



Vinda International Holdings Limited

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

Interim Report 2022



上市
15th Listing
週年 Anniversary

*Healthy Lifestyle
Starts with Vinda*



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

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

Alternate Directors

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

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
Ms. LEE Hsiao-yun Ann
Mr. LAW Hong Ping, Lawrence

Nomination Committee

Mr. LI Chao Wang (Committee Chairman)
Mr. Jan Christer JOHANSSON
Ms. LEE Hsiao-yun Ann
Mr. WONG Kwai Huen, Albert
Mr. LAW Hong Ping, Lawrence

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

Authorised Representatives

Ms. LI Jielin
Ms. TAN Yi Yi

Company Secretary

Ms. TAN Yi Yi, FCCA

Auditors

PricewaterhouseCoopers

Legal Advisers to the Company

Ashurst 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

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
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
Hang Seng 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 2022, 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 2022 (the “**Period**” or “**H1 2022**”), 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

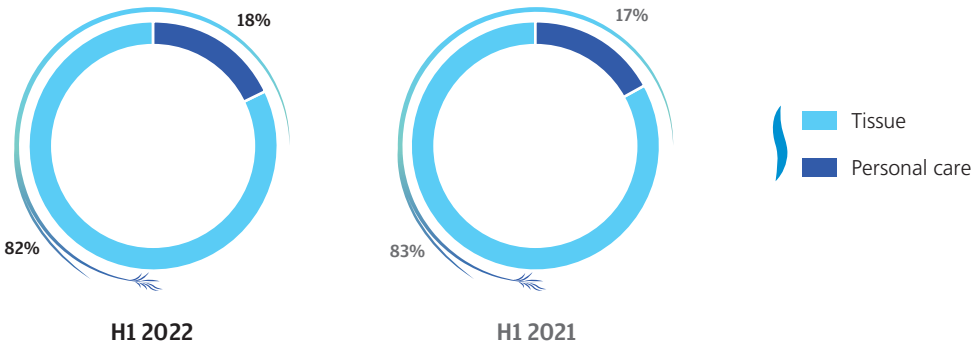
Interim Results for the Six Months Ended 30 June 2022

	2022	2021
Revenue growth rate (%)	6.6%	19.0%
Gross profit margin (%)	32.0%	37.4%
EBITDA margin (%)	14.6%	20.1%
Net profit margin (%)	6.6%	10.6%
Earnings per share (HK\$) – basic	53.0 cents	80.6 cents
Interim dividend declared (HK\$)	10.0 cents	10.0 cents
Finished goods turnover ¹	56 days	52 days
Debtors turnover ²	42 days	44 days
Creditors turnover ³	76 days	92 days
Current ratio (times)	1.12	1.26
Gearing ratio (%) ⁴	31.9%	42.7%
Net gearing ratio (%) ⁵	23.9%	36.4%

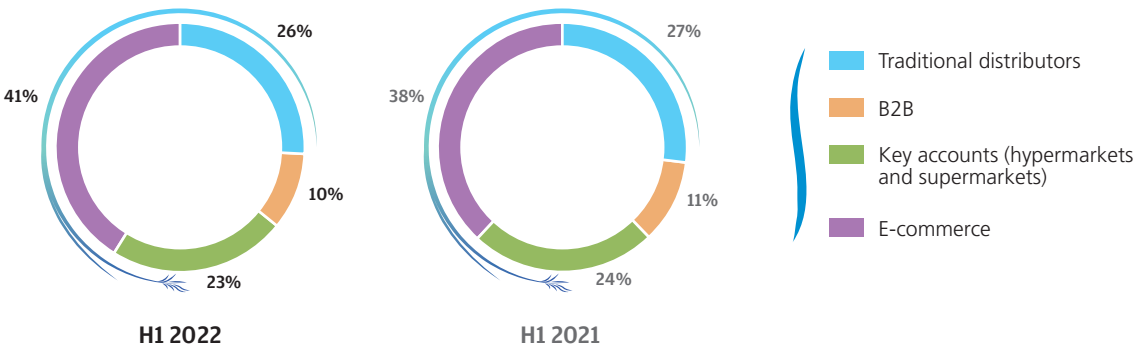
Notes:

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



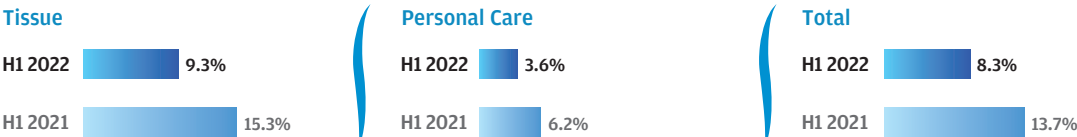
Revenue by Sales Channels



Gross Profit Margin



Segment Result Margin



MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Throughout the first half of 2022, the Group demonstrated its robustness and resiliency despite on-going market volatility and challenging business environment. COVID containment measures in mainland China in response to COVID-19 resurgence has led to lower demand and logistic disruptions, while competition remains intense. The Group's earnings were also negatively impacted by continuous rise in input and logistic costs.

Despite the dynamic and challenging environment, we had strong sales development. Premium categories and personal care continued to contribute to better product mix, and E-commerce business regained strong momentum in the second quarter. Market share performance also remained

strong, demonstrating the strength of our brands and excellent trade execution. Staying focused on our premiumization and product mix improvement strategy, numerous new and exciting products – including significant, first-in-market innovations – were launched in mainland China and HKSAR to target consumers in premium segments during the Period, with a positive market response.

We have implemented pricing initiatives, and enhanced cost management, to mitigate headwinds from raw material and other input costs increases.

We continued to invest in our brands and capabilities to achieve sustainable growth of our categories, and to ensure the Group's ability to create long-term shareholder value.

Sun Li





Financial Highlights

In H1 2022, total revenue of the Group increased by 6.6% (growth at constant exchange rates: 6.9%) to HK\$9,680 million.

