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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)

ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
THE VINDA MASTER PROCUREMENT AGREEMENT AND
ESSITY MASTER PROCUREMENT AGREEMENT

**VINDA MASTER PROCUREMENT AGREEMENT AND ESSITY MASTER
PROCUREMENT AGREEMENT**

On 17 December 2021, the Company entered into the following agreements with Essity Group Holding:

- (1) Essity Group Holding as vendor and the Company as purchaser entered into the Vinda Master Procurement Agreement, pursuant to which Essity Group Holding shall sell (or procure the relevant member(s) of the Essity Group to sell) to the Group such quantities of the Essity Products in accordance with the Vinda Master Procurement Agreement; and
- (2) the Company as vendor and Essity Group Holding as purchaser entered into the Essity Master Procurement Agreement, pursuant to which the Company shall sell (or procure the relevant member(s) of the Group to sell) to the Essity Group such quantities of the Vinda Products in accordance with the Essity Master Procurement Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Essity Group Holding is directly interested in 620,737,112 shares of the Company, representing approximately 51.68% of the total issued share capital of the Company. Essity Group Holding is therefore a Controlling Shareholder of the Company and a Connected Person of the Company. Hence, the transactions contemplated under the Vinda Master Procurement Agreement and the Essity Master Procurement Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and will be aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) calculated based on the Vinda Annual Caps and the Essity Annual Caps are, on an aggregated basis, more than 0.1% but less than 5%, the transactions contemplated under the Vinda Master Procurement Agreement and the Essity Master Procurement Agreement are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the Announcement in relation to the continuing connected transactions of the Group under the Previous Master Agreements.

As the Previous Master Agreements will expire on 31 December 2021 and with Asaleo Care Limited forming part of the Essity Group with effect from 1 July 2021, the Company entered into the Vinda Master Procurement Agreement and the Essity Master Procurement Agreement with Essity Group Holding on 17 December 2021 for a term of three (3) years commencing on 1 January 2022 in order to continue to regulate the sale of the Vinda Products by the Group to the Essity Group and the purchase of the Essity Products by the Group from the Essity Group.

VINDA MASTER PROCUREMENT AGREEMENT

The principal terms of the Vinda Master Procurement Agreement are set out below.

Date

17 December 2021 (after trading hours)

Parties

- (1) Essity Group Holding as vendor; and
- (2) the Company as purchaser.

Products and the total quantity

Essity Group Holding shall sell (or procure the relevant member(s) of the Essity Group to sell) such quantities of the Essity Products which the Company (or other relevant member(s) of the Group) may, from time to time, request in accordance with the applicable rolling forecasts under the Vinda Master Procurement Agreement.

Term

The term of the Vinda Master Procurement Agreement shall commence on 1 January 2022 and, unless the Vinda Master Procurement Agreement is otherwise terminated or discharged in accordance with its own terms, shall continue in force for a period of three (3) years thereafter.

If Essity Group Holding (or the relevant member(s) of the Essity Group) or the Company (or the relevant member(s) of the Group) wishes to cease to supply or purchase the Essity Products (as the case may be), then the party wishing to discontinue the supply or purchase of the Essity Products may only discontinue such supply or purchase six (6) months after the date of providing the other party with a termination notice in accordance with the Vinda Master Procurement Agreement.

Pricing

The price at which the Essity Products will be sold shall be an amount equivalent to the sum of (i) the actual cost of the Essity Products, plus (ii) a margin of 10% and shall be determined at the time that the relevant purchase order for such Essity Products is placed by the Company (or any relevant member(s) of the Group), and shall be exclusive of any value added tax and business tax.

The actual cost of the Essity Products shall be determined on a quarterly basis with reference to, without limitation, the nature of the relevant Essity Products and the cost of producing such Essity Products.

The price of the Essity Products shall be based on normal commercial terms or on terms no less favourable to the relevant member(s) of the Group when compared to those offered by the relevant member(s) of the Group to independent third parties.

Payment Terms

All payments in relation to the sale and purchase of the Essity Products pursuant to the Vinda Master Procurement Agreement shall be payable monthly in arrears and in the currency of the relevant price quotation in respect of the Essity Products.

