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**DISCLOSEABLE TRANSACTION AND INSIDE INFORMATION  
DISPOSAL OF CERTAIN ASSETS OF NORTH AMERICAN OPERATION**

The Board would like to announce that on 23rd March, 2016 (Eastern time, which is 24th March, 2016 before trading hours of Hong Kong time), the Company and Vitasoy USA, a wholly-owned subsidiary of the Company, entered into an Agreement with the Purchaser and Pulmuone pursuant to which Vitasoy USA has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire certain assets underlying some of the Group's business operation in North America, including real property, plant and equipment, working capital, intellectual property rights of Vitasoy USA used in relation to the Mainstream Business and San Sui Business, including but not limited to Vitasoy USA's ownership of the San Sui brand in North America (the "Assets"). The aggregate consideration for the Assets is US\$50.0 million (equivalent to approximately HK\$387.5 million).

The proceeds from the Disposal will be used as for financing the future capital expenditure investments of the Company's operations in Hong Kong and Mainland China. Vitasoy USA will continue to operate its Asian Business, namely, for the import and sales of Hong Kong beverage products in Asian sales channel in North America after the Disposal.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

**As the Disposal is subject to satisfaction of the Closing Conditions, the Disposal may or may not materialise. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

## **INTRODUCTION**

The Board would like to announce that on 23rd March, 2016 (Eastern time, which is 24th March, 2016 before trading hours of Hong Kong time), the Company and Vitasoy USA, a wholly-owned subsidiary of the Company, entered into an Agreement with the Purchaser and Pulmuone pursuant to which Vitasoy USA has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire certain assets underlying some of the Group's business operation in North America, including real property, plant and equipment, working capital, intellectual property rights of Vitasoy USA used in relation to the Mainstream Business and San Sui Business, including but not limited to Vitasoy USA's ownership of the San Sui brand in North America (the "Assets"). The aggregate consideration for the Assets is US\$50.0 million (equivalent to approximately HK\$387.5 million).

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

## **DETAILS OF THE AGREEMENT**

**Date** 23rd March, 2016

### **Parties**

**Vendor:** Vitasoy USA

**Vendor's parent company:** the Company

**Purchaser:** Coast Acquisition Company LLC, an affiliate of Pulmuone Foods Co., Ltd.

**Purchaser's parent company:** Pulmuone Foods Co., Ltd.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Purchaser, Pulmuone and their ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

### **Assets to be Disposed of**

Under the Agreement, Vitasoy USA has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Assets underlying the Group's business operation in North America.

## **Consideration**

The aggregate consideration to be paid by the Purchaser to Vitasoy USA in respect of the Assets is US\$50.0 million (equivalent to approximately HK\$387.5 million). The Consideration will be subject to a working capital adjustment to be carried out after Closing in respect of the Assets, the Consideration could be adjusted upward or downward.

The Purchaser shall pay the Consideration to Vitasoy USA in cash in the following manners:

- (a) the Consideration less the Escrow Fund shall be paid to Vitasoy USA in cash at Closing in accordance with the terms of the Agreement;
- (b) the Escrow Fund to an escrow account at Closing;
- (c) at twelve months after Closing, 50% of the Escrow Fund (less the working capital adjustment payment, indemnification or other payments or pending claims pursuant to the Agreement payable to the Purchaser, if any) shall be released to Vitasoy USA; and
- (d) at eighteen months after the Closing, the remaining balance of the Escrow Fund (less the indemnification or other payments or pending claims pursuant to the Agreement payable to the Purchaser, if any) shall be released to Vitasoy USA.

The Consideration was arrived at after arm's length negotiations between Vitasoy USA and the Purchaser and on normal commercial terms, taking into account, among other factors, the unaudited book value of the Assets at US\$24.4 million (equivalent to approximately HK\$189.1 million) as at 31st December, 2015 and the estimated revenue/business growth generated by the Assets.

## **Closing Conditions**

The obligation of the Purchaser and Vitasoy USA to complete the Disposal is further conditional upon the satisfaction or waiver of, inter alia, the following major closing conditions (the "Closing Conditions") under the Agreement at Closing:

1. there having occurred no material adverse change in respect of the Assets or the related business;
2. Vitasoy USA having obtained and delivered to the Purchaser required consents under applicable material contracts;
3. Vitasoy USA and the Purchaser having obtained all material licenses, permits, consents, assignments, approvals, certificates, registrations and authorisations applicable to them required to permit the Closing from all appropriate parties;

4. the Purchaser's and Vitasoy USA's representations and warranties contained in the Agreement remaining true, accurate and not misleading;
5. the Purchaser and Vitasoy USA having performed and complied with their obligations under the Agreement;
6. the Purchaser and Vitasoy USA having received all ancillary closing documents and items listed in the Agreement; and
7. no injunctions or restraints are being imposed by any governmental organization or authority to prevent the consummation of the transactions contemplated by the Agreement and other agreements ancillary to the Agreement.

### **Closing**

Closing shall take place on the third business day after satisfaction or waiver of the Closing Conditions, or on such other date as the Purchaser and Vitasoy USA may agree. If Closing does not take place on or before forty-five days after the date of the Agreement, either Vitasoy USA or the Purchaser may terminate the Agreement.

### **ON-GOING AGREEMENT**

To facilitate the business transition, the parties will also enter into various agreements at the time of the Closing, in particular, Vitasoy USA will enter into a transition services agreement with the Purchaser pursuant to which either Vitasoy USA or the Purchaser will provide various transition services to each other, such as the marketing, sale and distribution of San Sui tofu products, maintaining e-mail accounts, and access to information or personnel for compliance of statutory requirements or defending third party claims for not more than twelve months or such longer period as legally required after Closing.