In terms of business segment, tissue and personal care segments contributed 82% and 18% of the Group's total revenue, respectively. In terms of sales channel, traditional distributors, key accounts managed hypermarkets and supermarkets, B2B and e-commerce accounted for 26%, 23%, 10% and 41%, respectively, of the total revenue. As the dominant consumption channel, e-commerce revenue recorded an organic sales increase¹ of 14.3%.

Gross profit was down by 8.7% to HK\$3,100 million. Gross profit was negatively impacted by input costs pressures such as raw material, energy and distribution costs. The Group took decisive actions including multiple pricing initiatives in mitigating input cost pressures. Other mechanisms such as disciplined cost management and continuous product mix improvement were also deployed to allow the Group to maintain a stable gross margin at 32.0%.

EBITDA fell by 22.4% to HK\$1,418 million while EBITDA margin was narrowed by 5.5 percentage points ("ppts") to 14.6%.

Total foreign exchange loss was HK\$22 million (H1 2021: HK\$7 million gain), of which HK\$26 million loss came from operating activities (H1 2021: HK\$6 million gain), and HK\$4 million gain was due to financing activities (H1 2021: HK\$1 million gain).

During the Period, the Group continued to invest in brand building, innovation and channel development to further strengthen market share and increase penetration so as to maintain its competitive advantages. The Group's total selling & marketing costs as a percentage of sales slightly rose by 0.2 ppt to 19.6% while total administrative costs as a percentage of sales edged down by 0.1 ppt to 5.0%. Operating profit decreased by 37.5% to HK\$757 million while operating margin was down by 5.5 ppts to 7.8%.

Interest expenses from borrowings decreased by 42.3% to HK\$35 million primarily due to lower cost of borrowings. The effective interest rate was 2.2%, reduced by 0.4 ppt compared to the first half of 2021 ("H1 2021").

Net gearing ratio² was 23.9%.

The effective tax rate decreased by 3.8 ppts to 12.8%.

Net profit declined by 34.1% to HK\$638 million. The net profit margin narrowed by 4.0 ppts to 6.6%.

Basic earnings per share was 53.0 HK cents (H1 2021: 80.6 HK cents).

The Board has resolved to declare an interim dividend of 10.0 HK cents (H1 2021: 10.0 HK cents) per share for the Period.

Business Review

Tissue Segment

In the first half of 2022, the tissue segment accounted for HK\$7,963 million of revenue, an increase of 6.1% year-on-year or 5.9% at constant exchange rates, representing 82% of the Group's total revenue (H1 2021: 83%). Focus on the Group's premiumization strategy has contributed to an increased share of its premium portfolio. This effort to drive higher category margins helped to soften the impact of rising raw material costs and promotional pressures. Gross margin of the tissue segment was 31.6% (H1 2021: 37.8%). Market share remained strong and the Vinda brand continued to strengthen its market leading position³.

In mainland China, *Vinda* POWER-X™ made its debut as the very first washable kitchen towel in the market, with highly promising early results. In H1 2022, the Group continued to strengthen its premium offer to Chinese consumers with numerous innovations and product launches, such as *Vinda* Deluxe ultra-premium tissues with a luxurious, cashmere-like softness, *Tempo* Lotion facial tissues for a pampering, silky-soft experience, and *Tempo* Flash superabsorbent kitchen towels with seven times absorptive capacity. In the HKSAR, newly launched *Vinda 4D Deluxe* moist flushable toilet wipes and *Tempo* multipurpose kitchen towels with FabricAir™ technology also received a positive market response from consumers.

Despite being under COVID-19 related pressures, the *Tork* brand kept up steady progress in mainland China on the back of the pandemic and increased public hygiene awareness. Supported by impactful brand communication engaging customers and public to "Secure new standards of hygiene", *Tork* professional hygiene solutions were newly installed during the Period at over 200 landmark properties

nationwide, including commercial buildings, international airports, hotels, sports centers, and public washrooms.

Personal Care Segment

Revenue from the personal care business increased by 9.0% to HK\$1,717 million in H1 2022, which was a 11.7% increase at constant exchange rates and represented 18% of the Group's total revenue (H1 2021: 17%). Gross margin of the personal care segment was 34.1% (H1 2021: 35.3%). Growth was driven by the mainland China feminine care and incontinence care business development during the Period, reflecting the growing contribution of mainland China to the personal care category as a whole.

The *Libresse* brand maintained its high growth trajectory in feminine care category with impressive milestones. In March this year, sales of *Libresse*

China on the popular social media platform, TikTok, ranked feminine hygiene category TOP 1 for Women's Day event. Series of live-streaming and ambassador campaigns combined with brand activations have helped to propel sales growth of *Libresse* China products, and deepen penetration with the *Libresse* brand that continues to win over a significant consumer base. Likewise, in Malaysia, *Libresse* retained its strong leadership⁴ in the feminine care category, and further widened its gap against competitors.

To fulfil the needs of a fast growing aging population in mainland China, the Group is constantly seizing new growth opportunities within the incontinence care category. In H1 2022, over 120 *Vinda* Health and *TENA* Experience Centres (維達健康•添寧體驗中心) speciality stores were established in 19 key cities nationwide, thus providing the *TENA* brand with a retail platform

Zhou Dongyu



to engage directly with highly relevant consumers with personalised recommendations and even be their first point-of-contact at the start of their incontinence care journey. During the Period, *Dr. P* carried out more than 10 community group purchases with customers in combination with merchants, directly and quickly helping the elderly in need to overcome difficulties, gained consistent warm comments from loyal consumers and new consumers.

