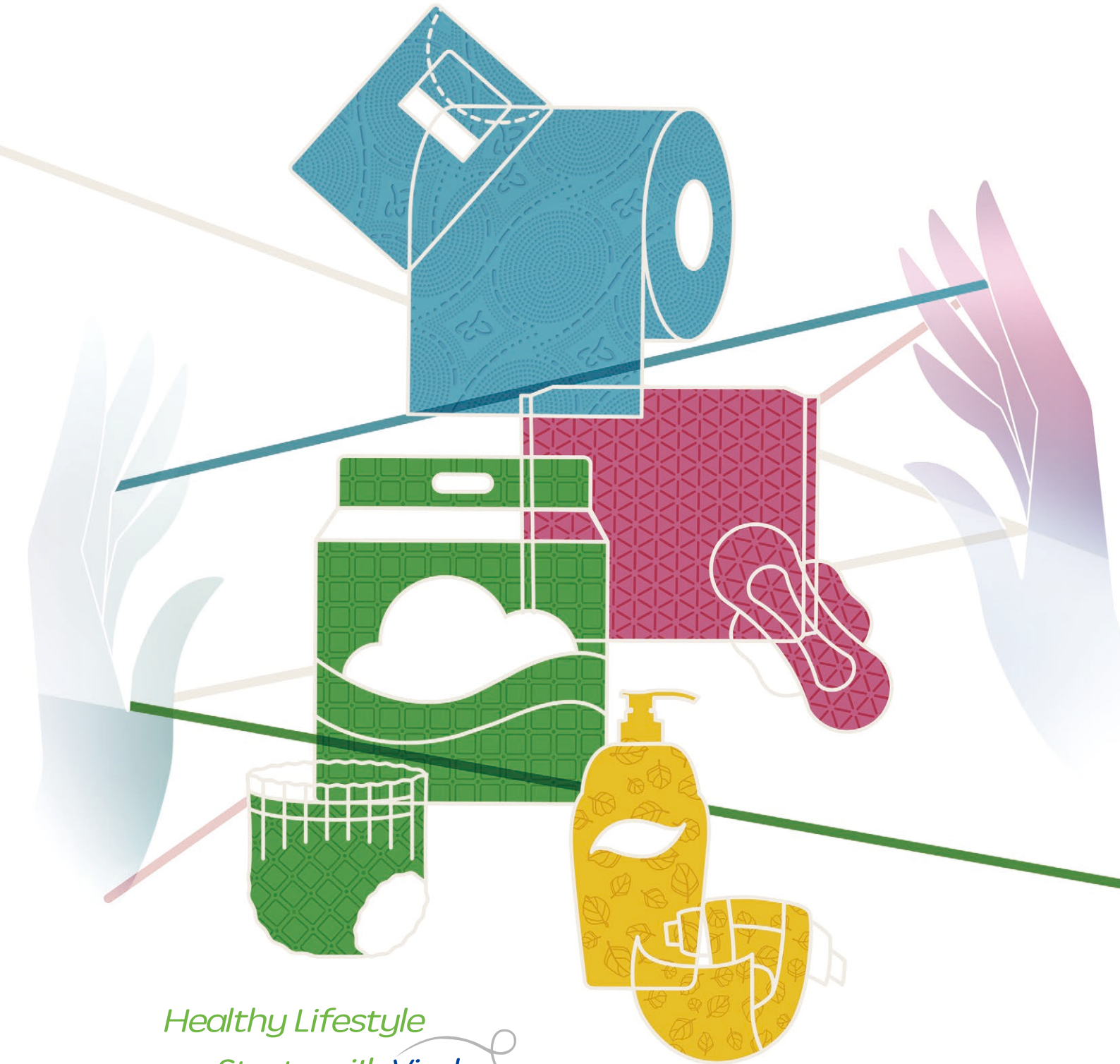




# Vinda International Holdings Limited

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



*Healthy Lifestyle  
Starts with Vinda*

Interim Report **2021**



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





Libero®



Drypers®

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Libresse

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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  
Conyers Dill & Pearman

### Registered Office

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

### Principal Place of Business in Hong Kong, China

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

### Hong Kong, China 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 2021, 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 2021 (the “**Period**” or “**H1 2021**”), 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

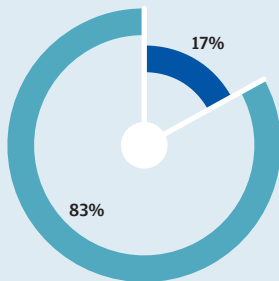
### Interim Results for the Six Months Ended 30 June 2021