### **FINANCIAL INFORMATION**

As of 31st December, 2015, the unaudited book value of the Assets was US\$24.4 million (equivalent to approximately HK\$189.1 million).

The net loss (both before and after taxation) attributable to the Assets for the two financial years ended 31st March 2014 and 2015, which were prepared in accordance with U.S. generally accepted accounting principles, were as follows:

	Year ended 31st March, 2014 (US\$'000)	Year ended 31st March, 2015 (US\$'000)
Net loss before taxation	61.9	890.7
Net loss after taxation	61.9	890.7

## **REASONS FOR THE DISPOSAL**

The Company has been reviewing the direction of its North American business operation. The Board is of the view that the Disposal will enable the Group to focus and accelerate its growth of core businesses in Hong Kong and Mainland China as well as to support its further expansion into other new markets.

Taking into account of the Consideration of US\$50.0 million (equivalent to approximately HK\$387.5 million) (before adjustment, if any), the unaudited book value of the Assets US\$24.4 million (equivalent to approximately HK\$189.1 million) as at 31st December, 2015 and the estimated transaction costs US\$5.8 million (equivalent to approximately HK\$45.0 million), the Group is expected to record an unaudited estimated gain on the Disposal of approximately US\$19.8 million (equivalent to approximately HK\$153.5 million) (before relevant taxes and extraordinary items).

The net proceeds from the Disposal will be applied for financing the future capital expenditure and investments of the Company's operations in Hong Kong and Mainland China. Vitasoy USA will continue to operate its Asian Business, namely, for the import and sales of Hong Kong beverage products in Asian sales channel in North America after the Disposal.

The Board considered that the terms of the Disposal and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF THE COMPANY, VITASOY USA, THE PURCHASER AND PULMUONE**

The principal business activities of the Company are the manufacture and sale of food and beverages.

Vitasoy USA is a direct wholly-owned subsidiary of the Company. The principal business activities of Vitasoy USA are the manufacture and sale of soy related products.

Purchaser is an affiliate of Pulmuone and was newly formed by Pulmuone for the purpose of acquiring the Assets.

The principal business activities of Pulmuone are the manufacture and sale of healthy and sustainable food products in a variety of categories.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

**As the Disposal is subject to satisfaction of the Closing Conditions, the Disposal may or may not materialise. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

## **DEFINITIONS**

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

“Agreement”	The assets purchase agreement dated 23rd March, 2016 entered into between Vitasoy USA as seller, Coast Acquisition Company LLC as purchaser, the Company as seller’s parent and Pulmuone as purchaser’s parent in relation to the sale and purchase of the Assets underlying the Group’s Mainstream Business and San Sui Business in North America;
“Asian Business”	The import and sales of Hong Kong beverage products in Asian sales channel in North America;
“Assets”	has the meaning identified above;
“Board”	the board of Directors;
“Closing Conditions”	has the meaning given to it in the section headed “The Agreement – Closing Conditions” of this announcement;
“Company”	Vitasoy International Holdings Limited (維他奶國際集團有限公司), a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange (Stock Code: 345);
“Closing”	the consummation of the Disposal in accordance with the terms of the Agreement;
“Consideration”	US\$50.0 million, being the aggregate consideration for the Assets, subject to adjustment in accordance with the terms of the Agreement;
“Directors”	the directors (including the independent non-executive directors) of the Company;
“Disposal”	disposal of the Assets by Vitasoy USA to the Purchaser on the terms of the Agreement;

“Escrow Fund”	the sum of US\$5.0 million to be deposited into an escrow account maintained with JP Morgan Chase Bank, N.A. by the Purchaser at Closing;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Mainstream Business”	the development, manufacture and/or distribution of tofu, Asian pasta, noodles and wraps, vegan sandwich spreads, kimchi and other similar products;
“Pulmuone”	Pulmuone Foods Co., Ltd., a joint stock company incorporated in South Korea;
“Purchaser”	Coast Acquisition Company LLC, an entity formed by Pulmuone for the purpose of acquiring the Assets and an affiliate of Pulmuone;
“San Sui brand”	Chinese and Korean characters of San Sui words;
“San Sui Business”	production and sales of “San Sui” branded tofu in Asian channel markets in North America;
“Shareholders”	holders of the issued shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollars, the lawful currency of the United States of America;
“Vitasoy USA”	Vitasoy USA Inc., a company incorporated in the State of California, a wholly-owned subsidiary of the Company; and
“%”	per cent.

*For the purpose of this announcement, conversions of US\$ into HK\$ are based on the approximate exchange rate of US\$1 to HK\$7.75 for the purpose of illustration only. No representation is made that any amount of HK\$ or US\$, as the case may be, could have been or could be converted at the above rate or at any other particular rates.*

By Order of the Board  
**Winston Yau-lai LO**  
*Executive Chairman*

Hong Kong, 24th March, 2016

*As at the date of this announcement, Mr. Winston Yau-lai Lo and Mr. Roberto Guidetti are executive Directors. Ms. Myrna Mo-ching Lo and Ms. Yvonne Mo-ling Lo are non-executive Directors. Dr. the Hon. Sir David Kwok-po Li, Mr. Jan P. S. Erlund, Mr. Valiant Kin-piu Cheung and Mr. Anthony John Liddell Nightingale are independent non-executive Directors.*