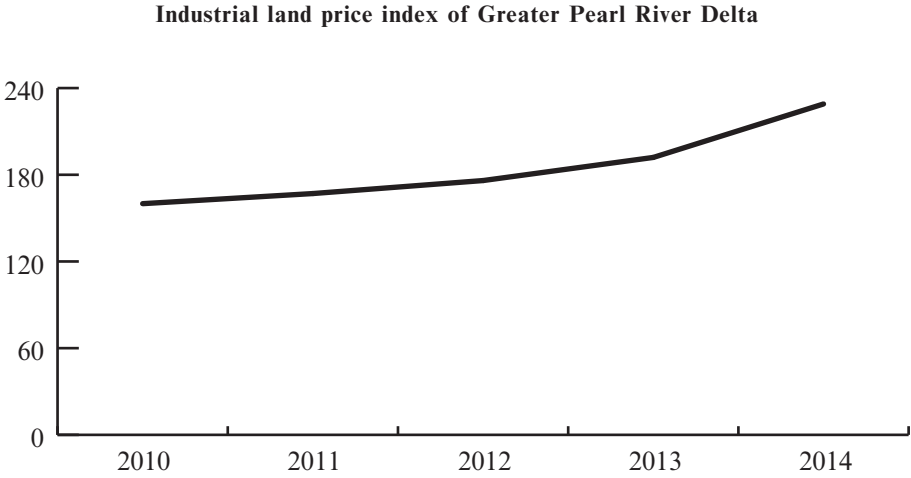
4. Pursuant to 2 Tenancy Agreements and a Supplementary Tenancy Agreement, an industrial complex with ancillary infrastructure and facilities (including boilers, sewage disposal treatment facilities and thermal power station) are leased by Former Taiyuan to the Group, for a term of 15 years commencing from 22 November 2011 with rent review on every 3-year term, at a current annual rental of RMB62,000,000 excluding all other outgoing expenses.
5. Pursuant to 4 Mortgage Contracts of Maximum Amounts P2014R31STYZYOOO1L-0003, P2014R31STYZYOOO1L-0004, P2014R31STYZYOOO1L-0005, P2014R31STYZYOOO1L-0009, 2 parcels of land with a total gross floor area of approximately 189,321 sq.m. under Xin Guo Yong (2010) Di No. 02325 and Xin Guo Yong (2008) Di No. 01868, and 7 buildings with a gross floor area of 77,407.51 sq.m under Yue Fang Di Quan Zheng Jiang Men Zi Nos. 0200065320, 0200009317, 0200065340, 0200048214, 0200065335, 0200048211 and 0200065334 are subject to a mortgage in favour of CITIC Trust Co., Ltd. (中信信託有限責任公司), as security to guarantee the principal obligation under a series of contracts for a maximum amount of RMB185,000,000 with the security term from 28 July 2014 to 21 June 2019.
6. Our inspection was performed by Mr. Frank F. Wong, Bachelor of Arts in Business Administration, Master of Science in Real Estate, a Chartered Surveyor and Registered valuer, with over 8-years property valuation experience in the PRC, in July 2015.
7. Our valuation has taken into account the existing state of the property with consider its relevant ancillary infrastructures and facilities including the boilers, water sewage disposal treatment facilities, thermal power station and the permit for pollutant discharge (排放污染物許可證) issued by the relevant PRC environmental protection bureau.

8. We have been provided with a legal opinion on the title to the property issued by Jian Da, which contains, inter alia, the following information:
  - a. Former Taiyuan is the legal owner of the property and has right to occupy, use, lease, transfer, and mortgage or otherwise dispose of the property with legal protection under the PRC law;
  - b. All land premium and other costs of ancillary utility services has been settled in full;
  - c. The 2 Tenancy Agreements and a Supplementary Tenancy Agreement are valid, legally binding and have been registered in accordance with law;
  - d. Except for aforesaid mortgage, the property is not subject to mortgage or other material encumbrances; and
  - e. The existing use of the property is in compliance with the local planning and environmental regulations and have been approved by the relevant authorities.