	2021	2020
Revenue growth rate (%)	19.0%	-3.3%
Gross profit margin (%)	37.4%	38.5%
EBITDA margin (%)	20.1%	23.8%
Net profit margin (%)	10.6%	12.0%
Earnings per share (HK\$) – basic	80.6 cents	76.3 cents
Interim dividend declared (HK\$)	10.0 cents	10.0 cents
Finished goods turnover <sup>1</sup>	52 days	48 days
Debtors turnover <sup>2</sup>	44 days	43 days
Creditors turnover <sup>3</sup>	92 days	88 days
Current ratio (times)	1.26	1.01
Gearing ratio (%) <sup>4</sup>	42.7%	41.3%
Net gearing ratio (%) <sup>5</sup>	36.4%	32.5%

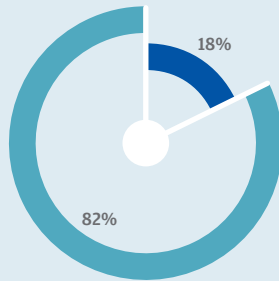
Notes:

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



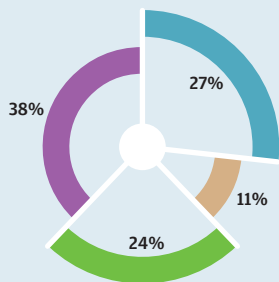
H1 2021



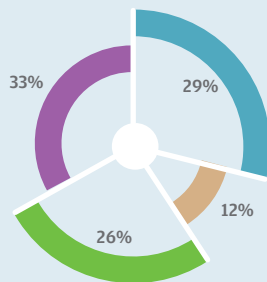
H1 2020

- Tissue
- Personal care

### Revenue by Sales Channels



H1 2021



H1 2020

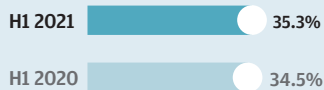
- Traditional channels
- Professional hygiene
- Key accounts (hypermarkets and supermarkets)
- E-Commerce

### Gross Profit Margin

#### Tissue



#### Personal Care



#### Total

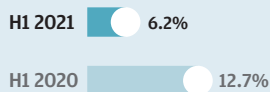


### Segment Result Margin

#### Tissue



#### Personal Care



#### Total





# MANAGEMENT DISCUSSION AND ANALYSIS

## Overview

In H1 2021, the progress in the pandemic control varied in different countries we operate in, the business environment remained uncertain. The global economic recovery accelerated and the demand situation fluctuated, leading to a continuous price hike among various commodities. With our clear strategic positioning and continuous optimisation of product portfolio, the Group had delivered good profitability and showed resilience in maintaining business growth.







## Financial Highlights

In H1 2021, total revenue of the Group increased by 19.0% (growth at a constant exchange rate: 11.0%) to HK\$9,085 million.

In terms of business segment, tissue and personal care segments contributed 83% and 17% of total revenue, respectively. A breakdown of the revenue by sales channel showed that traditional channels, key accounts, professional hygiene and e-commerce accounted for 27%, 24%, 11% and 38%, respectively, of the total revenue. The pandemic has accelerated changes in consumption habits with e-commerce highly favored, recording a 26% organic growth<sup>1</sup>.

The Group increased its raw materials inventory level in 2020 to prepare for any possible international logistic disruption. The additional inventory in stock helped to reduce the increasing cost pressure from raw materials in H1 2021. In H1 2021, gross profit rose by 15.4% to HK\$3,394 million, and the gross margin maintained at a relatively high level of 37.4%.

EBITDA edged up by 0.4% to HK\$1,826 million while EBITDA margin was narrowed by 3.7 percentage points ("ppts") to 20.1%.

Total foreign exchange gain was HK\$7 million (H1 2020: HK\$11 million loss), of which HK\$6 million gain came from operating activities (H1 2020: HK\$13 million loss), and HK\$1 million gain was due to financing activities (H1 2020: HK\$2 million gain).

During the Period, the Group continued to invest in brand building and the promotion of personal care products in Mainland China market, where market competition and investments have fully returned to normal levels after the pandemic outbreak. The Group's total selling & marketing costs as a percentage of sales increased by 2.8 ppts to 19.4% while total administrative costs as a percentage of sales edged down by 0.6 ppt to 5.1%. Operating profit decreased by 3.7% to HK\$1,211 million while operating margin narrowed by 3.2 ppts to 13.3%.

Interest expenses decreased by 25.3% to HK\$65 million primarily due to lower cost of borrowings during the Period. The effective interest rate was 2.6%, down by 1.1 ppts compared to the first half of 2020 ("H1 2020").

Net gearing ratio<sup>2</sup> was 36.4%.

The effective tax rate decreased by 6.2 ppts to 16.6%.

Net profit grew by 6.0% to HK\$967 million. The net profit margin narrowed by 1.4 ppts to 10.6%.

Basic earnings per share was 80.6 HK cents (H1 2020: 76.3 HK cents).

