
LETTER FROM BNPP AND CICC



BNP PARIBAS

BNP Paribas Securities (Asia) Limited



CICC
中金公司

China International Capital Corporation

Hong Kong Securities Limited

8 March 2024

To the Independent Shareholders

Dear Sir/Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
BNP PARIBAS SECURITIES (ASIA) LIMITED AND
CHINA INTERNATIONAL CAPITAL CORPORATION
HONG KONG SECURITIES LIMITED FOR AND ON BEHALF OF
THE OFFEROR FOR ALL THE ISSUED SHARES OF
VINDA INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY THE OFFEROR AND
THE OFFEROR CONCERT PARTIES)**

INTRODUCTION

We refer to (i) the Rule 3.7 Announcement; (ii) the Joint Announcement; (iii) the joint announcements dated 18 December 2023, 5 February 2024, 15 February 2024 and 4 March 2024 issued by the Offeror and the Company in relation to, among other things, the status of satisfaction of the Pre-Conditions; (iv) the joint announcement dated 5 January 2024 issued by the Offeror and the Company in relation to, among other things, the delay in despatch of the Composite Document; and (v) the announcement dated 12 January 2024 in relation to, among other things, the appointment of the Independent Financial Adviser.

On 4 March 2024, the Offeror and the Company jointly announced that all Pre-Conditions had been satisfied.

This letter sets out, among other things, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. Further terms and procedures for acceptance of the Offer are set out in Appendix I to the Composite Document (of which this letter forms part) and the accompanying Form of Acceptance.

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The Independent Shareholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, “Letter from the Independent Board Committee” and “Letter from the Independent Financial Adviser” as set out in the Composite Document, the appendices to the Composite Document and the accompanying Form of Acceptance and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

THE OFFER

BNPP and CICC are making the Offer for and on behalf of the Offeror to acquire all the Offer Shares in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$23.50 in cash

If after the date of the Composite Document, any dividend, distribution and/or return of capital is announced, declared, made and/or paid in respect of the Shares, the Offeror reserves the right to reduce the Offer Price by the gross amount of the dividend, distribution and/or return of capital paid or made by the Company in respect of each Offer Share to such Shareholders who accept or have accepted the Offer, and, unless otherwise specified or the context otherwise requires, any reference in the Joint Announcement, the Composite Document or any other announcement in relation to the Offer Price will be deemed to be a reference to the Offer Price as so reduced by the amount of such dividend, distribution and/or return of capital declared, made or paid per Offer Share. Any such reduction will only apply to those Offer Shares in respect of which the Offeror will not be entitled to the relevant dividend, distribution and/or return of capital.

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from any mortgage, charge, pledge, lien, equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement, rights of pre-emption and any other third party rights of any nature or any agreement for any of the same and together with all rights attaching to them as at the Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, the record date of which is on or after the Closing Date. Any dividends or other distributions the record date of which is before the Closing Date will be paid by the Company to the Shareholders who are qualified for such dividends or distributions.

As at the Latest Practicable Date, the Company does not have outstanding dividends which have been declared but not yet paid. The Company has no intention to declare any dividend before the close of the Offer.

Further details of the terms of the Offer and the procedures for acceptance are set out in Appendix I to the Composite Document and the accompanying Form of Acceptance.

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Comparison of value

The Offer Price of HK\$23.50 per Share represents:

- (a) a premium of approximately 21.38% over the closing price as quoted on the Stock Exchange on 17 November 2023, being the last trading day before the Rule 3.7 Announcement, of HK\$19.36 per Share;
- (b) a premium of approximately 13.53% over the closing price as quoted on the Stock Exchange on the Last Trading Day of HK\$20.70 per Share;
- (c) a premium of approximately 0.21% over the closing price as quoted on the Stock Exchange on the Latest Practicable Date of HK\$23.45 per Share;
- (d) a premium of approximately 16.50% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) trading days up to and including the Last Trading Day of HK\$20.17 per Share;
- (e) a premium of approximately 17.39% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) trading days up to and including the Last Trading Day of HK\$20.02 per Share;
- (f) a premium of approximately 19.36% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day of HK\$19.69 per Share;
- (g) a premium of approximately 22.12% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day of HK\$19.24 per Share;
- (h) a premium of approximately 135.64% over the audited consolidated net asset value of approximately HK\$9.97 per Share, based on the audited consolidated net assets of the Company as at 31 December 2022 and the number of Shares in issue as at the Latest Practicable Date;
- (i) a premium of approximately 149.78% over the unaudited consolidated net asset value of approximately HK\$9.41 per Share, based on the unaudited consolidated net assets of the Company as at 30 June 2023 and the number of Shares in issue as at the Latest Practicable Date; and
- (j) a premium of approximately 145.23% over the audited consolidated net asset value of approximately HK\$9.58 per Share, based on the audited consolidated net assets of the Company as at 31 December 2023 and the number of Shares in issue as at the Latest Practicable Date.