Southeast Asia is the stronghold of the Group's baby care business. To reinforce its leading baby care position⁵ in Malaysia, a key *Drypers* brand activation during the Period was the launch of a new brand film that generated over a million views through social media, parenting websites and online influencers, supporting *Drypers* to strengthen its brand image and competitiveness. In Singapore, a new digital campaign was launched to drive market penetration of the premium *Skinature* by *Drypers* baby diapers.

Production Capacity

The annual designed production capacity of the Group's papermaking facilities was 1,390,000 tons as at 30 June 2022, including the planned expansion of tissue production capacity in South, East and Central China, which have already carried out pre-operation tests, to cope with growing market demand. Construction of the Group's new Southeast Asia regional headquarters, state-of-the-art production facilities and modern innovation centre in Malaysia is progressing as planned and expected to be completed in 2022. The buildings and key infrastructure are in place, and the finished goods warehouse is already operational. The new regional hub will effectively strengthen Vinda's regional supply chain footprint and support the Group's growth ambitions 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 108,887 hours of training were conducted for a total of 10,288 participants.

We had a total of 11,790 employees as of 30 June 2022.

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, company procedures and guidelines to align with the latest external regulatory and internal control requirements. 99% of our employees have received training on the code of conduct. While the senior management of all functional departments and business units are responsible for identifying, handling and reporting major operating risks and inadequacies in internal control, the internal audit department is responsible for conducting internal audits, receiving reports on misconduct, reporting cases to the Group management and audit committee and advising solutions for cases. The head of the internal audit department reports to the chairman of the audit committee of the Company.

Health and Safety Performance

Occupational health and safety is the highest priority for us and the Group aims for zero workplace accidents across all parts of its manufacturing and operations.

Lost-time accidents in H1 2022 amounted to 11 cases, none of which were major workplace accidents.

Corporate Social Responsibility

The COVID-19 pandemic and current economic climate have impacted some of the families in the communities that Vinda operates in, especially among underprivileged groups. The Group has proactively sought to support these communities and provide relevant aid through local outreach initiatives.

In mainland China, we cooperated with local social work centers through Vinda Volunteer Service Team to fully support the front-line work of national nucleic acid testing and vaccination, and carried out related activities to give back to the society. In Malaysia, donations of *Drypers*, *TENA* and *Libresse* products were made to the non-profit Yayasan Foodbank that facilitates the distribution of these hygiene essentials to those in need. In Chinese Taiwan, we donated baby diapers and adult incontinence diapers to the social welfare institutions, such as Fund for Children and Families (家扶中心), this aims to improve the quality of life of the underprivileged.

Vinda Volunteer Team and Vinda Charity Foundation united to organise various social service activities. During the Period, 226 participants of Vinda volunteers spent 569.25 hours on social services.

Outlook

Looking ahead, the market environment will remain challenging and volatile, with expected inflation in input costs and uncertainty as a result of the COVID-19 impacts in the near term.

Despite these challenges, we remain confident that the Group is extremely well-placed with a range of significant opportunities for growth ahead in mainland China and Asia as the improved standards of living, demographic changes, and increased hygiene awareness have led to a persistent and rising demand for high quality, differentiated products related to hygiene and health. Aging populations are unlocking a new tier of consumers with incontinence care needs. The feminine care category is proving to be a growth driver in mainland China, with *Libresse* fast rising up as a challenger brand that fulfils the expectations of an emerging generation of young women. By staying close to these evolving market needs, leveraging our exceptional consumer insights and tapping on the growing demand in premium segments, Vinda is uniquely and strongly positioned to seize these vast opportunities – and create new ones – across our categories and channels.

Moving into the second half of 2022, we will continue to invest in brand building, innovation and commercial capabilities to further strengthen our market positions. We will continue to focus on accelerating growth in personal care and premium categories business, and we will continue to implement pricing initiatives and enhance cost management to mitigate headwinds from rising input costs, while balancing growth and market share.

Remarks

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

² *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

³ *Source: Kantar Worldpanel, mainland China sales value year-to-date at 30 June 2022*

⁴ *Source: Kantar Worldpanel, Malaysia sales value year-to-date at 22 May 2022*

⁵ *Source: Kantar Worldpanel, Malaysia sales value year-to-date at 22 May 2022*

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 2022, the Group's bank and cash balances amounted to HK\$1,009,290,494 (31 December 2021: HK\$1,025,327,689), and short-term and long-term loans amounted to HK\$3,832,790,827 (31 December 2021: HK\$4,796,106,555), including the loans from a related party amounting to HK\$989,161,473 (31 December 2021: HK\$993,358,611). 71.9% of the borrowings are long-term (31 December 2021: 81.9%). The annual interest rates of bank loans ranged from 0.57% to 3.75%.

As at 30 June 2022, 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 23.9% (31 December 2021: 30.5%).

As at 30 June 2022, unutilized credit facilities amounted to approximately HK\$7.87 billion (31 December 2021: HK\$7.33 billion).

Charges on Group Assets

As at 30 June 2022, the Group did not have any charges on assets (31 December 2021: nil).

Contingent Liabilities

As at 30 June 2022, the Group had no material contingent liabilities (31 December 2021: nil).

Interim Dividend

The Board has resolved to declare an interim dividend of HK\$0.10 per share for the Period (2021: HK\$0.10 per share) totaling approximately HK\$120,327,537, based on the 1,203,275,373 issued shares outstanding as at 30 June 2022. The interim dividend will be paid on or about 7 September 2022 to shareholders whose names appear on the register of members of the Company on 24 August 2022.

Closure of Register of Members

The register of members of the Company will be closed from 22 August 2022 to 24 August 2022, 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 19 August 2022 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, sound internal control, transparency and accountability to all the shareholders of the Company. For the Period, the Company has complied with all the code provisions set out in the Corporate Governance Code, as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

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

As at 30 June 2022, 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	262,841,581 ^{(1)(i) & (ii)}	263,141,581	21.87
YU Yi Fang	Shares	550,000	–	550,000	0.05
LI Jielin	Shares	300,000	–	300,000	0.02
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 261,841,581 shares in the Company that Sentential Holdings Limited has interests, of which 261,341,581 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 1,203,275,373 Shares in issue of the Company as at 30 June 2022. Actual percentages may not equal to the stated figures due to rounding.