Historical Amounts

For the two (2) years ended 31 December 2019 and 2020 and the eleven months ended 30 November 2021, the historical amounts for the transactions similar to those contemplated under the Vinda Master Procurement Agreement were approximately HK\$177,923,354, HK\$187,960,283 and HK\$129,654,944, respectively.

Vinda Annual Caps

Pursuant to the requirements under Chapter 14A of the Listing Rules, the Company proposes the following Vinda Annual Caps with respect to the Vinda Master Procurement Agreement:

Year	2022	2023	2024
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Vinda Annual Caps	250,000,000	250,000,000	250,000,000

The Vinda Annual Caps were determined by reference to the historical transaction amounts under the Previous Vinda Master Procurement Agreement, the expected rate of growth of the Group's sales and overall business and the agreed pricing pursuant to the Vinda Master Procurement Agreement.

ESSITY MASTER PROCUREMENT AGREEMENT

The principal terms of the Essity Master Procurement Agreement are set out below.

Date

17 December 2021 (after trading hours)

Parties

- (1) the Company as vendor; and
- (2) Essity Group Holding as purchaser.

Products and the total quantity

The Company shall sell (or procure the relevant member(s) of the Group to sell) such quantities of the Vinda Products which Essity Group Holding (or other relevant member(s) of the Essity Group) may, from time to time, request in accordance with applicable rolling forecasts under the Essity Master Procurement Agreement.

Term

The term of the Essity Master Procurement Agreement shall commence on 1 January 2022 and, unless the Essity Master Procurement Agreement is otherwise terminated or discharged in accordance with its own terms, shall continue in force for a period of three (3) years thereafter.

If the Company (or the relevant member(s) of the Group) or Essity Group Holding (or the relevant member(s) of the Essity Group) wishes to cease to supply or purchase the Vinda Products (as the case may be), then the party wishing to discontinue the supply or purchase of the Vinda Products may only discontinue such supply or purchase six (6) months after the date of providing the other party with a termination notice in accordance with the Essity Master Procurement Agreement.

Pricing

The price at which the Vinda Products will be sold shall be an amount equivalent to the sum of (i) the actual cost of the Vinda Products, plus (ii) a margin of 10% and shall be determined at the time that the relevant purchase order for such Vinda Products is placed by Essity Group Holding (or any relevant member(s) of the Essity Group), and shall be exclusive of any value added tax and business tax.

The actual cost of the Vinda Products shall be determined on a quarterly basis with reference to, without limitation, the nature of the relevant Vinda Products and the cost of producing such Vinda Products.

The price of the Vinda Products shall be based on normal commercial terms or on terms no less favourable to the relevant member(s) of the Group when compared to those received by the relevant member(s) of the Group from independent third parties.

Payment Terms

All payments in relation to the sale and purchase of the Vinda Products pursuant to the Essity Master Procurement Agreement shall be payable monthly in arrears and in the currency of the relevant price quotation in respect of the Vinda Products.

Historical Amounts

For the two (2) years ended 31 December 2019 and 2020 and the eleven months ended 30 November 2021, the historical amounts for the transactions similar to those contemplated under the Previous Asaleo Care Product Supply Agreement and the Previous Essity Master Procurement Agreement, in aggregate, were approximately HK\$184,774,793, HK\$175,617,667 and HK\$186,069,172, respectively.

Essity Annual Caps

Pursuant to the requirements under Chapter 14A of the Listing Rules, the Company proposes the following Essity Annual Caps with respect to the Essity Master Procurement Agreement:

Year	2022	2023	2024
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Essity Annual Caps	400,000,000	400,000,000	400,000,000

The Essity Annual Caps were determined by reference to the historical transaction amounts under the Previous Asaleo Care Product Supply Agreement and the Previous Essity Master Procurement Agreement, the expected rate of growth of the Group's sales and overall business and the agreed pricing pursuant to the Essity Master Procurement Agreement.

REASONS FOR AND BENEFITS OF THE VINDA MASTER PROCUREMENT AGREEMENT AND THE ESSITY MASTER PROCUREMENT AGREEMENT

The Company considers that it would be beneficial for the Company to enter into the Vinda Master Procurement Agreement and the Essity Master Procurement Agreement as the transactions contemplated thereunder have facilitated, and will continue to facilitate, the overall operations and growth of the Group's business.