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Highest and lowest Share prices

During the Relevant Period, the highest closing price per Share as quoted on the Stock Exchange was HK\$23.45 on 5 March 2024 and the lowest closing price per Share as quoted on the Stock Exchange was HK\$15.30 on 1 August 2023.

Value of the Offer

As at the Latest Practicable Date, there were 1,203,285,373 Shares in issue. On the basis of the Offer Price of HK\$23.50 per Offer Share and 1,203,285,373 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company would be valued at approximately HK\$28,277.2 million.

Assuming no new Shares are issued after the Latest Practicable Date, based on the Offer Price of HK\$23.50 per Offer Share and 1,110,747,273 Offer Shares, the maximum consideration for the Offer would be approximately HK\$26,102.56 million. As at the Latest Practicable Date, the Company does not have outstanding dividends which have been declared but not yet paid.

Confirmation of financial resources

The Offeror intends to finance and satisfy the consideration (including the buyer's ad valorem stamp duty) payable under the Offer with its internal resources and the Loan Facility provided to the Offeror. As security in favour of the financing parties of the Loan Facility, the Offeror has agreed, among other things, to create security over all Shares held by itself and its subsidiary after the first date on which settlement of the consideration (in respect of such number of Offer Shares which will result in the Offeror and its subsidiary holding more than 50% of the voting rights in the Company) is made. The Offeror has also agreed, conditional upon the Company having become a wholly-owned subsidiary of the Offeror and the withdrawal of listing of Shares from the Stock Exchange, to create security over shares in certain subsidiaries of the Company and procure the Company and certain subsidiaries of the Company to provide guarantee in connection with the Loan Facility. Save for the guarantee and the security package which would only be granted after privatisation of the Company, the Offeror does not intend that the payment of interest on or repayment of or guarantee or security for the Loan Facility will depend to any significant extent on the business of the Group.

Assuming full acceptance of the Offer, the maximum aggregate amount payable by the Offeror will be approximately HK\$26,128.7 million.

BNPP and CICC, being the financial advisers to the Offeror, are satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable upon full acceptance of the Offer.

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Conditions to the Offer

The Offer is conditional upon the satisfaction or, if capable of being waived, waiver of the following Conditions:

- (a) valid acceptances of the Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of such number of Shares which will result in the Offeror and the Offeror Concert Parties holding more than 50% of the voting rights in the Company;
- (b) the Shares remaining listed and traded on the Stock Exchange up to the Closing Date (or, if earlier, the Unconditional Date) save for any temporary suspension(s) of trading of the Shares and no indication being received on or before the Closing Date (or, if earlier, the Unconditional Date) from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn; and
- (c) up to and including the time when the Condition set out in (a) above is satisfied, (i) no Relevant Authorities in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted or made or publicly proposed, and (ii) there is no outstanding statute, regulation, demand or order, in each case which would make the Offer void, unenforceable or illegal or prohibit implementation of the Offer or which would impose any material conditions, limitations or obligations with respect to the Offer.

The Offeror reserves the right to waive, in whole or in part, the Conditions set out in (b) and (c) above. The Condition set out in (a) above cannot be waived.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Offer if the circumstances which give rise to the right to invoke any such Condition(s) are of material significance to the Offeror in the context of the Offer.

Pursuant to Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer becomes unconditional in all respects. The Offer must also remain open for acceptance for at least 14 days after the Offer becomes unconditional in all respects. Shareholders are reminded that the Offeror does not have any obligation to keep the Offer open for acceptance beyond this 14-day period.

