



Vinda International Holdings Limited

(incorporated in the Cayman Islands with limited liability) Stock Code: 3331



*Healthy Lifestyle
Starts with Vinda*



INTERIM REPORT
2023



To Become
**A Leading Hygiene
Company** in Asia





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CORPORATE INFORMATION

Directors

Executive Directors

Mr. LI Chao Wang (Chairman)
Ms. YU Yi Fang (Vice Chairman)
Ms. LI Jielin (Chief Executive Officer)
Mr. DONG Yi Ping (Chief Technology Officer)

Non-Executive Directors

Mr. Jan Christer JOHANSSON (Vice Chairman)
Mr. Carl Magnus GROTH
Mr. Carl Fredrik Stenson RYSTEDT
Mr. Johann Christoph MICHALSKI

Independent Non-Executive Directors

Mr. TSUI King Fai
Mr. WONG Kwai Huen, Albert
Mr. LAW Hong Ping, Lawrence
Dr. CAO Zhenlei

Alternate Directors

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

Audit Committee

Mr. TSUI King Fai (Committee Chairman)
Mr. Carl Fredrik Stenson RYSTEDT
Mr. WONG Kwai Huen, Albert
Mr. LAW Hong Ping, Lawrence

Remuneration Committee

Mr. TSUI King Fai (Committee Chairman)
Mr. Jan Christer JOHANSSON
Mr. Johann Christoph MICHALSKI
Mr. LAW Hong Ping, Lawrence
Dr. CAO Zhenlei

Nomination Committee

Mr. LI Chao Wang (Committee Chairman)
Mr. Jan Christer JOHANSSON
Mr. WONG Kwai Huen, Albert
Mr. LAW Hong Ping, Lawrence
Dr. CAO Zhenlei

Risk Management Committee

Mr. Jan Christer JOHANSSON (Committee Chairman)
Ms. LI Jielin
Ms. YU Yi Fang
Mr. Carl Fredrik Stenson RYSTEDT
Mr. TSUI King Fai

Executive Committee

Mr. LI Chao Wang (Committee Chairman)
Ms. YU Yi Fang
Ms. LI Jielin
Mr. DONG Yi Ping

Strategic Development Committee

Mr. Jan Christer JOHANSSON (Committee Chairman)
Ms. LI Jielin
Mr. DONG Yi Ping
Mr. Johann Christoph MICHALSKI
Dr. CAO Zhenlei

Authorised Representatives

Ms. LI Jielin
Ms. TAN Yi Yi

Company Secretary

Ms. TAN Yi Yi, FCCA

Auditors

PricewaterhouseCoopers

Legal Advisers to the Company

Norton Rose Fulbright Hong Kong
(as to Hong Kong law)
Conyers Dill & Pearman (as to Cayman Islands law)

Registered Office

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

Principal Place of Business in Hong Kong, Special Administrative Region of the People's Republic of China (the "HKSAR")

Penthouse, East Ocean Centre
98 Granville Road, Tsim Sha Tsui East
Kowloon, Hong Kong
Tel: (852) 2366 9853
Fax: (852) 2366 5805

Place of Listing and Stock Code

The Stock Exchange of Hong Kong Limited
Stock Code: 3331

Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman KY1-1110
Cayman Islands

HKSAR Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

Principal Bankers

Bank of China Limited
BNP Paribas
China Construction Bank Corporation
Citibank
DBS Bank Limited
Industrial and Commercial Bank of China Limited
Standard Chartered Bank (Hong Kong) Limited
Skandinaviska Enskilda Banken AB

Company Website

<http://www.vinda.com>

INTERIM RESULTS AND FINANCIAL HIGHLIGHTS

Interim Results

The Board of Directors (the “**Board**”) of Vinda International Holdings Limited (“**Vinda**” or the “**Company**”) is pleased to present the unaudited interim condensed consolidated balance sheet as at 30 June 2023, unaudited interim condensed consolidated statement of comprehensive income, unaudited interim condensed consolidated statement of cash flows and unaudited interim condensed consolidated statement of changes in equity of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2023 (the “**Period**” or “**H1 2023**”), together with the comparative figures and selected explanatory notes. The unaudited interim financial statements have been reviewed by the Company’s independent auditors and audit committee (the “**Audit Committee**”).

Financial Highlights

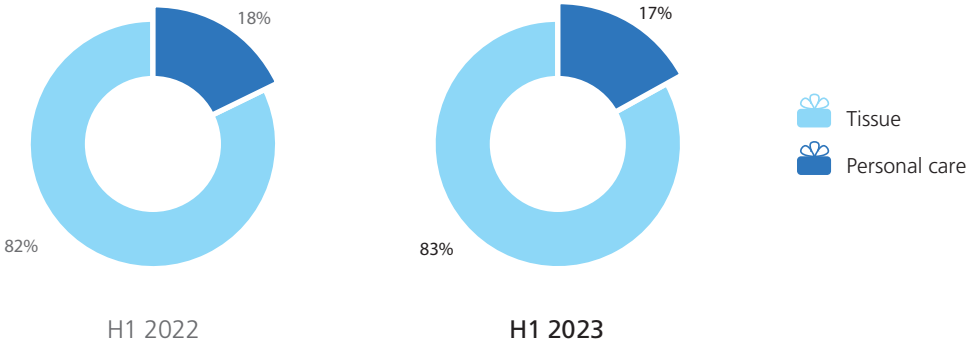
Interim Results for the Six Months Ended 30 June 2023

	2023	2022
Revenue growth rate (%)	4.0%	6.6%
Gross profit margin (%)	25.1%	32.0%
EBITDA margin (%)	8.1%	14.6%
Net profit margin (%)	1.2%	6.6%
Earnings per share (HK\$) – basic	10.0 cents	53.0 cents
Interim dividend declared (HK\$)	10.0 cents	10.0 cents
Finished goods turnover ¹	57 days	56 days
Debtors turnover ²	40 days	42 days
Creditors turnover ³	88 days	76 days
Current ratio (times)	1.26	1.12
Gearing ratio (%) ⁴	50.5%	31.9%
Net gearing ratio (%) ⁵	43.1%	23.9%

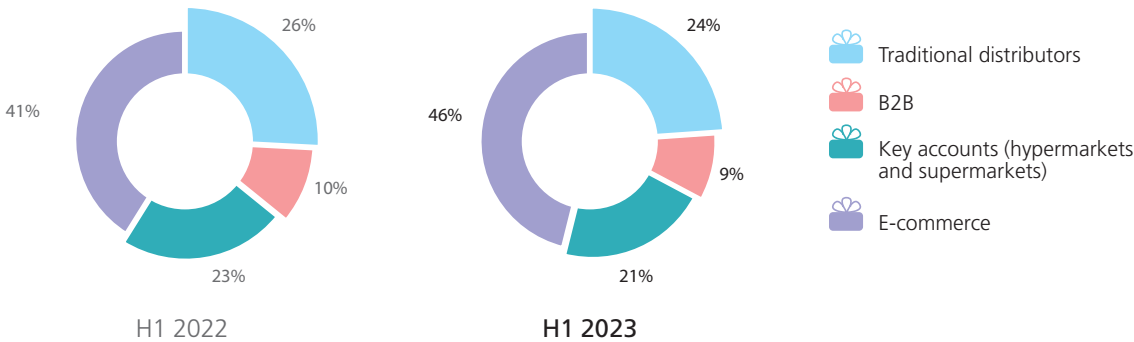
Notes:

1. Calculated by multiplying average finished goods by 360 days, and dividing the result by the cost of sales for the last 12 months.
2. Calculated by multiplying average account receivables by 360 days, and dividing the result by the revenue for the last 12 months.
3. Calculated by multiplying average account payables by 360 days, and dividing the result by the cost of sales for the last 12 months.
4. Calculated on the basis of the amount of total borrowings and lease liabilities as a percentage of the total shareholders’ equity.
5. Calculated on the basis of the amount of total borrowings and lease liabilities less cash and cash equivalents and restricted bank deposits as a percentage of the total shareholders’ equity.

Revenue by Business Segment



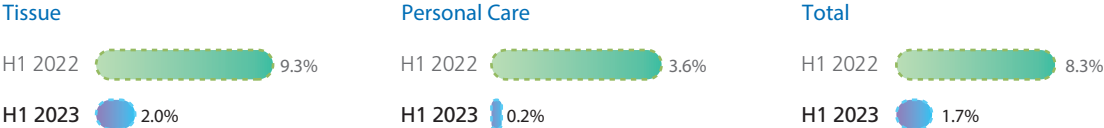
Revenue by Sales Channels



Gross Profit Margin



Segment Result Margin



MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group delivered strong organic sales growth¹ in the first six months of 2023 despite many uncertainties and challenges we faced in the post-COVID era.

The Group continued to realise gains from the multiple pricing initiatives we have taken in the past year to mitigate significant inflation in raw material prices. We are also continuing to benefit favorably from product mix improvement. Premium categories continued to grow, in particular the *Tempo* brand, regained strong momentum and further accelerated growth compared to the previous two quarters. Our market share for tissue is stable, sustaining leading positions in mainland China² and Hong Kong Special Administrative Region, China (the “**HKSAR**”)³. We continue to invest to grow personal care and during the Period we are continuing to improve our market share in key markets.