As the Company has had a history of business collaboration with the Essity Group, it is also expected that the transactions contemplated under the Vinda Master Procurement Agreement and the Essity Master Procurement Agreement will further deepen the strategic partnership, establish better collaboration and ensure efficient cooperation between the Company and the Essity Group.

AGGREGATE ANNUAL CAPS

The Aggregate Annual Caps of the Company under the Essity Master Procurement Agreement and Vinda Master Procurement Agreement (which are aggregated under Rule 14A.81 of the Listing Rules) for each of the years ending 31 December 2022, 2023 and 2024 will be as follows:

Year	2022	2023	2024
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Vinda Annual Caps	250,000,000	250,000,000	250,000,000
Essity Annual Caps	<u>400,000,000</u>	<u>400,000,000</u>	<u>400,000,000</u>
Total:	<u>650,000,000</u>	<u>650,000,000</u>	<u>650,000,000</u>

LISTING RULES IMPLICATIONS

As at the date of this announcement, Essity Group Holding is directly interested in 620,737,112 shares of the Company, representing approximately 51.68% of the total issued share capital of the Company. Essity Group Holding is therefore a Controlling Shareholder of the Company and a Connected Person of the Company. Hence, the transactions contemplated under the Vinda Master Procurement Agreement and the Essity Master Procurement Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and will be aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) calculated based on the Vinda Annual Caps and the Essity Annual Caps are, on an aggregated basis, more than 0.1% but less than 5%, the transactions contemplated under the Vinda Master Procurement Agreement and the Essity Master Procurement Agreement are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In the event that (i) the amount of the price payable or receivable by the Group for any financial year during the term of the Vinda Master Procurement Agreement and/or the Essity Master Procurement Agreement exceeds the Vinda Annual Caps or the Essity Annual Caps (as the case may be) for the relevant year, or (ii) the Vinda Master Procurement Agreement or the Essity Master Procurement Agreement is renewed or there is any material change to its terms, the Company will re-comply with the relevant provisions under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the terms of the Vinda Master Procurement Agreement and the Essity Master Procurement Agreement and the transactions contemplated thereunder (including the Vinda Annual Caps and the Essity Annual Caps) are on normal commercial terms or better and fair and reasonable, and are entered into in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

Mr. Carl Magnus GROTH and Mr. Carl Fredrik Stenson RYSTEDT, the non-executive Directors, are current employees of Essity Group. Accordingly, Mr. GROTH and Mr. RYSTEDT have abstained from voting on the relevant board resolutions approving the transactions contemplated under the Vinda Master Procurement Agreement and the Essity Master Procurement Agreement. Save as aforementioned, none of the other Directors has a material interest in the transactions contemplated under the Vinda Master Procurement Agreement or the Essity Master Procurement Agreement, and hence no other Director is required to abstain from voting on the relevant board resolutions approving such agreements and the transactions contemplated thereunder.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in the manufacturing and sale of tissue and personal care products in the mainland China, Hong Kong SAR, Macau SAR, Chinese Taiwan, Korea, Malaysia and other Southeast Asian countries including, among others, Singapore, Thailand and Indonesia, and its principal products include toilet paper, hanky, softpack, box tissues, wet wipes, paper napkins, baby diapers, incontinence products and feminine care products.

INFORMATION ABOUT ESSITY GROUP

Essity Group Holding is a member of the Essity Group and wholly owned by Essity. Essity is a leading global hygiene and health company dedicated to improving well-being through products and services. Sales are conducted in approximately 150 countries under leading global brands. Essity's headquarters is located in Stockholm, Sweden, and it is listed on Nasdaq Stockholm.

DEFINITIONS

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

“Aggregate Annual Caps”	means the Vinda Annual Caps and the Essity Annual Caps
“Announcement”	the announcement of the Company dated 21 December 2018 in relation to the Previous Master Agreements
“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 of Hong Kong Limited (stock code: 3331)
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Essity”	Essity Aktiebolag (publ), a company incorporated under the laws of Sweden, a Controlling Shareholder and a Connected Person of the Company