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Warning: Shareholders of, and/or potential investors in, the Company should note that, completion of the Offer is subject to the Conditions being satisfied or, if capable of being waived, waived and therefore the Offer may or may not become unconditional and may or may not be completed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

IRREVOCABLE UNDERTAKINGS

On 14 December 2023, each of Essity GH and Mr. Li entered into an Irrevocable Undertaking in favour of the Offeror, pursuant to which each of Essity GH and Mr. Li undertook to accept or procure the acceptance of the Offer in accordance with its terms in respect of the Essity Undertaking Shares and the Li Undertaking Shares respectively. The Essity Undertaking Shares and the Li Undertaking Shares collectively represent an aggregate of approximately 72.62% of the issued share capital of the Company as at the Latest Practicable Date.

Essity Irrevocable Undertaking

Pursuant to the Essity Irrevocable Undertaking, Essity GH has irrevocably undertaken to the Offeror to accept or procure the acceptance of the Offer in accordance with its terms in respect of an aggregate of 620,737,112 Shares (representing approximately 51.59% of the issued share capital of the Company as at the Latest Practicable Date) (“**Essity Undertaking Shares**”) as soon as possible after the date of despatch of the Composite Document, and in any event no later than the seventh (7th) Business Day after the despatch of the Composite Document.

No withdrawal

Notwithstanding that the provisions of the Takeovers Code or any terms of the Offer confer rights of withdrawal, Essity GH will and will procure that any acceptances in respect of any of the Essity Undertaking Shares are not withdrawn.

Termination

Essity GH’s obligation to accept the Offer will lapse if,

- (1) the Offer is not announced by the next Business Day after the date of execution of the Essity Irrevocable Undertaking by Essity GH or such other date as the parties may agree in writing;
- (2) the Offer lapses or is withdrawn without having become unconditional in all respects;
or
- (3) the Pre-Conditions are not satisfied, or if capable of being waived, not waived on or prior to the Long Stop Date.

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As at the Latest Practicable Date, all Pre-Conditions had been satisfied.

Save as set out above, the undertakings given in the Essity Irrevocable Undertaking are unconditional.

Other undertakings

Essity GH also undertook to the Offeror that they will:

- (a) except pursuant to the Offer, not sell, transfer, charge, pledge, encumber, grant any option or right over or otherwise dispose of, or permit the same regarding all or any of the Essity Undertaking Shares or any interest in the Essity Undertaking Shares, or accept any other offer in respect of all or any of the Essity Undertaking Shares (whether conditionally or unconditionally) or enter into any transaction having a similar economic effect;
- (b) exercise (or, where relevant, procure the exercise of) all voting rights attaching to the Shares to enable the Offer to become or be declared unconditional and refrain from, and oppose the taking of, any action which might result in any condition of the Offer not being satisfied;
- (c) not acquire or subscribe for any Shares other than an interest in Shares deriving from Shares which they may become the registered holder or beneficial owner of, or which they may become so interested in; and
- (d) not enter into any agreement or arrangement or allow to arise any obligation with any person, whether conditionally or unconditionally, to do any of the acts prohibited by the terms of the Essity Irrevocable Undertaking which would or might restrict or impede the Offer becoming unconditional or their ability to comply with the undertaking.

Li Irrevocable Undertaking

Pursuant to the Li Irrevocable Undertaking, Mr. Li has irrevocably undertaken to the Offeror to accept or procure the acceptance of the Offer in accordance with its terms in respect of an aggregate of 253,141,581 Shares (representing approximately 21.04% of the issued share capital of the Company as at the Latest Practicable Date) (“**Li Undertaking Shares**”) as soon as possible after the date of despatch of the Composite Document, and in any event no later than the seventh (7th) Business Day after the despatch of the Composite Document.

No withdrawal

Notwithstanding that the provisions of the Takeovers Code or any terms of the Offer confer rights of withdrawal, Mr. Li will and will procure that any acceptances in respect of any of the Li Undertaking Shares are not withdrawn.

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Termination

Mr. Li's obligation to accept the Offer will lapse if,

- (1) the Offer is not announced by two (2) Business Days after the later of: (i) date of execution of the Essity Irrevocable Undertaking; and (ii) date of execution of the Li Irrevocable Undertaking by Mr. Li, or such other date as the parties may agree in writing;
- (2) the Offer lapses or is withdrawn without having become unconditional in all respects; or
- (3) the Pre-Conditions are not satisfied, or if capable of being waived, not waived on or prior to the Long Stop Date.

As at the Latest Practicable Date, all Pre-Conditions had been satisfied.

Save as set out above, the undertakings given in the Li Irrevocable Undertaking are unconditional.