OTHER INFORMATION

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	75,000	–	75,000	0.0107
Carl Fredrik Stenson RYSTEDT	Essity Aktiebolag (publ)	Class B shares	27,200	–	27,200	0.0039
Gert Mikael SCHMIDT	Essity Aktiebolag (publ)	Class B shares	31,000	–	31,000	0.0044
Dominique Michel Jean DESCHAMPS	Essity Aktiebolag (publ)	Class B shares	3,587	–	3,587	0.0005

Notes:

1. As at 30 June 2022, the total number of registered shares in the share capital of Essity Aktiebolag (publ) was 702,342,489, of which 61,288,914 are Class A shares and 641,053,575 are Class B shares.
2. Actual percentages may not equal to the stated figures due to rounding.

Save as disclosed above, as at 30 June 2022, 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 of the Company 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.

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 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. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period.

OTHER INFORMATION

Details of movements of the Options granted under the Scheme for the six months ended 30 June 2022 are as follows:

	Date of Grant	Exercise price per Share HK\$	Number of Shares issuable under the Options						as at 30/06/2022	Exercise period	Weighted average closing price of the Share immediately before the exercise date HK\$
			as at 01/01/2022	granted during the Period	exercised during the Period	lapsed during the Period	cancelled during the Period				
Directors											
LI Chao Wang	02/05/2012	14.06	646,000	-	(646,000)	-	-	-	-	19.82	
Employees of the Group											
In aggregate	02/05/2012	14.06	1,514,000	-	(1,364,000)	(150,000)	-	-	-	19.82	
	02/05/2013	10.34	10,000	-	-	-	-	10,000	02/05/2013 to 01/05/2023	-	
Total			2,170,000	-	(2,010,000)	(150,000)	-	10,000		-	

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 2022, 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:

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	261,341,581 ⁽³⁾	–	261,341,581	21.72
Sentential Holdings Limited	Shares	500,000	261,341,581 ⁽³⁾	261,841,581 ⁽⁴⁾	21.76

Notes:

1. The percentage of shareholding is calculated on the basis of 1,203,275,373 shares in issue of the Company as at 30 June 2022. Actual percentages may not equal to the stated figures due to rounding.
2. 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.
3. 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 261,341,581 Shares held by Fu An International Company Limited for the purpose of Part XV of the SFO.
4. Such 261,841,581 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 2022, 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.

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 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, Ms. LEE Hsiao-yun Ann and Mr. LAW Hong Ping, Lawrence, 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 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. It 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, Ms. LEE Hsiao-yun Ann, Mr. WONG Kwai Huen, Albert and Mr. LAW Hong Ping, Lawrence, 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 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 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 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 four 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 and a Non-Executive Director, Mr. Johann Christoph MICHALSKI. The principal duties of the Strategic Development Committee are (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 24 to 54, 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 2022 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 significant accounting policies 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.

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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, 20 July 2022

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2022

	Note	30 June 2022 Unaudited HK\$	31 December 2021 Audited HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	7	10,761,023,115	11,225,685,513
Right-of-use assets	8	1,277,930,099	1,375,505,525
Intangible assets	7	2,525,045,023	2,646,685,234
Deferred income tax assets		516,510,537	568,181,251
Investment properties	7	2,242,476	2,421,930
Investment in an associate		2,092,569	2,122,690
Total non-current assets		15,084,843,819	15,820,602,143
Current assets			
Inventories		3,934,178,185	4,426,626,084
Trade and notes receivables	9	2,427,429,243	2,364,447,931
Other receivables	9	292,346,795	408,932,536
Prepayments	9	149,274,574	91,065,446
Due from related parties	20(c)	49,688,244	43,969,461
Cash and cash equivalents		1,009,290,494	1,025,327,689
Total current assets		7,862,207,535	8,360,369,147
Total assets		22,947,051,354	24,180,971,290
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	10	120,327,537	120,126,537
Share premium	10	4,497,368,699	4,458,961,619
Other reserves		7,928,756,734	8,439,573,727
Total equity		12,546,452,970	13,018,661,883

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2022

	Note	30 June 2022 Unaudited HK\$	31 December 2021 Audited HK\$
LIABILITIES			
Non-current liabilities			
Borrowings	12	2,365,078,521	2,936,090,168
Loans from a related party	12, 20(c)	389,161,473	993,358,611
Lease liabilities	8	115,766,228	135,989,954
Deferred government grants		269,109,400	275,423,717
Deferred income tax liabilities		198,370,266	198,190,965
Post-employment benefits		8,813,854	9,372,989
Other non-current liabilities	13	25,911,733	15,848,793
Total non-current liabilities		3,372,211,475	4,564,275,197
Current liabilities			
Trade payables, other payables and accrued expenses	14	5,677,173,325	5,431,671,084
Contract liabilities		125,950,773	91,625,046
Borrowings	12	478,550,833	866,657,776
Loans from a related party	12, 20(c)	600,000,000	–
Lease liabilities	8	59,889,372	69,203,205
Due to related parties	20(c)	16,053,922	19,748,675
Current income tax liabilities		70,768,684	119,128,424
Total current liabilities		7,028,386,909	6,598,034,210
Total liabilities		10,400,598,384	11,162,309,407
Total equity and liabilities		22,947,051,354	24,180,971,290

The notes on pages 29 to 54 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 2022