While margin recovery is in progress, the Group’s gross profit and net profit were negatively impacted by inflationary pressures compared to the same period last year. While raw material prices have decreased significantly in the last few months, we are continuing to digest inventories with materials purchased

previously. This impact was partially offset by better pricing, better product mix and better operational efficiencies.

Despite these challenges, the Group continued to make committed investments in innovation, brand building and commercial capabilities to fuel our future sustainable and profitable growth in all of our key markets.

Financial Highlights

In H1 2023, total revenue of the Group amounted to HK\$10,070 million, representing an increase of 10.1% organically¹ and of 4.0% if presented in Hong Kong Dollar.

In terms of business segment, tissue and personal care segments contributed 83% and 17% of the Group’s total revenue, respectively. In terms of sales channel, traditional distributors, key accounts managed supermarkets and hypermarkets, B2B corporate customers and e-commerce platforms accounted for 24%, 21%, 9% and 46%, respectively, of the total revenue. The e-commerce revenue recorded the most significant growth with an organic increase¹ of 23.6% year-on-year.

Sun Li





Gross profit was down by 18.5% to HK\$2,527 million. Despite the gradual reduction of the pulp prices since the end of 2022, costs in the first half of the year were still impacted by the inventories with relatively high price, and on gross margin, which decreased by 6.9 percentage points (“**ppts**”) year-on-year to 25.1%.

EBITDA fell by 42.3% to HK\$818 million while EBITDA margin was narrowed by 6.5 ppts to 8.1%.

Total foreign exchange loss was HK\$0.3 million (H1 2022: HK\$22.4 million loss), of which HK\$5.4 million loss came from operating activities (H1 2022: HK\$26.2 million loss), and HK\$5.1 million gain was due to financing activities (H1 2022: HK\$3.8 million gain).

During the Period, innovation of high-margin products, expansion of personal care business and brand building remained as the Group’s priorities, in order to further strengthen its market share as well as its competitive advantages. Marketing and promotions were approached in a prudent manner with more focus on return on investment. The Group’s total selling & marketing costs as a percentage of sales decreased by 0.3 ppt to 19.3% while administrative expenses including net impairment losses on financial assets as a percentage of sales decreased by 0.2 ppt to 4.8%. Operating profit decreased by 81.8% to HK\$137 million while operating margin was down by 6.4 ppts to 1.4%.

Interest expenses from borrowings increased by 119.9% to HK\$78 million primarily due to the rising interest rate and increase in term loans during the Period, and the financial position of the Group remained sound. The effective interest rate was 3.2%, increased by 1.0 ppt compared to the first half of 2022 (“**H1 2022**”).

Net gearing ratio^d was 43.1%.

Net profit declined by 81.1% to HK\$121 million. The net profit margin narrowed by 5.4 ppts to 1.2%.

Basic earnings per share was 10.0 HK cents (H1 2022: 53.0 HK cents).

The Board has resolved to declare an interim dividend of 10.0 HK cents (H1 2022: 10.0 HK cents) per share for the Period.

Business Review

Tissue Segment

In the first half of 2023, revenue from tissue segment amounted to HK\$8,361 million, which delivered a year-on-year increase of 5.0% or an organic sales growth of 11.5%, representing 83% of the Group's total revenue (H1 2022: 82%). The tissue business of the Group continued to maintain its leading position in mainland China and HKSAR, with its positive sales growth driven by volume, price and product mix developments. Meanwhile, our tissue business in Southeast Asia also developed continually with a strong year-on-year growth in sales and further expansion of its market share. During the Period, the Group adhered to its premiumisation strategy, continued to make investments in research and development ("R&D") and innovation, branding and commercial capabilities, with a focus on premium categories, resulting in a double-digit growth of the Group's premium tissue portfolio in mainland China as well as an increasing proportion of revenue. The impact from the high-cost wood pulp inventory and promotion had been relieved to an extent by the premium categories for its relatively higher profit margin, and the gross margin of tissue segment was 23.8% during this Period (H1 2022: 31.6%).

With the improvement of people's living standards, together with the increasing awareness of personal hygiene, the household paper market is developing towards high-quality and diversification. The Group proactively grasped the developing trend and launched a series of high-quality products with reference to its premiumisation strategy, to satisfy the consumers' demand for household papers of high-quality and diversification. The Group's premium tissue brands, being *Vinda* Deluxe Soft series and *Tempo* series, had been well-received by the market, and achieved a satisfactory sales performance. At the same time, the Group also focused on the segment of wet wipes and launched a series of products such as the moist flushable toilet tissues, kitchen wipes and bathroom wipes, to meet the consumers' demand for different household paper use scenarios, all of which had received positive response from the market, and helped the Group further expand its market share in wet wipes.

The *Tork* high-end professional hygiene brand further covered a high-end merchant base via new innovations and growth segments, expanded the professional hygiene solutions to various use scenarios, continually increasing its market share in mainland China. During the Period, as for the *Tork* brand, we produced all-new fast-drying and extractable hand towels through applying QuickDry™, a leading innovative technology in mainland China, and developed the 3-layer toilet roll products with SmartOne® T9 system, to continually cater for the higher experiencing demand of customer base and the trend of consumption upgrade.

Personal Care Segment

Revenue from the personal care business decreased by 0.5% to HK\$1,708 million in H1 2023, which was a 3.7% increase at constant exchange rates and represented 17% of the Group's total revenue (H1 2022: 18%). The personal care business maintained steady growth in mainland China.

The *Libresse* brand keeps pace with the times, understands the diversified needs of women’s menstrual care, and maintains a growth momentum in women’s care category. On Women’s Day, *Libresse* leveraged the “Menstruation is Nothing to Hide” 4.0 campaign and TikTok Super Brand Day, combined with online promotion of the ambassador, to call on the society to pay attention to women’s menstrual needs and better meet the diverse needs of consumers with quality products. It has gained consistent warm comments from the industry and users. During the Period, through a series of brand product promotion activities through e-commerce channels and TikTok live-streaming resources, the brand image of its pioneer female care was continuously improved, and the penetration of *Libresse* into core population in mainland China was accelerated, driving the continuous growth of product sales. *Libresse* also launched a series of marketing activities in Malaysia to further strengthen the brand’s leading position⁵ in feminine care category.

The Group continues to focus on the incontinence problem of the elderly group and make efforts in incontinence care category. In H1 2023, the Group launched new products of ProSkin specialised cotton soft underwear diapers under *TENA* gold series and long-lasting dry snap-on diapers under *Dr. P* gold series, respectively, continuously consolidating and broadening the consumer base and further increasing market penetration in incontinence care category. During the Period, the Group actively carried out offline marketing campaign where its professional incontinence care brand *TENA* held two consumer salon activities, aiming to popularise professional incontinence care knowledge to the public and establish and strengthen professional image of the brand. The Group has also built a total of 363 experience centre stores through the opening of hospital stores and improving the quality of *Vinda* Health and *TENA* Experience Centres. The comprehensive competitiveness of the brand has been continuously improved, contributing to steady growth of the Group’s incontinence care business.

Zhou Dongyu



The baby care business continues to perform well in Southeast Asia. *Drypers* is a leading baby diaper brand in Malaysia. Its theme brand movies are widely disseminated on social media and TV channels, and the brand value building effort is efficiently promoted. During the Period, *Drypers* launched CoComelon limited edition and held themed parent-child activities in offline stores to drive product sales and boost brand awareness through innovation and consolidate its leading position⁶ in the market.

Production Capacity

The annual designed production capacity of the Group's papermaking facilities was 1,390,000 tons as at 30 June 2023. The Southeast Asia regional headquarters in Malaysia was officially put into operation on 16 December 2022. It has the Group's first overseas innovation and R&D centre, which would help the Group to accurately meet consumer demand in the Southeast Asian market and strengthen its regional supply chain footprint, improving Vinda's production and sales efficiency in Southeast Asia.

Human Resources Management and Internal Control

Employees at Vinda are central to the Group's sustainable growth. Vinda is committed to providing equal employment opportunities that are free from discrimination of any kind, such as gender, age, nationality, race, religion, or sexual orientation. The Group offers fair and reasonable remuneration, performance incentive mechanism along with ongoing career advancement training programs for employees.

During the Period, a total of 95,417.18 hours of training were conducted for a total of 11,066 participants.

We had a total of 11,887 employees as of 30 June 2023.





Vinda is committed to maintaining high standards of corporate governance. All employees are required to comply with Vinda's code of conduct. We regularly review and update our internal control policies, handling procedures and guidelines to align with the latest external regulatory and internal control requirements. 100% of our employees have received training on the code of conduct. While the persons in charge of all functional departments and business units are responsible for identifying, handling and reporting major risks and inadequacies in internal control, the internal audit department is responsible for conducting internal audits, receiving reports on misconduct, reporting cases to the senior management and advising solutions for cases. The head of the internal audit department reports to the chairman of the audit committee of the Company.