Other undertakings

Mr. Li has also undertaken to the Offeror that he will:

- (a) except pursuant to the Offer, not sell, transfer, charge, pledge, encumber, grant any option or right over or otherwise dispose of, or permit the same regarding all or any of the Li Undertaking Shares or any interest in the Li Undertaking Shares, or accept any other offer in respect of all or any of the Li Undertaking Shares (whether conditionally or unconditionally) or enter into any transaction having a similar economic effect;
- (b) exercise (or, where relevant, procure the exercise of) all voting rights attaching to the Shares in such manner as to enable the Offer to be unconditional and refrain from, and oppose the taking of, any action which might result in any condition of the Offer not being satisfied;
- (c) not acquire or subscribe for any Shares other than an interest in Shares deriving from Shares which he may become the registered holder or beneficial owner, or which he may become so interested; and
- (d) not enter into any agreement or arrangement or allow to arise any obligation with any person, whether conditionally or unconditionally, to do any of the acts prohibited by the terms of the Li Irrevocable Undertaking which would or might restrict or impede the Offer becoming unconditional or his ability to comply with the undertaking.

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OPTION TO ENTER INTO NEW LICENCE AGREEMENT

Under the terms of the Licence Agreement, Essity HH has the right to terminate certain licences granted to the Company under the Licence Agreement if the aggregate shareholding of all members of the Essity Group in the Company drops to 50% or below by giving three (3) years' notice to the Company. Essity HH has expressed its intention to exercise such termination right by serving a termination notice to the Company on or around the Closing Date if the Offer becomes unconditional in all respects and closes.

Given that the licences granted to the Company under the Licence Agreement enhance the Company's product portfolio, allowing it to consolidate its strong position within the consumable paper products market and leverage on the brand equity of these brands to further penetrate into the person care products market, Essity HH has issued the Option Letter containing the terms of the Option, where the offer and grant of the Option are conditional upon the prior issuance of the Termination Notice in accordance with the terms of the Licence Agreement and are subject to the terms of the Option Letter. The Option was granted unilaterally by Essity HH to the Company and neither the Company nor the Offeror were involved in the determination or negotiation of any of the terms set out in the Option Letter.

The Option is exercisable by the Company, at its sole discretion, from the date falling 12 months after the date of the Termination Notice until the earlier of: (i) the date falling 36 months after the date of the Termination Notice; and (ii) 31 December 2027 (both exclusive). The Company will consider all relevant factors at the time then existing to decide if it is in the interests of the Company to exercise the Option.

Should the Company wish to exercise the Option, it shall notify Essity HH during the exercise period. Within 30 days after the delivery of such notice by the Company, the Company shall execute and deliver the New Licence Agreement to Essity HH. Within 14 days after Essity HH's receipt of the New Licence Agreement duly executed by the Company, Essity HH shall execute and deliver the New Licence Agreement to the Company. The New Licence Agreement, if entered into, will be entered into in the ordinary course of business of each of Essity HH and the Company. The terms of the New Licence Agreement is an extension of the current licenses available to the Company substantially in line with the current arrangements under the Licence Agreement, while making certain necessary amendments to the Licence Agreement to reflect the new arm's length relationship between the Essity Group and the Company upon the Company ceasing to be a member of the Essity Group.

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Principal terms of the New Licence Agreement

The following table summarises the Group's entitlement to the intellectual property rights under the licence granted by Essity HH pursuant to the New Licence Agreement if the Company exercises the Option.

Brand name	Licensed territory	Major products under the brand	Company's ownership of trademark	Licence to use the brand	Licence to use the relevant patents and technology associated with the brand
Tempo	Tempo Territories	Consumer tissue products (including toilet paper, facial tissue and wet wipes) and hankies	No	Perpetual, exclusive, royalties equal to 1.5% of the net sales of Tempo products of the Group	Non-exclusive
Tork	Global Territories	Away from home products (tissue, object wipes, soap and product dispensers)	No	Global Term, exclusive, annual royalties equal to 3% of the net sales of Tork products of the Group	Non-exclusive
Tena	Global Territories	Incontinence care products	No	Global Term, exclusive, annual royalties equal to 3% of the net sales of Tena products of the Group	Non-exclusive
Libresse	Global Territories	Feminine care products	No	Global Term, exclusive, annual royalties equal to 3% of the net sales of Libresse products of the Group	Non-exclusive
Libero	Global Territories	Baby diapers products and baby care products	No	Global Term, exclusive, annual royalties equal to 3% of the net sales of Libero products of the Group	Non-exclusive
Control Plus, Dr. P	Non-Global Territories	Incontinence care products	Yes	Not applicable	Non-exclusive, royalty-free
Drypers, DRYPANTZ, DRYNIGHTS, DRYSOFT, EQ Dry, Hey Baby, PROKIDS, Sealer	Non-Global Territories	Baby diapers products and baby care products	Yes	Not applicable	Non-exclusive, royalty-free

Under the New Licence Agreement, the Company shall pay the relevant royalties for the licence to use the Global Brands and the Tempo brand, respectively, from the third anniversary of the date of the Termination Notice.