9. According to the land price indices published by the China Land Price Information Dynamic Publishing Platform (中國地價信息動態發佈平台), we suggested that the industrial market is going upward steadily in 2015. The most updated industrial land price indices as at the Latest Practicable Date are shown as follows:

Year	2010	2011	2012	2013	2014
Index	160	167	176	192	229

The following chart set forth the industrial land price indices of Greater Pearl River Delta from 2010 to 2014.



Source: China Land Price Information Dynamic Publishing Platform



## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### Directors and chief executives interests or short position in the Shares or underlying Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which may have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO); or have been entered in the register maintained by the Company pursuant to section 352 of the SFO or have otherwise been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules are as follows:

Name	Company/name of associated corporation	Nature of interest	Number of shares	Number of underlying Shares	Aggregate interest	Approximate percentage of interest
Mr. Li	The Company	Interest of controlled company	271,341,581 Shares (1)	—	—	—
		Personal	—	1,998,000	273,339,581	27.36%
	Fu An Trading	Personal	14,842 shares of HK\$1.00 each	—	—	74.21%
	Fu An International	Interest of controlled company	282 shares of US\$1.00 each	—	—	74.21%
	Sentential Holdings Limited	Personal	1 share of US\$1.00 each	—	—	100.00%
Ms. Yu	The Company	Interest of controlled company	271,341,581 Shares (2)	—	—	—
		Personal	50,000 Shares	240,000	271,631,581	27.19%
	Fu An Trading	Personal	3,158 shares of HK\$1.00 each	—	—	15.79%
	Fu An International	Interest of controlled company	60 shares of US\$1.00 each	—	—	15.79%
	Join Pride International Limited	Personal	10 shares of US\$1.00 each	—	—	100.00%

Name	Company/name of associated corporation	Nature of interest	Number of shares	Number of underlying Shares	Aggregate interest	Approximate percentage of interest
Mr. Dong	The Company	Interest of controlled company	271,341,581 Shares (3)	—	271,581,581	27.18%
		Personal	—	240,000		
	Fu An Trading	Personal	2,000 shares of HK\$1.00 each	—	—	10.00%
	Fu An International	Interest of controlled company	38 shares of US\$1.00 each	—	—	10.00%
	Daminos Management Limited	Personal	10 shares of US\$1.00 each	—	—	100.00%
Johann Christoph Michalski	The Company	Personal	—	220,000	220,000	0.02%
Ulf Olof Lennart Soderstrom	The Company	Personal	—	220,000	220,000	0.02%
Kam Robert	The Company	Personal	—	140,000	140,000	0.01%
Tsui King Fai	The Company	Personal	—	140,000	140,000	0.01%

*Notes:*

- Among these Shares, (a) 216,341,581 Shares are registered in the name of Fu An International which is held as to 74.21% by Sentential Holdings Limited, 15.79% by Join Pride International Limited and 10.00% by Daminos Management Limited. The entire issued share capital of Sentential Holdings Limited is held by Mr. Li; (b) 55,000,000 Shares will be allotted and issued to Fu An Trading or its nominee pursuant to the Equity Transfer Agreement. Fu An Trading is held as to 74.21% by Mr. Li, 15.79% by Ms. Yu and 10.00% by Mr. Dong.
- Among these Shares, (a) 216,341,581 Shares are registered in the name of Fu An International which is held as to 74.21% by Sentential Holdings Limited, 15.79% by Join Pride International Limited and 10.00% by Daminos Management Limited. The entire issued share capital of Join Pride International Limited is held by Ms. Yu; (b) 55,000,000 Shares will be allotted and issued to Fu An Trading or its nominee pursuant to the Equity Transfer Agreement. Fu An Trading is held as to 74.21% by Mr. Li, 15.79% by Ms. Yu and 10.00% by Mr. Dong.
- Among these Shares, (a) 216,341,581 Shares are registered in the name of Fu An International which is held as to 74.21% by Sentential Holdings Limited, 15.79% by Join Pride International Limited and 10.00% by Daminos Management Limited. The entire issued share capital of Daminos Management Limited is held by Mr. Dong; (b) 55,000,000 Shares will be allotted and issued to Fu An Trading or its nominee pursuant to the Equity Transfer Agreement. Fu An Trading is held as to 74.21% by Mr. Li, 15.79% by Ms. Yu and 10.00% by Mr. Dong.