	Note	Unaudited Six months ended 30 June	
		2022 HK\$	2021 HK\$
Revenue	6	9,680,375,460	9,084,530,139
Cost of sales		(6,580,323,074)	(5,690,222,228)
Gross profit		3,100,052,386	3,394,307,911
Selling and marketing costs		(1,895,316,830)	(1,762,166,179)
Administrative expenses		(478,370,521)	(444,149,289)
Net impairment losses on financial assets		(4,926,048)	(18,475,590)
Other income and gains – net		35,479,427	41,046,946
Operating profit		756,918,414	1,210,563,799
Finance income and costs – net	15	(25,204,168)	(51,387,335)
Share of post-tax loss of an associate		(30,122)	(113,034)
Profit before income tax		731,684,124	1,159,063,430
Income tax expense	16	(93,968,894)	(191,870,845)
Profit attributable to the equity holders of the Company		637,715,230	967,192,585
Other comprehensive (loss)/income:			
<i>Item that may be reclassified to profit or loss</i>			
– Currency translation differences		(656,874,594)	58,743,852
Total comprehensive (loss)/income attributable to the equity holders of the Company		(19,159,364)	1,025,936,437
Earnings per share for profit attributable to the equity holders of the Company			
– basic	17	0.530	0.806
– diluted	17	0.530	0.805

The notes on pages 29 to 54 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 2022

	Note	Unaudited			
		Attributable to the equity holders of the Company			
		Share capital	Share premium	Other reserves	Total
		HK\$	HK\$	HK\$	HK\$
Balance as at 1 January 2021		119,947,437	4,428,374,681	7,119,034,916	11,667,357,034
Profit for the period		–	–	967,192,585	967,192,585
Other comprehensive income					
<i>Item that may be reclassified to profit or loss</i>					
– Currency translation differences		–	–	58,743,852	58,743,852
Total comprehensive income for the six months ended 30 June 2021		–	–	1,025,936,437	1,025,936,437
Transaction with owners					
Employees share option scheme					
– Exercise of share options	10	134,100	22,138,188	(5,934,408)	16,337,880
Dividends		–	–	(444,129,268)	(444,129,268)
Transaction with owners		134,100	22,138,188	(450,063,676)	(427,791,388)
Balance as at 30 June 2021		120,081,537	4,450,512,869	7,694,907,677	12,265,502,083
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

The notes on pages 29 to 54 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 2022

	Note	Unaudited	
		Six months ended 30 June	
		2022	2021
		HK\$	HK\$
Cash flows from operating activities:			
– cash generated from operations		2,008,052,636	1,094,932,297
– interest paid		(48,058,665)	(81,413,686)
Cash flows generated from operating activities – net		1,959,993,971	1,013,518,611
Cash flows from investing activities:			
– purchases of property, plant and equipment		(576,524,807)	(824,914,674)
– purchases of intangible assets		(16,018,583)	(17,672,724)
– proceeds on disposal of property, plant and equipment		782,458	4,267,598
– proceeds from government grants		19,642,895	3,974,991
– interest received		10,025,503	12,307,739
Cash flows used in investing activities – net		(562,092,534)	(822,037,070)
Cash flows from financing activities:			
– dividends paid		(481,310,149)	(444,129,268)
– repayments of borrowings	12	(3,194,778,861)	(3,141,728,844)
– proceeds from borrowings	12	2,330,399,968	3,137,755,676
– proceeds from loan from a related party	12, 20(b)	–	300,000,000
– proceeds from shares issued		28,260,600	16,337,880
– lease payments for right-of-use assets excluding land use rights		(40,305,025)	(41,589,734)
Cash flows used in financing activities – net		(1,357,733,467)	(173,354,290)
Net increase in cash and cash equivalents		40,167,970	18,127,251
Cash and cash equivalents at beginning of the period		1,025,327,689	749,399,329
Exchange differences		(56,205,165)	14,295,038
Cash and cash equivalents at end of the period		1,009,290,494	781,821,618

The notes on pages 29 to 54 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 2022

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 20 July 2022 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 2022 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 2021, 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 2021, 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

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 or make retrospective adjustments as a result of adopting these standards.

		Effective for annual periods beginning on or after
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
AG 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022

- (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 2022 and have not been early adopted by the Group:

		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 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HK Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
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 2021.

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 2021.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

5 Financial risk management *(continued)*

5.2 Liquidity risk

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

As at 30 June 2022, 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 2022					
Bank loans and interest payables (i)	542,113,550	1,578,227,495	850,239,410	–	2,970,580,455
Loans from a related party and interest payables (i)	613,450,297	304,396,900	90,573,351	–	1,008,420,548
Lease liabilities	65,313,491	47,427,793	53,411,163	27,131,726	193,284,173
Trade payables	2,730,555,963	–	–	–	2,730,555,963
Notes payable	293,834,574	–	–	–	293,834,574
Other payables	586,446,973	–	–	–	586,446,973
Accrued expenses	1,689,313,682	–	–	–	1,689,313,682
Due to related parties	16,053,922	–	–	–	16,053,922
As at 31 December 2021					
Bank loans and interest payables (i)	951,852,834	1,090,859,141	1,959,415,439	–	4,002,127,414
Loans from a related party and interest payables (i)	10,356,697	906,199,925	96,193,695	–	1,012,750,317
Lease liabilities	70,361,210	55,259,055	68,175,091	33,015,760	226,811,116
Trade payables	2,322,244,652	–	–	–	2,322,244,652
Notes payable	351,765,967	–	–	–	351,765,967
Other payables	618,594,434	–	–	–	618,594,434
Accrued expenses	1,644,756,133	–	–	–	1,644,756,133
Due to related parties	19,748,675	–	–	–	19,748,675

- (i) The interest on borrowings is calculated based on borrowings held as at 30 June 2022 and 31 December 2021 without taking account of future issues. Floating-rate interest is estimated using interest rate prevailing as at 30 June 2022 and 31 December 2021 respectively.

5.3 Fair value estimation

As at 30 June 2022, the Group held no financial instrument measured at fair value.