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The patent and technology licence for the Global Brands and the Non-Global Brands shall terminate upon the licence to use the Global Brands terminates. The patent and technology licence for the Tempo brand shall terminate upon the licence to use the Tempo brand terminates. Essity HH is the sole owner of, or has the right to sub-license, the patents and technology used under the licences granted under the New Licence Agreement. The licence associated with the patents and technology in respect of the Non-Global Brands under the New Licence Agreement shall be in respect of any patents and technology in respect of the Non-Global Brands which Essity HH has already provided or made available to the Company as at the date of the Termination Notice.

If the New Licence Agreement is executed, the Licence Agreement will terminate.

COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF THE COMPANY

The Offeror intends to privatise the Company by exercising its right under section 88 of the Companies Act to compulsorily acquire Offer Shares not acquired by the Offeror under the Offer if, within four months after the date of the Composite Document, it has acquired not less than 90% of the Offer Shares. On completion of the compulsory acquisition (if applicable), the Company will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the level of acceptances of the Offer reaches the prescribed level under the Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied, dealings in the Shares will be suspended from the Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

In the event the Offeror does not effect the compulsory acquisition of the remaining Offer Shares not acquired by the Offeror under the Offer, by reason of the level of acceptances of the Offer not reaching the prescribed threshold under the Companies Act or the Takeovers Code, the directors of the Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

If the Offeror does not effect compulsory acquisition and, as at the close of the Offer, less than 25% of the Shares are held by the public or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange may exercise its discretion to suspend dealings in the Shares. It should be noted that, upon completion of the Offer, there may be insufficient public float and therefore trading in the Shares may be suspended until a prescribed level of public float is attained.

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SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this Composite Document, the issued share capital of the Company comprises 1,203,285,373 Shares. The Company does not have any outstanding options, warrants, derivatives or convertible rights affecting the Shares.

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) following completion of the Offer (assuming only Essity GH and Mr. Li tender their acceptances in respect of all the Shares respectively held by or deemed to be interested by them to the Offeror).

	As at the Latest Practicable Date ⁽⁴⁾		Following completion of the Offer (assuming only Essity GH and Mr. Li tender their acceptances in respect of all the Shares respectively held by or deemed to be interested by them to the Offeror) ⁽⁴⁾	
	Number of Shares	Shares as a percentage of total number of Shares in issue (%)	Number of Shares	Shares as a percentage of total number of Shares in issue (%)
(A) Offeror and the Offeror Concert Parties				
Offeror	–	–	873,878,693	72.624
Beaumont ⁽¹⁾	92,538,100	7.690	92,538,100	7.690
BNPP ⁽⁴⁾	–	–	–	–
CICC ⁽⁴⁾	–	–	–	–
(A) Sub-total	92,538,100	7.690	966,416,793	80.315
(B) Essity GH⁽²⁾	620,737,112	51.587	–	–
(C) Directors				
Mr. Li ⁽³⁾	253,141,581	21.038	–	–
Yu Yi Fang	650,000	0.054	650,000	0.054
Li Jielin	414,000	0.034	414,000	0.034
Johann Christoph Michalski	59,000	0.005	59,000	0.005
(C) Sub-total	254,264,581	21.131	1,123,000	0.093
(D) Public Shareholders	235,745,580	19.592	235,745,580	19.592
Total	<u>1,203,285,373</u>	<u>100.000</u>	<u>1,203,285,373</u>	<u>100.000</u>

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Notes:

- (1) On 12 January 2024, Belinda Tanoto transferred all the shares held in Beaumont to the Offeror. At the time of the transfer, the underlying assets of Beaumont primarily comprised 92,538,100 Shares, which were valued at HK\$23.50 per Share by parties to the transfer. As a result of the transfer, the Offeror has become the sole shareholder of Beaumont. By virtue of Part XV of the SFO, the Offeror is deemed to be interested in the 92,538,100 Shares held by Beaumont. Belinda Tanoto was the sole shareholder of Beaumont prior to the transfer and is the daughter of Mr. Tanoto, who is a director of APRIL. Please refer to the section headed “Information on the Offeror” in the “Letter from BNPP and CICC” in this Composite Document for more details.
- (2) Essity GH is wholly-owned by Essity. By virtue of Part XV of the SFO, Essity is deemed to be interested in the 620,737,112 Shares held by Essity GH.
- (3)
 - (a) By virtue of Part XV of the SFO, Mr. Li is deemed to be interested in the 251,841,581 Shares that Sentential Holdings Limited has interests, of which 251,341,581 Shares are held by its controlled corporation, namely Fu An International Company Limited and 500,000 Shares are held by itself. Fu An International Company Limited 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 each of Sentential Holdings Limited, Join Pride International Limited and Daminos Management Limited is held by Li Chao Wang, Yu Yi Fang and Dong Yi Ping, respectively.
 - (b) Li Song Foundation Company Limited directly holds 1,000,000 Shares and it is held as to 50.00% by Li Chao Wang. By virtue of Part XV of the SFO, Mr. Li is also deemed to be interested in 1,000,000 Shares held by Li Song Foundation Company Limited.
 - (c) Mr. Li is also directly interested in 300,000 Shares.
- (4) BNPP and CICC are joint financial advisers to the Offeror in respect of the Offer. Accordingly, BNPP and CICC and members of their respective groups which hold Shares on an own account or discretionary managed basis are presumed to be acting in concert with the Offeror in relation to the Company in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code (except in respect of Shares held by members of the BNPP group or the CICC group which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code). Exempt principal traders and exempt fund managers of the BNPP group or the CICC group which are connected for the sole reason that they are under the same control as BNPP or CICC are not presumed to be acting in concert with the Offeror.
- (5) All percentages in the above table are approximations. This table is prepared on the assumption that no new Shares will be issued after the Latest Practicable Date.

INFORMATION ON THE OFFEROR

As at the Latest Practicable Date, the Offeror and the Offeror Concert Parties are interested in a total of 92,538,100 Shares, representing approximately 7.69% of the issued share capital of the Company.

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The Offeror is an exempted company incorporated in the Cayman Islands and is indirectly wholly-owned by APRIL. The Offeror is a special purpose vehicle for the purpose of acquiring Shares under the Offer and it, together with Beaumont (a wholly-owned subsidiary of the Offeror), does not hold any investment other than Shares and cash to fund the Offer. The APRIL group is one of the largest, most technologically advanced and efficient makers of pulp and paper products in the world and it currently employs approximately 9,000 people directly. APRIL is wholly-owned by Fiduco Trust Management PTC, which is a trustee of a discretionary trust established by Mr. Tanoto as settlor and whose beneficiaries are his immediate family members.

INFORMATION ON THE GROUP

Information on the Group is set out under the section headed “Information on the Group” in the “Letter from the Board” and Appendices II and III to the Composite Document.

REASONS FOR AND BENEFITS OF THE OFFER

The Offer presents an opportunity for Shareholders to monetise their investment for cash at an attractive premium over the prevailing price of the Shares prior to the announcement of the Offer. The Offer Price of HK\$23.50 per Share represents a premium of approximately 19.36% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day or a premium of approximately 22.12% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day. The Offer is also a unique opportunity for Shareholders to monetise their holdings in a low liquidity stock for which the average daily trading volume of Shares for the 24-month period up to and including the Last Trading Day was approximately 1.57 million Shares per day, representing only approximately 0.13% of the total number of issued Shares as at the Last Trading Day. The low trading liquidity of the Shares could make it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares and also make it difficult for Shareholders to dispose of a large number of Shares if any event that has an adverse impact on the price of the Shares occurs.

The Offer therefore provides an opportunity for Shareholders to realise their investment in the Company at a premium (see the section headed “Comparison of value” above) without suffering any discount due to low trading liquidity and to redeploy the proceeds from accepting the Offer into other investment opportunities.

The Offeror and APRIL believe that, following the close of the Offer, the Company would benefit from new opportunities and development in the tissue and personal care industry through the integration of businesses, capabilities and resources.