### 3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO and so far as is known to the Directors or chief executive of the Company, the following persons (other than the Directors and the chief executive of the Company) had or were deemed or taken to have interests or short positions in the Shares or underlying shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

#### Long position in Shares and underlying Shares

Name of shareholder	Nature of interest	Interest in Shares	Interest in underlying Shares	Aggregate interest	Percentage of issued share capital
SCA Group Holding BV (1)	Beneficial owner	589,097,459 (5)	31,639,653 (6)	620,737,112	62.13%
Svenska Cellulosa Aktiebolaget (1)	Interest of controlled company	589,097,459 (5)	31,639,653 (6)	620,737,112	62.13%
Fu An Trading (2)	Beneficial owner	55,000,000	—	55,000,000	5.51%
Fu An International (3)	Beneficial owner	216,341,581	—	216,341,581	21.66%
Sentential Holdings Limited (3)	Interest of controlled company	216,341,581	—	216,341,581	21.66%
Mr. Li	Interest of controlled company	271,341,581 Shares (2) & (3)	1,998,000	273,339,581	27.36%
Nordinvest AB (4)	Beneficial owner	97,000,000	—	97,000,000	9.71%
Floras Kulle AB (4)	Interest of controlled company	97,000,000	—	97,000,000	9.71%
AB Industrivarden (publ) (4)	Interest of controlled company	97,000,000	—	97,000,000	9.71%

#### Notes:

- SCA Group Holding BV is wholly-owned by Svenska Cellulosa Aktiebolaget, a company whose shares are traded on the Stockholm, London and New York (as ADRs) stock exchanges. Under the SFO, Svenska Cellulosa Aktiebolaget is deemed to be interested in the Shares held by SCA Group Holding BV.
- 55,000,000 Shares will be allotted and issued to Fu An Trading or its nominee pursuant to the Equity Transfer Agreement. Fu An Trading is held as to 74.21% by Mr. Li, 15.79% by Ms. Yu and 10.00% by Mr. Dong. Under the SFO, Mr. Li is deemed to be interested in the Shares in which Fu An Trading is interested.
- Fu An International is held as to 74.21% by Sentential Holdings Limited, 15.79% by Join Pride International Limited and 10.00% by Daminos Management Limited. The entire issued share capital of Sentential Holdings Limited is held by Mr. Li. Under the SFO, Sentential Holdings Limited and Mr. Li are deemed to be interested in the Shares held by Fu An International.
- Nordinvest AB is directly wholly-owned by Floras Kulle AB, which, in turn, is directly wholly-owned by AB Industrivarden (publ). Under the SFO, Floras Kulle AB and AB Industrivarden (publ) are deemed to be interested in the Shares held by Nordinvest AB.
- Among these Shares, 75,897,034 Shares will be allotted and issued to SCA Group Holding BV pursuant to the sale and purchase agreement dated 28 October 2015 (as supplemented and amended by an amendment agreement dated 27 December 2015) and entered into between SCA Group

Holding BV as vendor and the Company as purchaser in respect of the sale and purchase of the entire issued share capital of SCA Hygiene Korea Co. Ltd, SCA Hygiene Malaysia Sdn Bhd and SCA Taiwan Ltd. (the “**Sale and Purchase Agreement**”).

6. These Shares represent the new Shares which will be allotted and issued by the Company to SCA Group Holding BV upon conversion of certain convertible note (the “**Convertible Note**”) to be issued by the Company and to be subscribed by SCA Group Holding BV pursuant to the terms of the Sale and Purchase Agreement and the instrument constituting the Convertible Note.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

#### **4. DIRECTORS’ INTEREST IN ASSETS AND/OR ARRANGEMENT**

Save as (i) the Lease Agreements, details of which have been set out in paragraph (G) in the “Continuing Connected Transactions” section on page 68 of the annual report of the Company for the financial year ended 31 December 2014; and (ii) the Equity Transfer Agreement, no contracts of significance in relation to the Group’s business to which the Company or any of its subsidiaries was a party and in which a Director or a controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors or proposed Directors, directly or indirectly, had any interest in any assets which had since 31 December 2014 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

#### **5. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had an existing or proposed service contract with any member of the Enlarged Group which will not expire or be determinable by the relevant member of the Enlarged Group within one year without payment of compensation (other than statutory compensation).