Sustainable Procurement

In accordance with Vinda's sustainability strategy and fair sourcing principles, the Group prioritises the selection and use of environmentally certified raw materials based on low carbon and green supply chain standards. In 2022, 100% of the Group's top twenty raw and auxiliary material suppliers (excluding wood pulp suppliers) in terms of purchasing volume were ISO 14001 certified in environmental management. All of the packaging for Vinda products were made from renewable or recyclable materials.

We aim to source 100% of the wood pulp used by Vinda that is certified by recognised forest management standards. At the same time, we will continue to research and develop the use of biodegradable materials as packaging, and gradually increase the proportion of biodegradable materials in Vinda products.

Outlook

Despite economic recovery and consumer sentiment remain uncertain, the Group is confident in the growth potential of our categories. Looking ahead, while inflationary pressure is expected to ease, the Group will continue to take actions to offset macro headwinds while balancing growth, market share and our commitment to improve margins over time.

The Group will continue to invest in further portfolio enhancement by focusing in premium and high margin categories.

The Group will continue to invest in personal care in our key markets and key categories.

The Group will continue to invest in e-commerce and new channels to further strengthen our leading positions in mainland China.

The Group will continue to invest in branding and innovations to further differentiate ourselves and to defend our premium pricing from competition.

With the foundation of strong in-market execution, these meaningful investments will further enhance the Group's competitive advantage, and position us well for long term sustainable and profitable growth.

Remarks

¹ *Organic sales growth/organically/organic increase: Year-on-year growth at constant exchange rates*

² *Source: Kantar Worldpanel, mainland China sales value year-to-date at 30 June 2023*

³ *Source: Nielsen, HKSAR sales value year-to-date at 31 May 2023*

⁴ *Net gearing ratio: Net debt divided by total shareholders' equity*

Net debt: Total debt including lease liabilities less cash and cash equivalents and restricted bank deposits

⁵ *Source: Kantar Worldpanel, Malaysia sales value year-to-date at 22 May 2023*

⁶ *Source: Kantar Worldpanel, Malaysia sales value year-to-date at 22 May 2023*

Foreign Exchange and Fair Value Interest Rate Risk

The majority of the Group's assets and sales business are located in mainland China, HKSAR, Malaysia, Chinese Taiwan and Korea. Our significant transactions are denominated and settled in RMB, HK\$, Malaysia Ringgit, New Taiwan dollar and Korean Won while most of the key raw materials are imported from overseas and denominated and paid in USD. The Group also borrows most of the long term loans and the short term loans denominated in RMB, HK\$ or USD.

Liquidity, Financial Resources and Borrowings

The Group's financial position remained healthy. As at 30 June 2023, the Group's bank and cash balances amounted to HK\$838,118,380 (31 December 2022: HK\$606,947,407), and short-term and long-term loans amounted to HK\$5,551,579,123 (31 December 2022: HK\$3,888,244,226), including the loans from a related party amounting to HK\$384,123,300 (31 December 2022: HK\$788,282,378). 73.0% of the borrowings are long-term (31 December 2022: 74.3%). The annual interest rates of bank loans ranged from 2.20% to 6.53%.

As at 30 June 2023, the net gearing ratio, which was calculated on the basis of the amount of net debt as a percentage of the total shareholders' equity, was 43.1% (31 December 2022: 28.6%).

As at 30 June 2023, unutilised credit facilities amounted to approximately HK\$6.95 billion (31 December 2022: HK\$7.20 billion).

Charges on Group Assets

As at 30 June 2023, the Group did not have any charges on assets (31 December 2022: nil).

Contingent Liabilities

As at 30 June 2023, the Group had no material contingent liabilities (31 December 2022: nil).

Interim Dividend

The Board has resolved to declare an interim dividend of HK\$0.10 per share for the Period (2022: HK\$0.10 per share) totaling approximately HK\$120,328,537 based on the 1,203,285,373 issued shares outstanding as at 30 June 2023. The interim dividend will be paid on or about 7 September 2023 to shareholders whose names appear on the register of members of the Company on 24 August 2023.

Closure of Register of Members

The register of members of the Company will be closed from 22 August 2023 to 24 August 2023, both days inclusive, during which period no transfer of shares will be registered. In order to establish entitlement to the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in HKSAR, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, HKSAR, not later than 4:30 p.m. on 21 August 2023 for registration of transfer.

Purchase, Sale or Redemption of the Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the Period.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance practices by emphasizing a quality board of directors, sound internal control, transparency and accountability to all of the Shareholders. The Company has adopted the principles set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Company has applied the principles of the CG Code on the Company's corporate governance structure and operation. For the Period, the Company has complied with all the code provisions set out in the CG Code.

OTHER INFORMATION

Directors' and Chief Executives' Interests in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 30 June 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules were as follows:

Long Positions In Shares, Underlying Shares and Debentures in the Company

Name		Number of shares held			Approximate percentage (%) of interests ⁽²⁾
		Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporations)	Total interests	
LI Chao Wang	Shares	300,000	252,841,581 ^{(1)(i) & (ii)}	253,141,581	21.04
YU Yi Fang	Shares	650,000	–	650,000	0.05
LI Jielin	Shares	414,000	–	414,000	0.03
Johann Christoph MICHALSKI	Shares	59,000	–	59,000	0.005

Notes:

- For the purpose of Part XV of the SFO, LI Chao Wang is deemed to be interested in the 251,841,581 shares in the Company that Sentential Holdings Limited has interests, of which 251,341,581 shares is held by its controlled corporation, namely Fu An International Company Limited and 500,000 is 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.
 - Li Song Foundation Company Limited directly holds 1,000,000 Shares and it is held as to 50.00% by LI Chao Wang. As such, LI Chao Wang is also deemed to be interested in 1,000,000 Shares held by Li Song Foundation Company Limited for the purpose of Part XV of the SFO.
- The percentage of shareholding is calculated on the basis of 1,203,285,373 Shares in issue of the Company as at 30 June 2023. Actual percentages may not equal to the stated figures due to rounding.

Long Positions In Shares, Underlying Shares and Debentures of Associated Corporations of the Company

Name	Associated corporation	Class of shares in associated corporation	Number of shares held			Approximate percentage (%) of interests ^(1&2)
			Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporations)	Total interests	
Johann Christoph MICHALSKI	Essity Aktiebolag (publ)	Class B shares	5,276	–	5,276	0.0008
Jan Christer JOHANSSON	Essity Aktiebolag (publ)	Class B shares	1,000	–	1,000	0.0001
Carl Magnus GROTH	Essity Aktiebolag (publ)	Class B shares	90,000	–	90,000	0.0128
Carl Fredrik Stenson RYSTEDT	Essity Aktiebolag (publ)	Class B shares	34,200	–	34,200	0.0049
Gert Mikael SCHMIDT	Essity Aktiebolag (publ)	Class B shares	34,300	–	34,300	0.0049
Dominique Michel Jean DESCHAMPS	Essity Aktiebolag (publ)	Class B shares	4,761	–	4,761	0.0007

Notes:

- As at 30 June 2023, the total number of registered shares in the share capital of Essity Aktiebolag (publ) was 702,342,489, of which 61,158,914 are Class A shares and 641,183,575 are Class B shares.
- Actual percentages may not equal to the stated figures due to rounding.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executives of the Company were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporation, that are required to be entered in the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Scheme

A long-term incentive scheme (the “**Scheme**”) was conditionally adopted and approved by a written resolution of the Shareholders passed on 19 June 2007. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules, where appropriate.

The purpose of the Scheme is to attract and retain the best available personnel, to provide additional incentive to employees, directors, shareholders of any member of the Group or any holder of any securities issued by any member of the Group, and to promote the success of the Group.

The Scheme enables the Company to grant options (the “**Options**”) to subscribe for shares of the Company (the “**Shares**”) to employees of the Company or any member of the Group (including any executive, non-executive and independent non-executive directors), advisors and consultants of the Group as incentives or rewards for their contributions to the Group.

OTHER INFORMATION

The Scheme shall be valid and effective for a period of 10 years commencing from the date of adoption and expired on 18 June 2017, after which period no further Options may be offered or granted. The Board shall, subject to the rules of the Scheme and the Listing Rules, have the right to determine, among others, the exercise price of an Option, the minimum period for which the Option must be held before its vesting, performance, operating and financial targets and other criteria to be satisfied before the vesting of an Option and other terms and conditions of an Option, provided that the exercise price of an Option shall be a price determined by the Board at its absolute discretion but shall be the highest of (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five trading days immediately preceding the date of the offer; or (iii) the nominal value of a Share.

An Option shall be deemed to have been granted and accepted when the duplicate letter comprising acceptance of the Option duly signed by the participant with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company within 28 days from the date of the offer.