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 gains, 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 for the six months ended 30 June 2022 is HK\$7,526,820,217 (for the six months ended 30 June 2021: HK\$6,957,159,620), HK\$583,343,849 (for the six months ended 30 June 2021: HK\$579,601,676) and HK\$1,570,211,394 (for the six months ended 30 June 2021: HK\$1,547,768,843) respectively.

The total non-current assets are analysed as follows:

	As at	
	30 June 2022 Unaudited HK\$	31 December 2021 Audited HK\$
Total non-current assets other than deferred income tax assets		
– Mainland China	10,712,703,231	11,396,068,217
– HKSAR and overseas	3,853,537,482	3,854,229,985
Deferred income tax assets	516,510,537	568,181,251
Investment in an associate	2,092,569	2,122,690
Total non-current assets	15,084,843,819	15,820,602,143

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

6 Segment information *(continued)*

The segment information for the six months ended 30 June 2022 and 2021 are as follows:

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 amortisation 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 2022

6 Segment information *(continued)*

Six months ended 30 June 2021	Six months ended 30 June 2021 (Unaudited)		
	Household paper products HK\$	Personal care products HK\$	Total HK\$
Segment revenue	7,508,574,581	1,575,955,558	9,084,530,139
Segment results	1,151,151,363	97,750,802	1,248,902,165
Amortisation of trademarks, licences and contractual customer relationships	(5,468,625)	(29,028,644)	(34,497,269)
Segment profit	1,145,682,738	68,722,158	1,214,404,896
Other income and gains – net			41,046,946
Unallocated costs			(44,888,043)
Operating profit			1,210,563,799
Finance income and costs – net			(51,387,335)
Share of post-tax loss of an associate			(113,034)
Profit before income tax			1,159,063,430
Income tax expense			(191,870,845)
Profit for the period			967,192,585
Depreciation of property, plant and equipment	(441,575,682)	(64,597,425)	(506,173,107)
Depreciation of right-of-use assets	(36,878,215)	(15,770,019)	(52,648,234)
Depreciation and amortisation of investment properties and intangible assets	(23,813,784)	(32,939,551)	(56,753,335)
Additions to non-current assets	826,717,088	155,825,358	982,542,446

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

6 Segment information (continued)

As at 30 June 2022	As at 30 June 2022 (Unaudited)		
	Household paper products HK\$	Personal care products HK\$	Total HK\$
Segment assets	17,088,205,569	5,304,843,510	22,393,049,079
Deferred income tax assets			516,510,537
Investment in an associate			2,092,569
Prepaid income tax recoverable			35,399,169
Total assets			22,947,051,354
Segment liabilities	8,698,540,231	1,432,919,203	10,131,459,434
Deferred income tax liabilities			198,370,266
Current income tax liabilities			70,768,684
Total liabilities			10,400,598,384

As at 31 December 2021	As at 31 December 2021 (Audited)		
	Household paper products HK\$	Personal care products HK\$	Total HK\$
Segment assets	18,810,193,410	4,788,019,123	23,598,212,533
Deferred income tax assets			568,181,251
Investment in an associate			2,122,690
Prepaid income tax recoverable			12,454,816
Total assets			24,180,971,290
Segment liabilities	9,640,111,933	1,204,878,085	10,844,990,018
Deferred income tax liabilities			198,190,965
Current income tax liabilities			119,128,424
Total liabilities			11,162,309,407

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 2021			
Opening net book amount as at 1 January 2021	10,117,404,823	2,746,074,511	3,167,484
Additions	942,532,838	17,672,724	–
Disposals	(4,815,840)	–	–
Depreciation and amortisation	(506,173,107)	(56,669,711)	(83,624)
Impairment	(49,947)	–	–
Exchange differences	73,593,275	(31,761,737)	28,625
Closing net book amount as at 30 June 2021	10,622,492,042	2,675,315,787	3,112,485
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

During the Period, the Group has capitalized borrowing costs amounting to HK\$15,090,891 (for the six months ended 30 June 2021: HK\$17,715,650) on qualifying assets.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

8 Leases

	As at	
	30 June 2022 Unaudited HK\$	31 December 2021 Audited HK\$
Right-of-use assets		
– Land use rights	1,108,932,070	1,174,865,671
– Buildings	161,230,132	199,192,476
– Equipment and others	7,767,897	1,447,378
Total right-of-use assets	1,277,930,099	1,375,505,525
Lease liabilities		
– Current	59,889,372	69,203,205
– Non-current	115,766,228	135,989,954
Total lease liabilities	175,655,600	205,193,159

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

	Unaudited	
	Six months ended 30 June 2022 HK\$	2021 HK\$
Depreciation of right-of-use assets		
– Land use rights	14,708,869	14,590,618
– Buildings	37,551,906	37,304,350
– Equipment and others	1,177,424	753,266
	53,438,199	52,648,234

9 Trade, notes and other receivables and prepayments

	As at	
	30 June 2022 Unaudited HK\$	31 December 2021 Audited HK\$
Trade receivables	2,466,831,697	2,402,597,765
Notes receivable	10,898,200	11,215,889
Less: Provision for impairment of receivables	(50,300,654)	(49,365,723)
Trade and notes receivables – net	2,427,429,243	2,364,447,931
Other receivables (Note(a))	292,346,795	408,932,536
Prepayments	149,274,574	91,065,446
	2,869,050,612	2,864,445,913

(a) Other receivables mainly comprised deductible input value added tax.