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APRIL is one of the leading manufacturers of pulp and paper products, and the Company therefore represents a complementary acquisition for APRIL. As mentioned above, subject to the level of acceptances of the Offer, the Offeror intends to privatise the Company, which if successful, will allow the Offeror and APRIL to build a stronger, more efficient and more sustainable business.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Save as disclosed above and the proposed changes to the composition of the Board as set out below, the Offeror has no plans to make any major changes to the current business operations of the Group, including any redeployment of the fixed assets of the Company, or to introduce any major changes in the continued employment of the employees of the Group as a result of the Offer.

Proposed changes to the composition of the Board

As at the Latest Practicable Date, the Board comprises 12 Directors in total, with four executive Directors, four non-executive Directors and four independent non-executive Directors. The Offeror intends to nominate Mr. Hu Wei as the Chairman and an executive Director and each of Mr. Lee Chong and Mr. George Thomas Dantas as a non-executive Director with effect from a date on or after the Unconditional Date and any such appointment will be made in compliance with the Takeovers Code and the Listing Rules.

Further announcement will be published by the Company in respect of the changes to the Board pursuant to the Takeovers Code and the Listing Rules as and when appropriate.

The biographies of Mr. Hu Wei, Mr. Lee Chong and Mr. George Thomas Dantas are set out as follows:

Mr. Hu Wei

Mr. Hu Wei, aged 60, is the China Tissue and Personal Care Business Head of Asia Symbol, a world leading producer of pulp and paper. He has been with Asia Symbol since 2017 and served as the Commercial Director – Pulp and Paper prior to his current role. Mr. Hu is also the Vice President of the China Paper and Pulp Industry Chamber of Commerce. Before joining Asia Symbol, Mr. Hu held senior management positions in various multinational companies in the petrochemical industry for more than 20 years.

Mr. Hu graduated with a Master of Business Administration degree from Ivey Business School of Western Ontario University of Canada in 2003.

LETTER FROM BNPP AND CICC

Mr. Lee Chong

Mr. Lee Chong, aged 52, is the Corporate Business Controller for RGE, a role he has held since 2019, where he oversees financial control, cash management and internal audit functions. Prior to his current role, he served as Chief of Staff for RGE, and held different functional leadership roles in corporate finance, strategic planning and human resources. Mr. Lee has served more than 20 years in RGE.

Mr. Lee graduated with a Bachelor of Engineering degree from the National University of Singapore in 1995, and obtained a Master of Business Administration degree from the Melbourne Business School, Australia in 2001.

Mr. George Thomas Dantas

Mr. George Thomas Dantas, aged 56, is currently a Regional Head in RGE, overseeing the Europe, Middle East and Africa operations of various RGE-managed companies. Prior to this role, Mr. Dantas served as the Finance Director of APRIL and other fibre-related business units, leading and managing the accounting function including statutory accounting, tax and management reporting. Mr. Dantas was previously the Regional Financial Controller with Cornelder Asia, a Dutch headquartered commodities and metals storage operation based in Singapore.

Mr. Dantas graduated from the University of Bombay (now known as University of Mumbai), India with a Bachelor of Commerce degree in 1988. He also qualified as a certified public accountant of the American Institute of Certified Public Accountants and a chartered accountant of the Institute of Chartered Accountants of India.

OTHER TERMS OF THE OFFER

Procedures for acceptance

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Offer.

The duly completed and signed Form of Acceptance, should be sent, together with the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, marked "Vinda International Holdings Limited – Offer" on the envelope, in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

LETTER FROM BNPP AND CICC

No acknowledgment of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given. All communications, notices, the Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to Shareholders at their respective addresses as they appear in the register of members of the Company or, in the case of joint Shareholders, to the Shareholder whose name appears first in the register of members of the Company, unless otherwise specified in the relevant Form of Acceptance completed, returned and received by the Registrar. Your attention is drawn to “Further Terms and Procedures for Acceptance of the Offer” as set out in Appendix I to the Composite Document and the accompanying Form of Acceptance.

Effect of accepting the Offer

By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all encumbrances and together with all rights accruing or attaching to them. Acceptance of the Offer will constitute a warranty to the Offeror by each person accepting it that the Offer Shares acquired under the Offer and sold by such persons are fully paid and free from any mortgage, charge, pledge, lien, equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement, rights of pre-emption and any other third party rights of any nature or any agreement for any of the same and together with all rights attaching to them as at the Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, the record date of which is on or after the Closing Date.