Subject to the Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Scheme and any other share option schemes adopted by the Company (“**Other Schemes**”) must not, in aggregate, exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of Options granted and to be granted to each participant or grantee (including exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the Shares in issue at the offer date. Any further grant of Options in excess of the above limit must be subject to Shareholders’ approval by ordinary resolution in general meeting. Where any offer proposed to be made to a substantial Shareholder or an Independent Non-Executive Director of the Company or any of their associates would result in the total number of the Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the Scheme or Other Schemes in any 12-month period up to and including the date of offer: (i) representing in aggregate over 0.1% of the Shares in issue at the date of offer; and (ii) having an aggregate value, based on the closing price of the Shares at the date of offer, in excess of HK\$5 million, then such proposed grant of Options must be subject to approval of the Shareholders in general meeting taken on a poll.

An Option may be exercised in accordance with the terms of the Scheme and such other terms and conditions upon which an Option was granted, at any time during the option period after the Option has been granted by the Board but in any event, not longer than ten (10) years from the date upon which the Option is accepted or deemed to be accepted in accordance with the terms of the Scheme. The subscription price for Shares in respect of any options granted under the Scheme shall be a price determined by the Board, and shall be the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant, which must be a trading day; and (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a Share. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period. An Option granted under the Scheme may be subject to a vesting period determined by the Board.

Details of movements of the Options granted under the Scheme for the six months ended 30 June 2023 are as follows:

	Date of Grant	Exercise price per Share HK\$	as at 01/01/2023	Number of Shares issuable under the Options				as at 30/06/2023	Exercise period
				granted during the Period	exercised during the Period	lapsed during the Period	cancelled during the Period		
Employees of the Group									
In aggregate	02/05/2013	10.34	10,000	-	(10,000)	-	-	-	-
Total			10,000	-	(10,000)	-	-	-	

Note:

The weighted average closing price of the Shares immediately before the date on which the Options were exercised was HK\$20.25.

As at the date of this interim report, there is no outstanding Option granted, no further Shares available for issue, and no further Options may be granted under the Scheme.

Arrangement to Purchase Shares or Debentures

Save as disclosed above, at no time during the Period were there any rights to acquire benefits by means of the acquisition of securities of the Company granted to any Director or their respective spouse or children under 18 years of age, or were there any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 30 June 2023, to the best of the Directors' knowledge, the following persons (other than the Directors and chief executives of the Company) had or deemed or taken to have an interests and/or short position in the Shares or the underlying shares of the Company which fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or which are notified to the Company:

OTHER INFORMATION

Long Positions in Shares and Underlying Shares in the Company

Name of substantial shareholder		Number of Shares held			Approximate percentage (%) of issued share capital ⁽¹⁾
		Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporations)	Total interests	
Essity Group Holding BV	Shares	620,737,112 ⁽²⁾	–	620,737,112	51.59
Essity Aktiebolag (publ)	Shares	–	620,737,112 ⁽²⁾	620,737,112	51.59
Fu An International Company Limited	Shares	251,341,581 ⁽³⁾	–	251,341,581	20.89
Sentential Holdings Limited	Shares	500,000	251,341,581 ⁽³⁾	251,841,581 ⁽⁴⁾	20.93

Notes:

- The percentage of shareholding is calculated on the basis of 1,203,285,373 Shares in issue of the Company as at 30 June 2023. Actual percentages may not equal to the stated figures due to rounding.
- Essity Group Holding BV is wholly-owned by Essity Aktiebolag (publ), a company whose shares are quoted and traded on NASDAQ OMX Stockholm, and as American Depository Receipts (ADR level 1) in the United States through Deutsche Bank. Essity Aktiebolag (publ) is deemed to be interested in the 620,737,112 Shares held by Essity Group Holding BV for the purpose of Part XV of the SFO.
- 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 Sentential Holdings Limited, Join Pride International Limited and Daminos Management Limited are held by each of LI Chao Wang, YU Yi Fang and DONG Yi Ping, respectively. Sentential Holdings Limited is deemed to be interested in the 251,341,581 Shares held by Fu An International Company Limited for the purpose of Part XV of the SFO.
- Such 251,841,581 Shares are the same Shares referred to in Note 1(i) of LI Chao Wang as disclosed in the table under the sub-section headed "Long Positions In Shares, Underlying Shares and Debentures in the Company" under the section headed "Directors' and Chief Executives' Interests in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above.

Save as disclosed above, as at 30 June 2023, there are no other persons (other than Directors or chief executives of the Company) who had or are taken to have interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are recorded in the register required to be kept by the Company under section 336 of the SFO, or which are notified to the Company.

Updates on Directors' Information under Rule 13.51(B) of the Listing Rules

Mr. Jan Christer JOHANSSON has resigned as the Chairman of Midsummer AB (publ) and Serneke Group AB (publ) since June 2023 and July 2023, respectively.

Directors' Securities Transactions

The Company has adopted a code for securities transactions by Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry with all the Directors, all of them confirmed that they have complied with the required standard set out in the Model Code and the Code of Conduct regarding securities transactions by the Directors during the Period.

Audit Committee

The Audit Committee has four members comprising three Independent Non-Executive Directors, namely, Mr. TSUI King Fai, Mr. WONG Kwai Huen, Albert and Mr. LAW Hong Ping, Lawrence and a Non-Executive Director, Mr. Carl Fredrik Stenson RYSTEDT. The chairman of the Audit Committee is Mr. TSUI King Fai. The Audit Committee is accountable to the Board and the principal duties of the Audit Committee include, among others, the review and supervision of the financial reporting process. It also reviews the effectiveness of internal audit, internal controls and risk evaluation. The unaudited interim results and interim report of the Company for the Period have been reviewed by the Audit Committee.

Remuneration Committee

The Company's remuneration committee (the “**Remuneration Committee**”) has five members comprising three Independent Non-Executive Directors, namely Mr. TSUI King Fai, Mr. LAW Hong Ping, Lawrence and Dr. CAO Zhenlei, and two Non-Executive Directors, namely, Mr. Johann Christoph MICHALSKI and Mr. Jan Christer JOHANSSON. The chairman of the Remuneration Committee is Mr. TSUI King Fai. The Remuneration Committee is responsible for, among others, formulating and making recommendation to the Board on the Group's remuneration policy, the determination of specific remuneration packages of senior management and making recommendations to the Board on the remuneration packages of individual Executive Directors and the remuneration of Non-Executive Directors. The Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of Directors and senior management, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

Nomination Committee

The Company's nomination committee (the "**Nomination Committee**") has five members comprising three Independent Non-Executive Directors, namely, Mr. WONG Kwai Huen, Albert, Mr. LAW Hong Ping, Lawrence and Dr. CAO Zhenlei, an Executive Director, Mr. LI Chao Wang, and a Non-Executive Director, Mr. Jan Christer JOHANSSON. The chairman of the Nomination Committee is Mr. LI Chao Wang. The principal duties of the Nomination Committee are, among others, to consider and recommend to the Board suitably qualified persons to become Directors and to be responsible for reviewing the structure, size, diversity and composition of the Board on a regular basis.

Risk Management Committee

The Company's risk management committee (the "**Risk Management Committee**") has five members comprising two Executive Directors, Ms. LI Jielin and Ms. YU Yi Fang, two Non-Executive Directors, namely, Mr. Jan Christer JOHANSSON and Mr. Carl Fredrik Stenson RYSTEDT, and an Independent Non-Executive Director, Mr. TSUI King Fai. The chairman of the Risk Management Committee is Mr. Jan Christer JOHANSSON. The principal duties of the Risk Management Committee are, among others, to assist the Board in deciding the Group's risk level and risk appetite, advising on major decisions affecting the Group's risk profile or exposure and to give directions where appropriate, and reviewing and reporting to the Board on identified key risks, risk register and related risk mitigating actions including crisis management.

Executive Committee

The Company's executive committee (the "**Executive Committee**") comprises four members and is chaired by Mr. LI Chao Wang, an Executive Director. The other members are all Executive Directors, namely Ms. YU Yi Fang, Mr. DONG Yi Ping and Ms. LI Jielin. The principal duties of the Executive Committee, among others, are to develop and make recommendations to the Board on the Company's annual budgets, CAPEX budget, material business plans, and to review and approve proposals for restructuring and major asset disposal as well as individual annual salary increases for senior executives of the Group within the annual budget approved by the Remuneration Committee.

