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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)

CONNECTED TRANSACTION ON DISPOSAL OF LAND

LAND USE RIGHTS TRANSFER AGREEMENT

On 24 February 2011, Vinda Paper (Guangdong), a wholly-owned subsidiary of the Company, entered into the Land Use Rights Transfer Agreement with Fu An, pursuant to which, Vinda Paper (Guangdong) has agreed to sell and Fu An has agreed to purchase the land use rights in the Land for a sum of RMB28,500,000.

LISTING RULES IMPLICATIONS

As Fu An is a company owned as to 74.21% by Mr. Li Chao Wang, 15.79% by Ms. Yu Yi Fang and 10.00% by Mr. Dong Yi Ping, three executive directors of the Company, Fu An is regarded as a Connected Person of the Company. In the circumstances, the transaction contemplated under the Land Use Rights Transfer Agreement constitutes a connected transaction of the Company. Since each of the applicable percentage ratios (other than the profits ratios) calculated with reference to the consideration payable by Vinda Paper (Guangdong) under the Land Use Rights Transfer Agreement is higher than 0.1% but less than 5%, the connected transaction contemplated under the Land Use Rights Transfer Agreement is only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirement of Chapter 14A of the Listing Rules.

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LAND USE RIGHTS TRANSFER AGREEMENT

The particulars of the Land Use Rights Transfer Agreement are as follows:

Date

24 February 2011

Parties

1. Vinda Paper (Guangdong), a wholly-owned subsidiary of the Company.
2. Fu An, a Connected Person of the Company.

Assets to be acquired

The Land is a vacant parcel of land located at Shengkeng Duhui Village and Dongshansi Chengdong Village of Huicheng Town, Jiangmen City, Guangdong Province of the PRC with a total site area of approximately 107,864 square metres. The Land is free from any charge or mortgage. The neighbourhood of the Land is developed predominately with industrial properties.

Further details of the Land are summarised as follows:

Land use term	Expiring on 22 December 2054
Size	107,864 square metres
Shape	Irregular
Frontage	Abuts on Guiyang Bei Road
Usage	Industrial

Consideration

The total consideration payable by Fu An to the Group is RMB28,500,000 which will be settled in the following manner:

- (a) as to RMB2,850,000, being 10% of the consideration, will be paid in cash within 5 business days after the execution of the Land Use Rights Transfer Agreement; and
- (b) as to RMB25,650,000, being the remaining balance, will be paid in cash upon completion of the conditions set out in the Land Use Rights Transfer Agreement.

The consideration for the land use rights in the Land was arrived at based on normal commercial terms after arm's length negotiations between the parties to the Land Use Rights Transfer Agreement and by reference to (1) an independent property valuation report issued on 14 December 2010 by an international property valuer engaged by Vinda Paper (Guangdong) which indicated that as at 1 December 2010 the market value of the Land was RMB25,200,000; (2) an independent property valuation report issued on 4 December 2010 by a PRC property valuer engaged by Vinda Paper (Guangdong) which indicated that as at 1 December 2010 the market value of the Land was RMB32,359,200; (3) the expected costs and expenses for the disposal of the land use rights in the Land; and (4) other factors set out in the paragraph headed "Reasons for and benefits of the Land Use Rights Transfer Agreement" below.

Vinda Paper (Guangdong) and Fu An will be responsible for their own relevant tax payable incurred by the transfer of the land use rights in the Land pursuant to the Land Use Rights Transfer Agreement.

Conditions

Completion of the Land Use Rights Transfer Agreement is subject to the fulfillment of, inter alia, the following conditions:

- (a) Fu An having fully settled the consideration for the land use rights in the Land to Vinda Paper (Guangdong) pursuant to the Land Use Rights Transfer Agreement;
- (b) the Land Resources Bureau of the Xin Hui District having approved the transaction contemplated under the Land Use Rights Agreement and having agreed with Fu An on the follow-up matters after the completion of the transfer under the Land Use Rights Transfer Agreement; and

(c) Vinda Paper (Guangdong) and Fu An having entered into a state owned land use rights transfer agreement (the form of which is approved by the Land Resource Bureau) pursuant to the major terms of the Land Use Rights Transfer Agreement.

Completion

Completion of the transfer under the Land Use Rights Transfer Agreement will take place within six (6) months after the date of the Land Use Rights Transfer Agreement or a later date to be agreed between Vinda Paper (Guangdong) and Fu An in writing.

If any one of the conditions specified above is not satisfied within six (6) months after the date of the Land Use Rights Transfer Agreement and Vinda Paper (Guangdong) and Fu An fail to agree with each other on the matters regarding such condition, completion will not take place. In such event, Vinda Paper (Guangdong) shall refund to Fu An such amount equivalent to the total amount paid by Fu An as the consideration under the Land Use Rights Transfer Agreement.

Governing laws

PRC laws

REASONS FOR AND BENEFITS OF THE LAND USE RIGHTS TRANSFER AGREEMENT

The Group is principally engaged in the manufacturing and sale of household consumable paper products in the PRC and its principal products include toilet paper, paper handkerchiefs, facial tissue paper and paper napkins.

Fu An is an investment holding company owned as to 74.21% by Mr. Li Chao Wang, 15.79% by Ms. Yu Yi Fang and 10.00% by Mr. Dong Yi Ping, three executive directors of the Company.