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

Ageing analysis of trade receivables of the Group based on invoice date as at 30 June 2022 and 31 December 2021 is as below:

	As at	
	30 June 2022 Unaudited HK\$	31 December 2021 Audited HK\$
Within 3 months	2,274,864,705	2,250,304,720
4 months to 6 months	133,248,689	90,608,818
7 months to 12 months	15,083,853	43,055,961
Over 1 year	43,634,450	18,628,266
	2,466,831,697	2,402,597,765

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

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 2021	1,199,474,373	119,947,437	4,428,374,681
Employee share option scheme (Note 11)			
– Exercise of options	1,341,000	134,100	22,138,188
As at 30 June 2021	1,200,815,373	120,081,537	4,450,512,869
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

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 2022 and 2021 were as follows:

	For the six months period ended 30 June			
	2022		2021	
	Unaudited		Unaudited	
	Weighted average exercise price in HK\$	Number of options	Weighted average exercise price in HK\$	Number of options
At 1 January	14.04	2,170,000	13.39	3,961,000
Exercised	14.06	(2,010,000)	12.18	(1,341,000)
Lapsed	14.06	(150,000)	–	–
At 30 June	10.34	10,000	14.00	2,620,000

Share options outstanding as at 30 June 2022 have the following expiry dates and exercise prices:

Expiry date	Exercise price HK\$ per share	Number of options
1 May 2023	10.34	10,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

12 Borrowings

	As at	
	30 June 2022 Unaudited HK\$	31 December 2021 Audited HK\$
Non-current – unsecured		
Bank borrowings	2,365,078,521	2,936,090,168
Loans from a related party (Note 20(c))	389,161,473	993,358,611
Total non-current borrowings	2,754,239,994	3,929,448,779
Current – unsecured		
Bank borrowings	478,550,833	866,657,776
Loans from a related party (Note 20(c))	600,000,000	–
Total current borrowings	1,078,550,833	866,657,776
Total borrowings	3,832,790,827	4,796,106,555

Movements in borrowings are analysed as follows:

	Unaudited HK\$
Six months ended 30 June 2021	
Opening amount as at 1 January 2021	4,731,890,823
New borrowings and loans from a related party	3,437,755,676
Repayments of borrowings	(3,141,728,844)
Exchange differences	31,070,779
Closing amount as at 30 June 2021	5,058,988,434
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

12 Borrowings *(continued)*

(a) The maturity of borrowings is as follows:

	Bank borrowings		Loans from a related party	
	As at		As at	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
	Unaudited	Audited	Unaudited	Audited
	HK\$	HK\$	HK\$	HK\$
Portion of loans due for repayment within 1 year	478,550,833	866,657,776	600,000,000	–
Loans due for repayment after 1 year:				
Between 1 and 2 years	1,535,464,634	1,015,890,786	300,000,000	900,000,000
Between 2 and 5 years	829,613,887	1,920,199,382	89,161,473	93,358,611
	2,843,629,354	3,802,747,944	989,161,473	993,358,611

(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	31 December
	2022	2021
	Unaudited	Audited
HK\$	1.18%	0.97%
US\$	1.12%	0.94%
RMB	3.08%	3.25%
KRW	1.97%	1.50%
MYR	3.06%	3.07%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

13 Long-term incentive plans

	As at	
	30 June 2022 Unaudited HK\$	31 December 2021 Audited HK\$
Long-term incentive plans	25,911,733	15,848,793

On 17 September 2020, the Board of Directors approved a cash settled long-term incentive plan for selected management, senior management and Directors.

A total of 12,648,000 Option Equivalent Units (“OEU”) were granted to selected management, senior management and Directors at a nominal price of HK\$21.83. 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 2022, the fair value of OEU granted was determined by using the Binomial Model. The fair value of OEU in management’s plan was HK\$3.6600 and the fair value of OEU in Directors and senior managements’ plan was HK\$3.6900.

The significant inputs into the model were share price at the valuation date, the grant price, volatility of 35.00%, dividend yield of 1.44%, and annual risk-free interest rate of 2.70%. 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 plan for six months ended 30 June 2022 and 2021 amounted to HK\$10,415,385 and HK\$16,115,191 respectively.

14 Trade payables, other payables and accrued expenses

	As at	
	30 June 2022 Unaudited HK\$	31 December 2021 Audited HK\$
Trade payables	2,730,555,963	2,322,244,652
Notes payable	293,834,574	351,765,967
Other payables	963,469,106	1,112,904,332
Accrued expenses	1,689,313,682	1,644,756,133
	5,677,173,325	5,431,671,084

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 2022 and 31 December 2021 based on invoice date is as follows:

	As at	
	30 June 2022 Unaudited HK\$	31 December 2021 Audited HK\$
Within 3 months	2,322,256,921	1,931,209,078
4 months to 6 months	700,042,413	742,272,082
7 months to 12 months	1,958,110	105,059
Over 1 year	133,093	424,400
	3,024,390,537	2,674,010,619

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

15 Finance income and costs – net

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$	HK\$
Interest expense		
– Borrowings	(35,260,544)	(61,086,797)
– Lease liabilities	(3,763,701)	(3,623,559)
Foreign exchange gain – net	3,794,574	1,015,282
Interest income		
– Bank deposits	10,025,503	12,307,739
Net finance costs	(25,204,168)	(51,387,335)

16 Income tax expense

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 may additionally deduct 100% of qualified research and development expenses when calculating the taxable income.

The applicable corporate income tax rates for the HKSAR and Chinese Taiwan subsidiaries are 16.5% and 20% respectively. Overseas profits tax has been provided at the rates of taxation prevailing in the countries in which the Group operates respectively.