Strategic Development Committee

The Company's strategic development committee (the "**Strategic Development Committee**") comprises five members and is chaired by Mr. Jan Christer JOHANSSON, a Non-Executive Director. The other members are two Executive Directors, namely, Mr. DONG Yi Ping and Ms. LI Jielin, a Non-Executive Director, Mr. Johann Christoph MICHALSKI and an Independent Non-Executive Director, Dr. CAO Zhenlei. The principal duties of the Strategic Development Committee are, among others, (a) to advise on strategy of the Group, namely to review and advise the mid to long term strategic positioning, business plans, brand strategies, investment decisions and mergers and acquisitions of the Group and make recommendations to the Board/Executive Committee; and (b) to monitor, review and advise the implementations of strategic plans.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF
VINDA INTERNATIONAL HOLDINGS LIMITED**
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 23 to 52, which comprises the interim condensed consolidated balance sheet of Vinda International Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes, comprising material accounting policy information and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 July 2023

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2023

	Note	30 June 2023 Unaudited HK\$	31 December 2022 Audited HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	7	9,903,369,300	10,353,535,314
Right-of-use assets	8	1,187,497,196	1,221,438,469
Intangible assets	7	2,362,480,746	2,456,705,131
Deferred income tax assets		732,198,803	629,751,445
Investment properties	7	1,944,607	40,173,068
Investment in an associate		–	2,030,636
Total non-current assets		14,187,490,652	14,703,634,063
Current assets			
Inventories		4,561,238,574	6,014,823,036
Trade and notes receivables	9	2,503,218,417	2,339,665,339
Other receivables	9	569,562,229	483,237,455
Prepayments	9	122,752,314	100,093,982
Due from related parties	20(c)	23,081,456	40,242,578
Cash and cash equivalents		838,118,380	606,947,407
Total current assets		8,617,971,370	9,585,009,797
Total assets		22,805,462,022	24,288,643,860
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	10	120,328,537	120,327,537
Share premium	10	4,497,509,829	4,497,368,699
Other reserves		6,703,080,411	7,382,589,207
Total equity		11,320,918,777	12,000,285,443

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2023

	Note	30 June 2023 Unaudited HK\$	31 December 2022 Audited HK\$
LIABILITIES			
Non-current liabilities			
Borrowings	12	3,968,774,941	2,800,715,036
Loans from a related party	12, 20(c)	84,123,300	88,282,378
Lease liabilities	8	110,813,556	99,385,024
Deferred government grants		250,136,215	247,961,760
Deferred income tax liabilities		205,445,825	215,293,079
Post-employment benefits		7,208,987	6,960,500
Other non-current liabilities	13	11,543,288	3,200,341
Total non-current liabilities		4,638,046,112	3,461,798,118
Current liabilities			
Trade payables, other payables and accrued expenses	14	4,989,683,277	7,548,972,120
Contract liabilities		183,240,954	118,382,755
Borrowings	12	1,198,680,882	299,246,812
Loans from a related party	12, 20(c)	300,000,000	700,000,000
Lease liabilities	8	56,920,198	55,585,120
Due to related parties	20(c)	15,239,500	22,509,163
Current income tax liabilities		102,732,322	81,864,329
Total current liabilities		6,846,497,133	8,826,560,299
Total liabilities		11,484,543,245	12,288,358,417
Total equity and liabilities		22,805,462,022	24,288,643,860

The notes on pages 28 to 52 form an integral part of this condensed consolidated interim financial information.

LI Chao Wang
Director

LI Jielin
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Note	Unaudited	
		Six months ended 30 June	
		2023	2022
		HK\$	HK\$
Revenue	6	10,069,610,810	9,680,375,460
Cost of sales		(7,543,054,231)	(6,580,323,074)
Gross profit		2,526,556,579	3,100,052,386
Selling and marketing costs		(1,940,747,502)	(1,895,316,830)
Administrative expenses		(477,518,937)	(478,370,521)
Net impairment losses on financial assets		(9,348,005)	(4,926,048)
Other income and gains – net		38,441,805	35,479,427
Operating profit		137,383,940	756,918,414
Finance income and costs – net	15	(67,807,683)	(25,204,168)
Share of post-tax loss of an associate		(1,513)	(30,122)
Profit before income tax		69,574,744	731,684,124
Income tax credit/(expense)	16	51,071,608	(93,968,894)
Profit attributable to the equity holders of the Company		120,646,352	637,715,230
Other comprehensive loss:			
<i>Item that may be reclassified to profit or loss</i>			
– Currency translation differences		(439,130,806)	(656,874,594)
Total comprehensive loss attributable to the equity holders of the Company		(318,484,454)	(19,159,364)
Earnings per share for profit attributable to the equity holders of the Company			
– basic	17	0.100	0.530
– diluted	17	0.100	0.530

The notes on pages 28 to 52 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Note	Unaudited			Total HK\$
		Attributable to the equity holders of the Company			
		Share capital HK\$	Share premium HK\$	Other reserves HK\$	
Balance as at 1 January 2022		120,126,537	4,458,961,619	8,439,573,727	13,018,661,883
Profit for the period		-	-	637,715,230	637,715,230
Other comprehensive loss					
<i>Item that may be reclassified to profit or loss</i>					
- Currency translation differences		-	-	(656,874,594)	(656,874,594)
Total comprehensive loss for the six months ended 30 June 2022		-	-	(19,159,364)	(19,159,364)
Transaction with owners					
Employees share option scheme					
- Exercise of share options	10	201,000	38,407,080	(10,347,480)	28,260,600
Dividends		-	-	(481,310,149)	(481,310,149)
Transaction with owners		201,000	38,407,080	(491,657,629)	(453,049,549)
Balance as at 30 June 2022		120,327,537	4,497,368,699	7,928,756,734	12,546,452,970
Balance as at 1 January 2023		120,327,537	4,497,368,699	7,382,589,207	12,000,285,443
Profit for the period		-	-	120,646,352	120,646,352
Other comprehensive loss					
<i>Item that may be reclassified to profit or loss</i>					
- Currency translation differences		-	-	(439,130,806)	(439,130,806)
Total comprehensive loss for the six months ended 30 June 2023		-	-	(318,484,454)	(318,484,454)
Transaction with owners					
Employees share option scheme					
- Exercise of share options	10	1,000	141,130	(38,730)	103,400
Dividends		-	-	(360,985,612)	(360,985,612)
Transaction with owners		1,000	141,130	(361,024,342)	(360,882,212)
Balance as at 30 June 2023		120,328,537	4,497,509,829	6,703,080,411	11,320,918,777

The notes on pages 28 to 52 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Note	Unaudited	
		Six months ended 30 June	
		2023	2022
		HK\$	HK\$
Cash flows from operating activities:			
– cash (used in)/generated from operations		(555,982,086)	2,136,929,175
– income tax paid		(61,000,236)	(128,876,539)
– interest paid		(79,762,885)	(48,058,665)
Cash flows (used in)/generated from operating activities – net		(696,745,207)	1,959,993,971
Cash flows from investing activities:			
– purchases of property, plant and equipment		(488,953,365)	(576,524,807)
– purchases of intangible assets		(18,406,914)	(16,018,583)
– proceeds on disposal of property, plant and equipment		1,453,850	782,458
– acquisition of subsidiary, net of cash acquired		1,465,300	–
– proceeds from government grants		24,619,337	19,642,895
– interest received		7,619,967	10,025,503
Cash flows used in investing activities – net		(472,201,825)	(562,092,534)
Cash flows from financing activities:			
– dividends paid		(360,985,612)	(481,310,149)
– repayments of borrowings	12	(1,160,754,777)	(3,194,778,861)
– repayments of loans from a related party	12, 20(b)	(400,000,000)	–
– proceeds from borrowings	12	3,387,417,462	2,330,399,968
– proceeds from shares issued		103,400	28,260,600
– lease payments for right-of-use assets excluding land use rights		(35,577,823)	(40,305,025)
Cash flows generated from/(used in) financing activities – net		1,430,202,650	(1,357,733,467)
Net increase in cash and cash equivalents		261,255,618	40,167,970
Cash and cash equivalents at beginning of the period		606,947,407	1,025,327,689
Exchange differences		(30,084,645)	(56,205,165)
Cash and cash equivalents at end of the period		838,118,380	1,009,290,494

The notes on pages 28 to 52 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

1 General Information

Vinda International Holdings Limited (the “Company”) was incorporated on 17 August 1999 in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company acts as an investment holding company and provides management as well as financial support services to its subsidiaries. The Company and its subsidiaries are collectively referred to as the “Group”. The principal activities of the Group are the manufacture and sale of household paper products and personal care products.

The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited since 10 July 2007.

The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Essity Aktiebolag (publ) (“Essity”) is the ultimate holding company of the Group.

This condensed consolidated interim financial information is presented in Hong Kong dollar (“HK\$”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 19 July 2023 by the Board of Directors.

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) except for the adoption of new and amended standards as disclosed in note 3.

3 Significant accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total earnings.

3 Significant accounting policies *(continued)*

(a) New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies as a result of adopting these standards except HKAS 12 (Amendments).

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023

The amendments to HKAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- i) right-of-use assets and lease liabilities, and
- ii) decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments as of 31 December 2022 was not material and hence no adjustment was made to the beginning retained earnings, or another component of equity.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

3 Significant accounting policies *(continued)*

- (b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2023 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
HKFRS 16 (Amendments)	Lease liability in sale and leaseback	1 January 2024
HK Int 5 (Revised)	Presentation of Financial Statements- Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

4 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2022.

There have been no changes in the risk management policies approved by the board of directors since year end.