The Group purchased the land use rights in the Land on 22 December 2004 from the PRC government and the net book value of the Land amounted to RMB13,150,000 as at 31 December 2010. The Group had not been able to commence any construction on or development of the Land when the relevant PRC town planning authorities subsequently changed the zoning of the area of the Land from industrial use to commercial use. The Group had since made repeated attempts to apply to the relevant PRC governmental authorities for the permission for construction of logistics centre and production facilities on the Land but the applications were denied.

According to the land use rights transfer agreements entered into on 22 December 2004 and the relevant PRC legislations:

- (a) if the Land were left undeveloped for up to one (1) year after the date of purchase, that is, 21 December 2005, the Group would be required to pay to the relevant PRC governmental authorities 20% of the original acquisition price;
- (b) if the Land were left undeveloped for up to two (2) years after the date of purchase, that is, 21 December 2006, the relevant PRC governmental authorities would have the right to reclaim the land use rights in the Land without compensation; and
- (c) the Group may not transfer the land use rights under the land use rights transfer agreements entered into on 22 December 2004 until the total development of the Land has reached 25% of the original acquisition price.

In view of the restriction on the transfer of the land use rights in the Land, by entering into the Land Use Rights Transfer Agreement, the Group could eliminate the risks of the relevant governmental authorities reclaiming the land use rights under the land use rights transfer agreements entered into on 22 December 2004 without compensation. In addition, the risks of the Group being required to pay to the relevant PRC governmental authorities 20% of the original acquisition price under the land use rights transfer agreements entered into on 22 December 2004 will be transferred to Fu An, the purchaser under the Land Use Rights Transfer Agreement.

The Board (including the independent non-executive Directors but excluding Mr. Li Chao Wang, Ms. Yu Yi Fang, and Mr. Dong Yi Ping) considers that (i) the Land Use Rights Transfer Agreement was entered into in the usual and ordinary course of business of Vinda Paper (Guangdong), and (ii) the Land Use Rights Transfer Agreement had been negotiated and was conducted on an arm's length basis between the parties and on normal commercial terms. The Board (including the independent non-executive Directors but excluding Mr. Li Chao Wang, Ms. Yu Yi Fang, and Mr. Dong Yi Ping who had abstained from voting) believes that the terms of the Land Use Rights Transfer Agreement are fair and reasonable and are in the best interests of the Company and the shareholders of the Company as a whole.

Upon completion of the transaction under the Land Use Rights Transfer Agreement, the expected gain to be accrued to the Company is approximately HK\$18,217,000 (equivalent to approximately RMB15,350,000), which is calculated by deducting the net book value of the Land from the consideration receivable under the Land Use Rights Transfer Agreement. The Company intends to use the net sale proceeds of approximately HK\$33,824,000 (equivalent to approximately RMB28,500,000) as the Group's general working capital.

IMPLICATIONS OF THE LISTING RULES

As Fu An is a company owned as to 74.21% by Mr. Li Chao Wang, 15.79% by Ms. Yu Yi Fang and 10.00% by Mr. Dong Yi Ping, three executive directors of the Company, Fu An is regarded as a Connected Person of the Company. In the circumstances, the transaction contemplated under the Land Use Rights Transfer Agreement constitutes a connected transaction of the Company. Since each of the applicable percentage ratios (other than the profits ratios) calculated with reference to purchase amount payable by Vinda Paper (Guangdong) under the Land Use Rights Transfer Agreement is more than 0.1% but less than 5%, the connected transaction contemplated under the Land Use Rights Transfer Agreement is only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirement of Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	means the board of directors of the Company
“Company”	means Vinda International Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 3331)
“Connected Person”	shall have the meaning given to it in the Listing Rules
“Directors”	means the directors of the Company
“Fu An”	means Fu An Trading (Hong Kong) Limited, a company incorporated under the laws of Hong Kong on 3 December 2010 and is owned as to 74.21% by Mr. Li Chao Wang, 15.79% by Ms. Yu Yi Fang and 10.00% by Mr. Dong Yi Ping, three executive directors of the Company
“Group”	means the Company and its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC

“Land”	means the parcel of land located at Shengkeng Duhui Village and Dongshansi Chengdong Village of Huicheng Town, Jiangmen City, Guangdong Province, the PRC with a total site area of approximately 107,864 square metres which is the subject of the Land Use Rights Transfer Agreement
“Land Use Rights Transfer Agreement”	means a land use rights transfer agreement dated 24 February 2011 made between Vinda Paper (Guangdong) as vendor and Fu An as purchaser in relation to the proposed disposal of the land use rights in the Land for a sum of RMB28,500,000
“Listing Rules”	means the Rules Governing The Listing of Securities on the Stock Exchange
“PRC”	means People’s Republic of China
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Vinda Paper (Guangdong)”	means Vinda Paper (Guangdong) Co. Limited, a wholly-owned subsidiary of the Company established in the PRC
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	means Renminbi, the lawful currency of the PRC
“%”	means per cent.

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

Hong Kong, 25 February 2011

As at the date of this announcement, the executive Directors are Mr. Li Chao Wang, Ms. Yu Yi Fang, Ms. Zhang Dong Fang and Mr. Dong Yi Ping; the non-executive Directors are Mr. Johann Christoph Michalski and Mr. Chiu Bun; and the independent non-executive Directors are Dr. Cao Zhen Lei, Mr. Kam Robert, Mr. Hui Chin Tong Godfrey and Mr. Tsui King Fai.