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Stamp duty

The seller’s ad valorem stamp duty (rounded up to the nearest HK\$1.00) arising in connection with acceptance of the Offer amounting to 0.1% of the amount payable in respect of relevant acceptances by the Shareholders, or (if higher) the market value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the cash amount payable to the Shareholders who validly accept the Offer. The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of accepting Shareholders and will pay the buyer’s ad valorem stamp duty in connection with the valid acceptances of the Offer.

LETTER FROM BNPP AND CICC

Settlement

Settlement of the consideration for the Offer Shares will be made by cheque as soon as possible but in any event no later than seven (7) Business Days after (a) the date on which the duly completed Form of Acceptance are received or (b) the Unconditional Date, whichever is later.

No fractions of a cent will be payable and the amount of cash consideration payable to each Shareholder who validly accepts the Offer will be rounded up to the nearest cent.

Close of the Offer

The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the date of the Composite Document (or such later date to which the Executive may consent). As each of Essity GH and Mr. Li has irrevocably undertaken to accept the Offer in respect of an aggregate of 873,878,693 Shares, representing an aggregate of approximately 72.62% of the issued share capital of the Company as at the Latest Practicable Date, it is expected the Offer will become unconditional as to acceptances on or before the seventh (7th) Business Day after the despatch of the Composite Document and in any event before 4:00 p.m. on the seventh (7th) Business Day after the despatch of the Composite Document.

If all the Conditions are satisfied or, if capable of being waived, waived, Shareholders will be notified by way of an announcement in accordance with the Takeovers Code and the Listing Rules as soon as practicable thereafter.

Overseas Independent Shareholders

To the extent practicable and permissible under applicable laws and regulations, the Offeror intends to make the Offer available to all Independent Shareholders, including those who are not resident in Hong Kong. The making and the implementation of the Offer to persons with a registered address outside or otherwise not residing in Hong Kong may be subject to the laws of the relevant overseas jurisdictions in which they are resident. Overseas Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

The acceptance of the Offer by the Overseas Independent Shareholders may be subject to the laws of the relevant jurisdictions and may or may not be prohibited. It is the sole responsibility of the Overseas Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with all necessary formalities and the payment of any transfer or other taxes due by such Overseas Independent Shareholders in respect of such jurisdictions) and, where necessary, seek legal advice.

LETTER FROM BNPP AND CICC

Any acceptance by any Overseas Independent Shareholders will be deemed to constitute a representation and warranty from such Shareholder to the Offeror, the Company and their respective advisers (including BNPP, CICC and HSBC) that the local laws and requirements have been complied with.

Taxation advice

Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the Offeror Concert Parties, the Company, BNPP, CICC, HSBC, the Independent Financial Adviser and (as the case may be) their respective ultimate beneficial owners, directors, officers, employees, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

GENERAL

Financial Advisers, Independent Board Committee and Independent Financial Adviser

The Offeror has appointed BNPP and CICC as its financial advisers in respect of the Offer. The Company has appointed HSBC as its financial adviser in respect of the Offer. Essity has appointed BofA Securities as its financial adviser in respect of the Offer.

An Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Tsui King Fai, Mr. Wong Kwai Huen, Albert, Mr. Law Hong Ping, Lawrence and Dr. Cao Zhenlei, has been established in accordance with Rules 2.1 and 2.8 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Mr. Johann Christoph Michalski, Mr. Jan Christer Johansson, Mr. Carl Magnus Groth and Mr. Carl Fredrik Stenson Rystedt, the non-executive Directors, are either appointed by Essity or ex-employees of Essity and therefore are not part of the Independent Board Committee.

The Company has appointed, with the approval of the Independent Board Committee, Somerley as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer.

LETTER FROM BNPP AND CICC

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to the Composite Document and the accompanying Form of Acceptance, which form part of the Composite Document. In addition, your attention is also drawn to the “Letter from the Board” as set out on pages 29 to 35 of the Composite Document, the “Letter from the Independent Board Committee” as set out on pages 36 to 38 of the Composite Document and the “Letter from the Independent Financial Adviser” on pages 39 to 65 of the Composite Document.

Yours faithfully,

For and on behalf of

BNP Paribas Securities (Asia) Limited

Yours faithfully,

For and on behalf of

**China International Capital Corporation
Hong Kong Securities Limited**

Richard Griffiths
Managing Director

Vien Cheung
Vice President

Jie Li
Managing Director

David Ching
Executive Director