5 Financial risk management *(continued)*

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

As at 30 June 2023, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

	Less than 1 year HK\$	Between 1 and 2 years HK\$	Between 2 and 5 years HK\$	Over 5 years HK\$	Total Amount HK\$
As at 30 June 2023					
Borrowings and interest payables (i)	1,332,478,738	1,769,540,285	2,328,843,688	–	5,430,862,711
Loans from a related party and interest payables (i)	308,415,569	85,916,509	–	–	394,332,078
Lease liabilities	62,440,240	45,486,779	51,930,105	25,201,961	185,059,085
Trade payables	2,160,801,128	–	–	–	2,160,801,128
Notes payable	360,476,368	–	–	–	360,476,368
Other payables	522,599,012	–	–	–	522,599,012
Accrued expenses	1,617,117,540	–	–	–	1,617,117,540
Due to related parties	15,239,500	–	–	–	15,239,500
As at 31 December 2022					
Borrowings and interest payables (i)	388,369,989	906,285,450	1,991,671,188	–	3,286,326,627
Loans from a related party and interest payables (i)	723,372,658	92,337,926	–	–	815,710,584
Lease liabilities	60,552,960	39,861,120	47,368,475	22,507,859	170,290,414
Trade payables	4,500,445,917	–	–	–	4,500,445,917
Notes payable	321,486,143	–	–	–	321,486,143
Other payables	678,187,562	–	–	–	678,187,562
Accrued expenses	1,686,454,983	–	–	–	1,686,454,983
Due to related parties	22,509,163	–	–	–	22,509,163

(i) The interest on borrowings is calculated based on borrowings held as at 30 June 2023 and 31 December 2022 without taking account of future issues. Floating-rate interest is estimated using interest rate prevailing as at 30 June 2023 and 31 December 2022 respectively.

5.3 Fair value estimation

As at 30 June 2023, the Group held no financial instrument measured at fair value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

6 Segment information

The chief operating decision-maker has been identified as the executive committee, which comprises all executive directors. The executive committee reviews the Group's internal reporting in order to assess performance and allocate resources.

The executive committee has determined that no geographical segment information is presented as management reviews the business performance primarily based on type of business, not geographically. Instead, the executive committee assesses the performance of household paper products and personal care products.

The executive committee assesses the performance of the operating segments based on a measure of segment results without considering amortisation of trademarks, licences and contractual customer relationships, other income and losses, unallocated costs, finance income/(costs) and income tax expense which is consistent with that in the annual consolidated financial statements. Unallocated costs are mainly the central expenses.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the annual consolidated income statement. The Company is domiciled in Hong Kong Special Administrative Region ("HKSAR"). The amount of its revenue from external customers in Mainland China, HKSAR and overseas is analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$	HK\$
– Mainland China	7,911,383,829	7,526,820,217
– HKSAR	612,881,559	583,343,849
– Overseas	1,545,345,422	1,570,211,394
Total Revenue	10,069,610,810	9,680,375,460

6 Segment information (continued)

The total non-current assets are analysed as follows:

	As at	
	30 June 2023 Unaudited HK\$	31 December 2022 Audited HK\$
– Mainland China	9,673,682,709	10,186,539,060
– HKSAR and overseas	3,781,609,140	3,885,312,922
Deferred tax assets	732,198,803	629,751,445
Investment in an associate	–	2,030,636
Total non-current assets	14,187,490,652	14,703,634,063

Additions to non-current assets comprise additions to property, plant and equipment, right-of-use assets and intangible assets.

The segment information for the six months ended 30 June 2023 and 2022 are as follows:

Six months ended 30 June 2023	Six months ended 30 June 2023 (Unaudited)		
	Household paper products HK\$	Personal care products HK\$	Total HK\$
Segment revenue	8,361,343,453	1,708,267,357	10,069,610,810
Segment results	170,982,990	2,927,483	173,910,473
Amortisation of trademarks, licences and contractual customer relationships	(4,873,333)	(26,764,750)	(31,638,083)
Segment profit/(loss)	166,109,657	(23,837,267)	142,272,390
Other income and gains – net			38,441,805
Unallocated costs			(43,330,255)
Operating profit			137,383,940
Finance income and costs – net			(67,807,683)
Share of post-tax loss of an associate			(1,513)
Profit before income tax			69,574,744
Income tax credit			51,071,608
Profit for the period			120,646,352
Depreciation of property, plant and equipment	(498,473,191)	(82,805,965)	(581,279,156)
Depreciation of right-of-use assets	(37,653,137)	(8,764,633)	(46,417,770)
Depreciation and amortization of investment properties and intangible assets	(22,253,105)	(31,108,950)	(53,362,055)
Additions to non-current assets	404,377,113	58,789,999	463,167,112

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

6 Segment information *(continued)*

Six months ended 30 June 2022	Six months ended 30 June 2022 (Unaudited)		
	Household paper products HK\$	Personal care products HK\$	Total HK\$
Segment revenue	7,963,350,222	1,717,025,238	9,680,375,460
Segment results	741,517,709	60,999,916	802,517,625
Amortisation of trademarks, licences and contractual customer relationships	(5,470,305)	(27,984,652)	(33,454,957)
Segment profit	736,047,404	33,015,264	769,062,668
Other income and gains – net			35,479,427
Unallocated costs			(47,623,681)
Operating profit			756,918,414
Finance income and costs – net			(25,204,168)
Share of post-tax loss of an associate			(30,122)
Profit before income tax			731,684,124
Income tax expense			(93,968,894)
Profit for the period			637,715,230
Depreciation of property, plant and equipment	(484,299,774)	(64,554,600)	(548,854,374)
Depreciation of right-of-use assets	(39,165,283)	(14,272,916)	(53,438,199)
Depreciation and amortization of investment properties and intangible assets	(26,940,951)	(31,779,474)	(58,720,425)
Additions to non-current assets	408,198,802	209,292,245	617,491,047

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

6 Segment information *(continued)*

As at 30 June 2023	As at 30 June 2023 (Unaudited)		Total HK\$
	Household paper products HK\$	Personal care products HK\$	
Segment assets	17,202,337,242	4,807,425,430	22,009,762,672
Deferred income tax assets			732,198,803
Prepaid income tax recoverable			63,500,547
Total assets			22,805,462,022
Segment liabilities	9,821,495,374	1,354,869,724	11,176,365,098
Deferred income tax liabilities			205,445,825
Current income tax liabilities			102,732,322
Total liabilities			11,484,543,245

As at 31 December 2022	As at 31 December 2022 (Audited)		Total HK\$
	Household paper products HK\$	Personal care products HK\$	
Segment assets	18,477,023,735	5,116,071,717	23,593,095,452
Deferred income tax assets			629,751,445
Investment in an associate			2,030,636
Prepaid income tax recoverable			63,766,327
Total assets			24,288,643,860
Segment liabilities	10,442,010,406	1,549,190,603	11,991,201,009
Deferred income tax liabilities			215,293,079
Current income tax liabilities			81,864,329
Total liabilities			12,288,358,417

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

7 Property, plant and equipment, intangible assets and investment properties

	Property, plant and equipment HK\$	Unaudited	
		Intangible assets HK\$	Investment properties HK\$
Six months ended 30 June 2022			
Opening net book amount as at 1 January 2022	11,225,685,513	2,646,685,234	2,421,930
Additions	585,460,334	16,018,583	–
Disposals	(865,156)	–	–
Depreciation and amortisation	(548,854,374)	(58,645,299)	(75,126)
Exchange differences	(500,403,202)	(79,013,495)	(104,328)
Closing net book amount as at 30 June 2022	10,761,023,115	2,525,045,023	2,242,476
Six months ended 30 June 2023			
Opening net book amount as at 1 January 2023	10,353,535,314	2,456,705,131	40,173,068
Additions	416,853,571	18,503,155	–
Addition from acquisition	6,508,343	2,565,989	–
Transfer	37,184,943	–	(37,184,943)
Disposals	(496,360)	–	–
Depreciation and amortisation	(581,279,157)	(52,182,487)	(1,179,568)
Exchange differences	(328,937,354)	(63,111,042)	136,050
Closing net book amount as at 30 June 2023	9,903,369,300	2,362,480,746	1,944,607

During the period, the Group has capitalised borrowing costs amounting to HK\$4,657,008 (for the six months ended 30 June 2022: HK\$15,090,891) on qualifying assets.

8 Leases

	As at	
	30 June 2023 Unaudited HK\$	31 December 2022 Audited HK\$
Right-of-use assets		
– Land use rights	1,027,200,478	1,073,897,973
– Buildings	154,539,408	141,018,510
– Equipment and others	5,757,310	6,521,986
Total right-of-use assets	1,187,497,196	1,221,438,469
Lease liabilities		
– Current	56,920,198	55,585,120
– Non-current	110,813,556	99,385,024
Total lease liabilities	167,733,754	154,970,144

Expenses have been charged to the consolidated statement of comprehensive income as follows:

	Unaudited	
	Six months ended 30 June 2023 HK\$	2022 HK\$
Depreciation of right-of-use assets		
– Land use rights	13,754,117	14,708,869
– Buildings	31,004,331	37,551,906
– Equipment and others	1,659,322	1,177,424
	46,417,770	53,438,199

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

9 Trade, notes and other receivables and prepayments

	As at	
	30 June 2023 Unaudited HK\$	31 December 2022 Audited HK\$
Trade receivables	2,439,959,241	2,367,772,943
Notes receivable	113,732,830	19,159,178
Less: Provision for impairment of receivables	(50,473,654)	(47,266,782)
Trade and notes receivables – net	2,503,218,417	2,339,665,339
Other receivables		
– creditable input VAT	376,794,162	256,117,142
– prepaid income tax recoverable	63,500,547	63,766,327
– purchase rebates	17,988,441	1,831,471
– deposits and others	111,279,079	161,522,515
	569,562,229	483,237,455
Prepayments		
– purchase of raw materials	2,784,292	14,437,131
– prepaid expenses	41,894,449	34,046,057
– prepayments of utility fee	10,628,006	7,501,771
– others	67,445,567	44,109,023
	122,752,314	100,093,982
	3,195,532,960	2,922,996,776

Customers who are given credit are generally granted with credit terms ranging from 60 to 90 days.