#### **6. COMPETING INTERESTS**

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors, proposed directors or any of their respective close associates (as defined in the Listing Rules) had any interest in business which competes with or may compete with the business of the Group or had any other conflict of interests with the Group.

## 7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

## 8. EXPERTS AND CONSENTS

The following are the names and qualifications of the experts who have given their opinions and advice which are included in this circular:

<b>Name</b>	<b>Qualification</b>
Roma	Qualified property valuer
Somerley	A corporation licensed under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising in corporate finance) regulated activities
Jian Da	Legal advisers as to the laws of the PRC

As at the Latest Practicable Date, none of the above experts had no shareholding, directly or indirectly, in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts had no interest, direct or indirect, in any assets which since 31 December 2014, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of Enlarged Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.

## 9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

## 10. MISCELLANEOUS

In the event of inconsistency, the English texts of this circular shall prevail their respective Chinese texts.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours on any weekday (except Saturdays and public holidays) at the head office and principal place of business of the Company in Hong Kong at Penthouse, East Ocean Centre, 98 Granville Road, Tsimshatsui East, Kowloon, Hong Kong, from the date of this circular, up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the letter from the Board, the text of which is set out on pages 7 to 18 of this circular;
- (c) letter from the Independent Board Committee, the text of which is set out on pages 19 and 20 of this circular;
- (d) letter from the Independent Financial Adviser, the text of which is set out on pages 21 to 38 of this circular;
- (e) the property valuation report prepared by Roma on the Sanjiang Properties set out in Appendix I to this circular;
- (f) the PRC legal opinion issued by Jian Da in respect of New Taiyuan and its land and properties;
- (g) the written consents referred to in the paragraph headed “Experts and Consents” of this appendix;
- (h) the annual reports of the Company for the two years ended 31 December 2013 and 31 December 2014 respectively;
- (i) the Equity Transfer Agreement;
- (j) the Lease Agreements; and
- (k) this circular.



**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 Camomile & Magnolia Room, Kowloon Shangri-La, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Wednesday, 13 January 2016 at 10:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company. Capitalised terms defined in the circular of the Company dated 28 December 2015 shall have the same meanings when used in this notice unless otherwise specified:

**ORDINARY RESOLUTION**

“**THAT:**

- (a) the Equity Transfer Agreement dated 1 November 2015 entered into between the Company, Fu An Trading (Hong Kong) Limited as transferor and Vinda Paper (China) Company Limited, a wholly-owned subsidiary of the Company as transferee (a copy of which has been produced to the meeting and marked “A” and initialed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares, the Directors be and are hereby authorised to allot and issue the Consideration Shares at HK\$15.868 per Consideration Share in accordance with the terms and conditions of the Equity Transfer Agreement; and

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## NOTICE OF EGM

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- (c) any one Director be and is hereby authorised to do all such acts and things and execute all such documents for and on behalf of the Company which he considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Equity Transfer Agreement and the transactions contemplated thereunder including the issue and allotment of the Consideration Shares.”

Yours faithfully,  
By order of the board  
**Vinda International Holdings Limited**  
**Johann Christoph MICHALSKI**  
*Chief Executive Officer*

28 December 2015

*Registered office:*

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

*Principal Place of Business in Hong Kong:*

Penthouse, East Ocean Centre  
98 Granville Road  
Tsimshatsui East  
Kowloon, Hong Kong

**Notes:**

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. A proxy need not be a member of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarial certified copy of such power of attorney or authority, must be deposited with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjourned Meeting.
3. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members.
4. Completion and return of the form of proxy will not preclude members from attending and voting at the EGM.