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$	HK\$
Current income tax		
– HKSAR and overseas profits tax	46,409,392	93,099,582
– Mainland China income tax	12,764,499	113,813,221
Deferred income tax	34,795,003	(15,041,958)
	93,968,894	191,870,845

The estimated average annual tax rate used for the six months ended 30 June 2022 is 12.8% (for the six months ended 30 June 2021: 16.6%).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

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	
	2022	2021
Profit attributable to equity holders of the Company (HK\$)	637,715,230	967,192,585
Weighted average number of ordinary shares in issue	1,202,590,748	1,199,976,583
Basic earnings per share (HK\$ per share)	0.530	0.806

(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	
	2022	2021
Profit attributable to equity holders of the Company (HK\$)	637,715,230	967,192,585
Weighted average number of ordinary shares in issue	1,202,590,748	1,199,976,583
Adjustments for share options	202,177	1,572,749
Weighted average number of ordinary shares for diluted earnings per share	1,202,792,925	1,201,549,332
Diluted earnings per share (HK\$ per share)	0.530	0.805

18 Dividends

On 25 May 2022, the resolution to declare a final dividend of HK\$0.40 per ordinary share for the year ended 31 December 2021 was passed at the Annual General Meeting of the Company. The final dividend totalling HK\$481,310,149 has been paid on 10 June 2022 based on the number of issued shares outstanding at that time.

On 20 July 2022, the Board of Directors has resolved to declare an interim dividend of HK\$0.10 per share (2021: HK\$0.10 per share). This interim dividend, amounting to HK\$120,327,537 (2021: HK\$120,081,537) based on the 1,203,275,373 issued shares as at 30 June 2022, 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 2022.

19 Contingent liabilities

As at 30 June 2022 and 31 December 2021, 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

20 Related-party transactions *(continued)*

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

Name of related party	Relationship
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.	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

(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 2022 include:

(1) Sales of products to related parties:

	Unaudited Six months ended 30 June	
	2022 HK\$	2021 HK\$
– Uni-Charm	58,604,558	50,575,840
– Asaleo Care Fiji Ltd.	16,669,333	26,360,814
– Asaleo Care New Zealand Ltd.	8,761,539	7,635,998
– Asaleo Personal Care Pty Ltd.	8,318,242	8,972,991
– Productos Familia, S.A., Colombia	8,202,884	10,017,629
– Essity Mexico	5,827,046	1,899,364
– Essity OG B.V.	1,276,611	1,204,474
– Essity Canada Inc.	1,052,788	876,597
– Essity Hoogezand B.V.	713,704	524,137
– Essity HH	3,003	–
	109,429,708	108,067,844

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

(2) Purchase of products from related parties:

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$	HK\$
– Essity Netherlands B.V.	24,623,854	31,121,284
– Essity Kostheim	16,277,450	25,165,424
– Productos Familia, S.A., Colombia	14,167,148	–
– Essity Poland Sp.z o.o.	13,568,225	16,266,967
– Essity HH	12,994,639	13,017,597
– Essity OG B.V.	6,592,760	8,664,113
– Essity Mexico	4,663,441	4,699,253
– Essity Turkey Hijyen Urunleri Sanayi Ve Ticaret A. S.	1,142,071	454,291
– Essity Operations France	288,750	–
– Essity Slovakia s.r.o.	–	207,739
	94,318,338	99,596,668

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$	HK\$
– Essity HH	8,450,486	10,001,974

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

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	
	2022	2021
	HK\$	HK\$
– Essity HH	218,003	307,774

(5) Loan borrowed from a related party:

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$	HK\$
– Essity Treasury AB	–	300,000,000

(6) Interest expenses accrued to a related party:

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$	HK\$
– Essity Treasury AB	6,050,271	3,328,413

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

(7) Key management compensation:

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$	HK\$
Directors		
– Basic salaries, housing allowances, other allowances, benefits-in-kind, share-based payment and other benefits	23,777,021	28,265,772
– Long-term incentive plans	2,927,400	3,533,798
Senior management		
– Basic salaries, housing allowances, other allowances, benefits-in-kind, share-based payment and other benefits	24,080,033	28,804,095
– Long-term incentive plans	2,558,400	7,892,725
	53,342,854	68,496,390

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

(1) Trade and other receivables from related parties:

	As at	
	30 June	31 December
	2022	2021
	Unaudited	Audited
	HK\$	HK\$
– Asaleo Care Fiji Ltd.	19,786,450	2,475,232
– Uni-Charm	14,608,327	21,050,413
– Essity HH	4,144,614	5,989,712
– Asaleo Care New Zealand Ltd.	3,895,844	3,171,231
– Asaleo Personal Care Pty Ltd.	2,654,155	1,988,556
– Essity Mexico	1,573,424	2,211,548
– Productos Familia, S.A., Colombia	1,520,713	4,564,858
– Essity OG B.V.	827,226	1,171,791
– Essity Canada Inc.	539,383	752,383
– Essity Hoogezand B.V.	138,108	544,942
– Essity HMS	–	48,795
	49,688,244	43,969,461

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

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 2022 Unaudited HK\$	31 December 2021 Audited HK\$
– Essity Netherlands B.V.	4,838,408	6,525,315
– Essity Poland Sp.z o.o.	2,827,570	3,756,757
– Productos Familia, S.A., Colombia	2,693,183	–
– Essity Kostheim	2,349,527	4,903,119
– Essity OG B.V.	907,144	879,558
– Essity HH	541,303	1,950,466
– Essity Turkey Hijyen Urunleri Sanayi Ve Ticaret A. S.	206,859	237,817
– Essity Mexico	169,765	592,933
– Essity Operations France	99,378	–
– Uni-Charm	52	690
	14,633,189	18,846,655

(3) Interest payable to a related party:

	As at	
	30 June 2022 Unaudited HK\$	31 December 2021 Audited HK\$
– Essity Treasury AB	1,420,733	902,020

(4) Loans from a related party:

	As at	
	30 June 2022 Unaudited HK\$	31 December 2021 Audited HK\$
– Essity Treasury AB (Note (a))	989,161,473	993,358,611

- (a) As at 30 June 2022, loans from a related party represented loans with principal of HK\$300,000,000, HK\$300,000,000, HK\$300,000,000, and MYR50,000,000 (equivalent to approximately HK\$89,161,473) respectively. The weighted average interest rate is 1.23%. These loans are due on 10 March 2023, 10 May 2023, 8 November 2023 and 18 December 2024, respectively.