9 Trade, notes and other receivables and prepayments (continued)

Ageing analysis of trade receivables of the Group based on invoice date as at 30 June 2023 and 31 December 2022 is as below:

	As at	
	30 June 2023 Unaudited HK\$	31 December 2022 Audited HK\$
Within 3 months	2,261,252,142	2,192,548,789
4 months to 6 months	109,486,333	104,836,574
7 months to 12 months	25,251,087	25,336,069
Over 1 year	43,969,679	45,051,511
	2,439,959,241	2,367,772,943

10 Share capital and share premium

	Number of issued and fully paid shares	Unaudited Amount	
		Share capital HK\$	Share premium HK\$
Opening balance as at 1 January 2022	1,201,265,373	120,126,537	4,458,961,619
Employee share option scheme (Note 11)			
– Exercise of options	2,010,000	201,000	38,407,080
As at 30 June 2022	1,203,275,373	120,327,537	4,497,368,699
Opening balance as at 1 January 2023	1,203,275,373	120,327,537	4,497,368,699
Employee share option scheme (Note 11)			
– Exercise of options	10,000	1,000	141,130
As at 30 June 2023	1,203,285,373	120,328,537	4,497,509,829

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

11 Share-based payment

Movements in the number of share options outstanding and their related weighted average exercise prices for the six months period ended 30 June 2023 and 2022 were as follows:

	For the six months period ended 30 June			
	2023		2022	
	Unaudited		Unaudited	
	Weighted average exercise price in HK\$	Number of options	Weighted average exercise price in HK\$	Number of options
At 1 January	10.34	10,000	14.04	2,170,000
Exercised	10.34	(10,000)	14.06	(2,010,000)
Lapsed	-	-	14.06	(150,000)
At 30 June	-	-	10.34	10,000

12 Borrowings

	As at	
	30 June 2023	31 December 2022
	Unaudited HK\$	Audited HK\$
Non-current – unsecured		
Bank borrowings	3,968,774,941	2,800,715,036
Loans from a related party (Note 20(c))	84,123,300	88,282,378
Total non-current borrowings	4,052,898,241	2,888,997,414
Current – unsecured		
Bank borrowings	1,198,680,882	299,246,812
Loans from a related party (Note 20(c))	300,000,000	700,000,000
Total current borrowings	1,498,680,882	999,246,812
Total borrowings	5,551,579,123	3,888,244,226

12 Borrowings (continued)

Movements in borrowings are analysed as follows:

	Unaudited HK\$
Six months ended 30 June 2022	
Opening amount as at 1 January 2022	4,796,106,555
New borrowings	2,330,399,968
Repayments of borrowings	(3,194,778,861)
Exchange differences	(98,936,835)
Closing amount as at 30 June 2022	3,832,790,827
Six months ended 30 June 2023	
Opening amount as at 1 January 2023	3,888,244,226
New borrowings	3,387,417,462
Repayments of borrowings	(1,160,754,777)
Repayments of loans from a related party	(400,000,000)
Exchange differences	(163,327,788)
Closing amount as at 30 June 2023	5,551,579,123

(a) The maturity of borrowings is as follows:

	Bank borrowings		Loans from a related party	
	As at		As at	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	Unaudited HK\$	Audited HK\$	Unaudited HK\$	Audited HK\$
Portion of loans due for repayment within 1 year	1,198,680,882	299,246,812	300,000,000	700,000,000
Loans due for repayment after 1 year:				
Between 1 and 2 years	1,671,140,133	874,228,318	84,123,300	88,282,378
Between 2 and 5 years	2,297,634,808	1,926,486,718	–	–
	5,167,455,823	3,099,961,848	384,123,300	788,282,378

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

12 Borrowings (continued)

- (b) The carrying values of the borrowings approximate their fair values. The effective interest rates (per annum) at the balance sheet date were as follows:

	As at	
	30 June 2023 Unaudited	31 December 2022 Audited
HK\$	4.69%	2.03%
US\$	–	1.30%
RMB	2.66%	2.86%
KRW	4.82%	2.59%
MYR	4.15%	3.36%

13 Long-term incentive plans

	As at	
	30 June 2023 Unaudited HK\$	31 December 2022 Audited HK\$
Trade payables, other payables and accrued expenses		
Long-term incentive plans – current portion (Note 14)	39,444,089	46,047,386
Other non-current liabilities		
Long-term incentive plans	11,543,288	3,200,341
Total incentive plans (i)(ii)	50,987,377	49,247,727

- (i) On 17 September 2020, the Board of Directors approved a cash settled long-term incentive plan for specific employees.

A total of 12,358,000 Option Equivalent Units (“OEU”) were granted to selected management, senior management and Directors at a nominal price of HK\$21.83 per unit. The exercise price of an OEU will be the stock price at the time of exercise. The exercise price of an OEU is capped at HK\$43.66. The vesting period is from 30 October 2020 to 30 October 2023.

As at 30 June 2023, the fair value of OEU granted was determined by using the Binomial Model. The fair value of OEU in management’s plan was HK\$3.60 and the fair value of OEU in Directors and senior managements’ plan was HK\$3.59.

13 Long-term incentive plans *(continued)*

(i) *(continued)*

The significant inputs into the model were share price at the valuation date, the grant price, volatility of 43.00%, dividend yield of 1.96%, and annual risk-free interest rate of 3.75%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the Company over relevant period matching the life of the incentive plan.

(ii) On 20 July 2022, the Board of Directors approved a cash settled long-term incentive plan for specific employees.

A total of 11,195,000 OEU's were granted to selected management, senior management and Directors at a nominal price of HK\$14.97 per unit. The exercise price of an OEU will be the stock price at the time of exercise. The exercise price of an OEU is capped at HK\$29.94. The vesting period is from 1 November 2022 to 31 October 2025.

As at 30 June 2023, the fair value of OEU granted was determined by using the Binomial Model. The fair value of OEU in management's plan was HK\$4.64 and the fair value of OEU in Directors and senior managements' plan was HK\$4.64.

The significant inputs into the model were share price at the valuation date, the grant price, volatility of 39.00%, dividend yield of 1.74%, and annual risk-free interest rate of 3.55%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the Company over relevant period matching the life of the incentive plan.

The charges of the long-term incentive plans for the six months ended 30 June 2023 and 2022 amounted to HK\$2 million and HK\$10 million respectively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

14 Trade payables, other payables and accrued expenses

	As at	
	30 June 2023 Unaudited HK\$	31 December 2022 Audited HK\$
Trade payables	2,160,801,128	4,500,445,917
Notes payable	360,476,368	321,486,143
Other payables		
– salaries and bonus payable	214,326,079	267,250,667
– taxes payable other than income tax	74,919,061	49,099,461
– payables for property, plant and equipment	314,057,759	423,299,710
– others	208,541,253	254,887,853
Long-term incentive plans – current portion	39,444,089	46,047,386
Accrued expenses		
– promotion fees	1,108,238,421	1,145,631,290
– utility charges	78,949,073	74,441,783
– transportation fees	238,931,713	282,952,240
– advertising fee	39,922,398	38,321,232
– accrued interest	12,801,597	7,974,158
– professional services	13,886,108	4,472,525
– others	124,388,230	132,661,755
	4,989,683,277	7,548,972,120

The credit period granted by the creditors generally ranged from 30 to 180 days. Ageing analysis of trade payables and notes payable as at 30 June 2023 and 31 December 2022 based on invoice date is as follows:

	As at	
	30 June 2023 Unaudited HK\$	31 December 2022 Audited HK\$
Within 3 months	1,717,609,943	4,221,075,633
4 months to 6 months	802,901,499	588,864,427
7 months to 12 months	679,703	10,834,808
Over 1 year	86,351	1,157,192
	2,521,277,496	4,821,932,060

15 Finance income and costs – net

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$	HK\$
Interest expense		
– Borrowings	(77,543,057)	(35,260,544)
– Lease liabilities	(3,282,031)	(3,763,701)
Foreign exchange gain – net	5,129,928	3,794,574
Interest income		
– Bank deposits	7,887,477	10,025,503
Net finance costs	(67,807,683)	(25,204,168)

16 Income tax (credit)/expense

The applicable corporate income tax rates for the HKSAR, Malaysia and Chinese Taiwan subsidiaries are 16.5%, 24% and 20% respectively. The applicable corporate income tax rate for Mainland China subsidiaries is 25% except for subsidiaries which are qualified as High and New Technology Enterprises and would be entitled to enjoy a beneficial tax rate of 15%. The subsidiaries in Mainland China may additionally deduct 100% of qualified research and development expenses when calculating the taxable income.