“Essity Annual Caps”	means the annual maximum monetary value of the Vinda Products to be sold by the Company (or the relevant members(s) of the Group) to Essity Group Holding (or the relevant member(s) of the Essity Group) under the Essity Master Procurement Agreement for each of the three years ending 31 December 2024
“Essity Group”	Essity and its subsidiaries, but excluding the Group
“Essity Group Holding”	means Essity Group Holding BV, a Controlling Shareholder and a Connected Person of the Company
“Essity Master Procurement Agreement”	means the master procurement agreement dated 17 December 2021 entered into between the Company and Essity Group Holding governing the sale of the Vinda Products by the Company (or the relevant member(s) of the Group) to Essity Group Holding (or the relevant member(s) of the Essity Group)
“Essity Products”	means the personal care products and raw materials as required by the Company for the personal care business of the Group that Essity Group Holding has agreed to sell (or procure the relevant member(s) of the Essity Group to sell) to the Group in the mainland China, Hong Kong SAR, Macau SAR, Chinese Taiwan, Korea, Malaysia, Singapore, Thailand, Philippines, Indonesia, Vietnam, Cambodia, Myanmar, Laos, East Timor, Brunei, and in other jurisdictions (as applicable) on the principal terms as set out in the Vinda Master Procurement Agreement
“Group”	the Company and its subsidiaries
“Hong Kong SAR”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Macau SAR”	the Macau Special Administrative Region of the PRC
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this announcement only, Hong Kong SAR, Macau SAR and Chinese Taiwan
“Previous Asaleo Care Product Supply Agreement”	the product supply agreement dated 21 December 2018 entered into between the Company as vendor and Asaleo Personal Care Pty Ltd. as purchaser in relation to the sale and purchase of certain household consumable paper and/or personal care products supplied by the Company (or the relevant member(s) of the Group) to Asaleo Personal Care Pty Ltd. (or Asaleo Care Limited or its subsidiaries) from time to time
“Previous Essity Master Procurement Agreement”	the master procurement agreement dated 21 December 2018 entered into between the Company and Essity Group Holding in relation to the sale of certain personal care products and raw materials by the Company (or the relevant member(s) of the Group) to Essity Group Holding (or the relevant member(s) of the Essity Group)
“Previous Master Agreements”	the Previous Asaleo Care Product Supply Agreement, the Previous Vinda Master Procurement Agreement and the Previous Essity Master Procurement Agreement
“Previous Vinda Master Procurement Agreement”	the master procurement agreement dated 21 December 2018 entered into between Essity Group Holding and the Company in relation to the sale of certain personal care products and raw materials by Essity Group Holding (or the relevant member(s) of the Essity Group) to the Company (or other relevant member(s) of the Group)

“Vinda Annual Caps”	means the annual maximum monetary value of the Essity Products to be sold by Essity Group Holding (or the relevant member(s) of the Essity Group) to the Company (or the relevant member(s) of the Group) under the Vinda Master Procurement Agreement for each of the three years ending 31 December 2024
“Vinda Master Procurement Agreement”	means the master procurement agreement dated 17 December 2021 entered into between Essity Group Holding and the Company governing the sale of the Essity Products by Essity Group Holding (or the relevant member(s) of the Essity Group) to the Company (or the relevant member(s) of the Group)
“Vinda Products”	means the household consumable paper and personal care products and raw materials as required by Essity Group Holding for the tissue business and personal care business of the Essity Group, respectively, that the Company has agreed to sell (or procure the relevant member(s) of the Group to sell) to the Essity Group on the principal terms as set out in the Essity Master Procurement Agreement

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

Hong Kong SAR, 17 December 2021

As at the date of this announcement, the board of directors of the Company comprises:

Executive Directors:

Mr. LI Chao Wang
Ms. YU Yi Fang
Ms. LI Jielin
Mr. DONG Yi Ping

Non-executive Directors:

Mr. Jan Christer JOHANSSON
Mr. Carl Magnus GROTH
Mr. Carl Fredrik Stenson RYSTEDT
Mr. Johann Christoph MICHALSKI

Independent Non-executive Directors:

Ms. LEE Hsiao-yun Ann
Mr. TSUI King Fai
Mr. WONG Kwai Huen, Albert
Mr. LAW Hong Ping, Lawrence

Alternate Directors:

Mr. Gert Mikael SCHMIDT (*alternate to Mr. JOHANSSON and Mr. GROTH*)
Mr. Dominique Michel Jean DESCHAMPS (*alternate to Mr. RYSTEDT*)