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$	HK\$
Current income tax		
– HKSAR and overseas profits tax	69,821,733	46,409,392
– Mainland China income tax	10,798,730	12,764,499
Deferred income tax	(131,692,071)	34,795,003
	(51,071,608)	93,968,894

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

17 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average numbers of ordinary shares in issue during the period.

	Unaudited Six months ended 30 June	
	2023	2022
Profit attributable to equity holders of the Company (HK\$)	120,646,352	637,715,230
Weighted average number of ordinary shares in issue	1,203,280,898	1,202,590,748
Basic earnings per share (HK\$ per share)	0.100	0.530

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's potentially dilutive ordinary shares comprised of share options.

	Unaudited Six months ended 30 June	
	2023	2022
Profit attributable to equity holders of the Company (HK\$)	120,646,352	637,715,230
Weighted average number of ordinary shares in issue	1,203,280,898	1,202,590,748
Adjustments for share options	2,284	202,177
Weighted average number of ordinary shares for diluted earnings per share	1,203,283,182	1,202,792,925
Diluted earnings per share (HK\$ per share)	0.100	0.530

18 Dividends

The resolution to declare a final dividend of HK\$0.30 per ordinary share for the year ended 31 December 2022 was passed at the annual general meeting of the Company on 12 May 2023. The final dividend totalling HK\$360,985,612 has been paid on 8 June 2023 based on the number of issued shares outstanding at that time.

On 19 July 2023, the Board of Directors has resolved to declare an interim dividend of HK\$0.10 per share (2022: HK\$0.10 per share). This interim dividend, amounting to HK\$120,328,537 (2022: HK\$120,327,537) based on the 1,203,285,373 issued shares as at 30 June 2023, has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2023.

19 Contingent liabilities

As at 30 June 2023 and 31 December 2022, the Group had no material contingent liabilities.

20 Related party transactions

(a) Information on related parties and their relationships with the Group are as follows:

Name of related party	Relationship
Uni-Charm Mölnlycke KK ("Uni-Charm")	Subsidiary of Essity
Asaleo Care Fiji Ltd.	Subsidiary of Essity
Asaleo Care New Zealand Ltd.	Subsidiary of Essity
Asaleo Personal Care Pty Ltd.	Subsidiary of Essity
Productos Familia, S.A., Colombia	Subsidiary of Essity
Essity Hygiene y Salud Mexico, S.A. de C.V. ("Essity Mexico")	Subsidiary of Essity
Essity Operations Gennep B.V. ("Essity OG B.V.")	Subsidiary of Essity
Essity Canada Inc.	Subsidiary of Essity
Essity Operations Hoogezand B.V. ("Essity Hoogezand B.V.")	Subsidiary of Essity
Essity Hygiene and Health AB ("Essity HH")	Subsidiary of Essity
Essity Netherlands B.V.	Subsidiary of Essity
Essity Operations Mainz-Kostheim GmbH ("Essity Kostheim")	Subsidiary of Essity
Essity Poland Sp.z o.o.	Subsidiary of Essity
Essity Turkey Hijyen Urunleri Sanayi Ve Ticaret A. S. ("Essity Turkey")	Subsidiary of Essity
Essity Operations France	Subsidiary of Essity
Essity Slovakia s.r.o.	Subsidiary of Essity
Essity Treasury AB	Subsidiary of Essity
Essity HMS North America Inc ("Essity HMS")	Subsidiary of Essity
Essity Italy SpA	Subsidiary of Essity
Vinda Health (Guangdong) Ltd. (i)	Associate of the Group

(i) Due to the acquisition of Vinda Health (Guangdong) Ltd., this company ceased to be related party of the Group from June 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

20 Related party transactions *(continued)*

(b) Significant related party transactions

In the opinion of the Company's directors, the related party transactions were conducted in the ordinary course of business and based on terms mutually agreed by the underlying parties. Significant related party transactions of the Group during the six months ended 30 June 2023 include:

(1) Sales of products to related parties:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$	HK\$
– Uni-Charm	34,096,513	58,604,558
– Asaleo Care Fiji Ltd.	12,855,467	16,669,333
– Asaleo Care New Zealand Ltd.	12,252,595	8,761,539
– Essity HH	9,096,515	3,003
– Asaleo Personal Care Pty Ltd.	7,777,100	8,318,242
– Essity Mexico	2,761,560	5,827,046
– Productos Familia, S.A., Colombia	1,199,181	8,202,884
– Essity Canada Inc.	991,895	1,052,788
– Essity OG B.V.	325,128	1,276,611
– Essity Hoogezand B.V.	–	713,704
	81,355,954	109,429,708

20 Related party transactions *(continued)***(b) Significant related party transactions** *(continued)*

(2) Purchase of products from related parties:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$	HK\$
– Essity Netherlands B.V.	30,999,864	24,623,854
– Essity HH	14,611,119	12,994,639
– Essity OG B.V.	13,992,338	6,592,760
– Essity Kostheim	12,813,393	16,277,450
– Essity Poland Sp.z o.o.	11,203,822	13,568,225
– Productos Familia, S.A., Colombia	3,490,846	14,167,148
– Essity Mexico	2,409,758	4,663,441
– Essity Turkey	1,215,239	1,142,071
– Essity Operations France	627,218	288,750
– Essity Slovakia s.r.o.	458,610	–
– Essity Italy SpA	155,190	–
	91,977,397	94,318,338

(3) Research and development expenses charged to a related party:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$	HK\$
– Essity HH	7,653,244	8,450,486

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

20 Related party transactions *(continued)*

(b) Significant related party transactions *(continued)*

(4) IT costs charged by a related party:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$	HK\$
– Essity HH	188,619	218,003

(5) Loan repayment to a related party:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$	HK\$
– Essity Treasury AB	400,000,000	–

(6) Interest expenses accrued to a related party:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$	HK\$
– Essity Treasury AB	13,869,075	6,050,271

20 Related party transactions *(continued)***(b) Significant related party transactions** *(continued)*

(7) Key management compensation:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$	HK\$
Directors		
– Basic salaries, housing allowances, other allowances, benefits-in-kind, share-based payment and other benefits	16,484,410	23,777,021
– Long-term incentive plans	1,063,067	2,927,400
Senior management		
– Basic salaries, housing allowances, other allowances, benefits-in-kind, share-based payment and other benefits	19,204,429	24,080,033
– Long-term incentive plans	720,678	2,558,400
	37,472,584	53,342,854

(c) Period-end/year-end balances with related parties

(1) Trade and other receivables from related parties:

	As at	
	30 June	31 December
	2023	2022
	Unaudited	Audited
	HK\$	HK\$
– Uni-Charm	7,346,396	22,885,914
– Essity HH	5,788,778	4,787,187
– Asaleo Personal Care Pty Ltd.	3,182,077	3,460,413
– Asaleo Care Fiji Ltd.	2,995,881	2,001,561
– Asaleo Care New Zealand Ltd.	2,989,110	3,491,752
– Productos Familia, S.A., Colombia	484,484	549,618
– Essity Mexico	294,730	2,683,869
– Vinda Health (Guangdong) Ltd.	–	225,171
– Essity Canada Inc.	–	157,093
	23,081,456	40,242,578

All the above receivables are aged within 3 months based on invoice date as at 30 June 2023 and 31 December 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

20 Related party transactions *(continued)*

(c) Period-end/year-end balances with related parties *(continued)*

(2) Trade and other payables to related parties:

	As at	
	30 June 2023 Unaudited HK\$	31 December 2022 Audited HK\$
– Essity Netherlands B.V.	3,975,972	4,762,182
– Essity Kostheim	2,182,325	3,038,110
– Essity HH	1,916,695	2,336,119
– Productos Familia, S.A., Colombia	1,765,598	1,661,113
– Essity OG B.V.	1,753,634	2,378,824
– Essity Mexico	973,252	178,367
– Essity Slovakia s.r.o.	461,095	–
– Essity Turkey	239,156	235,351
– Uni-Charm	223	5,827
– Essity Poland Sp.z o.o.	–	2,770,089
– Essity Operations France	–	437,383
	13,267,950	17,803,365

All the above payables are aged within 3 months based on invoice date as at 30 June 2023 and 31 December 2022.

(3) Interest payable to a related party:

	As at	
	30 June 2023 Unaudited HK\$	31 December 2022 Audited HK\$
– Essity Treasury AB	1,971,550	4,705,798

(4) Loans from a related party:

	As at	
	30 June 2023 Unaudited HK\$	31 December 2022 Audited HK\$
– Essity Treasury AB (Note (a))	384,123,300	788,282,378

(a) As at 30 June 2023, loans from a related party represented loans with principal of HK\$300,000,000 and MYR50,000,000 (equivalent to approximately HK\$84,123,300) respectively. The weighted average interest rate is 4.36%. These loans are due on 8 November 2023 and 18 December 2024, respectively.