The Board has resolved to declare an interim dividend of 10.0 HK cents (H1 2020: 10.0 HK cents) per share for the Period.

## Business Review

### Tissue Segment

Revenue from the tissue segment increased by 20.3% to HK\$7,509 million, representing growth of 11.7% at a constant exchange rate, which accounted for 83% of the Group's total revenue (H1 2020: 82%). The market for premium products brings great opportunity for the Group's business expansion. The proportion of premium product portfolio increased steadily, further reinforcing our leading tissue market position<sup>3</sup> in Mainland China. The gross margin of the tissue segment was 37.8% (H1 2020: 39.4%).

The market share of Mainland China tissue business reached 19.0% in the second quarter of 2021<sup>4</sup>. *Vinda* cooperated with the Summer Palace (頤和園), an owner of trendy intellectual property (IP) of Chinese heritage, and *The Little Prince* separately in conducting co-branding and precision marketing, in respect of content and channel, targeting family consumers. The launch of the Shenzhou XII manned spacecraft created a buzz in the public. As an official partner in the "China Spaceflight • Space Imagination" campaign in terms of household paper, the Company newly launched a series of spaceflight-themed products to boost both the traffic of website viewers and sales in conjunction with a live broadcast of topic on Mars. *Tempo's* market leadership in Hong Kong, China remained strong as we introduced several limited editions of products with themed designs that are popular among the young and high-end consumers. The demand for wet wipes designed for household disinfection and kitchen cleaning grew significantly, and the new moist flushable tissue products in mini packs widened both its market share and user base. *Tork* continued to expand its online and offline channels, focusing on high-traffic airports, public facilities and properties sectors to diversify its end-user market, and expanded the range of its offerings available online with the launch of lens cleaning wipes.

As the quality of life and the public's hygiene awareness improve, there is huge market potential to be unleashed through the upgrading of social consumption structure, which would procure a new round of growth for the Group's premium products and brands.

**Personal Care Segment**

Revenue from the personal care segment increased by 13.3% to HK\$1,576 million, representing a growth of 7.9% at a constant exchange rate, which accounted for 17% of the Group's total revenue (H1 2020: 18%). Gross margin of the personal care segment was 35.3% (H1 2020: 34.5%).

As a specialist in incontinence care, *TENA* has been living up to a global leading brand. By calling on the public to take incontinence seriously and developing

awareness of incontinence care products through experience sharing by users and presentation by specialist, thereby driving sales growth under the brand. In response to the uptrending of online consumption, *Dr. P* actively followed the online consumption trend to strengthen its online brand positioning.

With regard to feminine care, Zhou Dongyu, being the brand ambassador of *Libresse* China, reinforced the brand's positioning as a high-end and cutting-edge player. Also, *Libresse* China collaborated with Pop Mart, a top Chinese IP owner, to launch new co-branded products, with a view to better catering to the users' need for "Dynamic Fit" and boosting sales at various channels with a more comprehensive range of products. In Malaysia, *Libresse* maintained its No.1<sup>5</sup> market position in terms of market share.



Our baby care business continued to perform well in Southeast Asia. *Drypers* enhanced its brand interaction by launching short promotional videos and conducting the “Made to Fit” challenge campaign, trying to inculcate the brand philosophies of “When It Fits, It’s Amazing” and “We’re With You Every Step of The Way”, so as to strengthen its leading market position<sup>5</sup>.

### Production Capacity

As at 30 June 2021, Vinda’s designed annual production capacity for tissue paper amounted to 1,250,000 tons. The construction of wet wipes production facilities in southern and northern China has been completed and they have commenced production. The tissue production capacity expansion plan in southern, eastern and central China continues to progress and is expected to be completed within 2021. Our regional headquarters in Malaysia is expected to be completed in early 2022, while the manufacturing facilities and innovation center are progressing on schedule and are expected to be completed in 2022. The operation of new production capacity will promote efficiency improvement and facilitate market expansion, laying a solid foundation for our future performance growth.

### Human Resources Management and Internal Control

Employees are the most valuable contributors to Vinda’s sustainable development. We strive to offer equal employment opportunities to all qualified candidates regardless of age, nationality, race, religion, sexual orientation and gender, etc. We also offer fair and reasonable remunerations, performance incentives and a career advancement

mechanism. Furthermore, we ensure that our employees continuously develop their skills and capabilities by providing a range of training opportunities. During the Period, Vinda was awarded the “2021 Human Resources Management Excellence Award (二零二一年人力資源管理傑出獎)” by JOBS (前程無憂) in Mainland China.

During the Period, a total of 123,897 hours of training were conducted for a total of 10,428 participants.

As at 30 June 2021, we had a total of 11,577 employees, compared with 11,247 as at 30 June 2020.

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. 99% of our employees had training on the code of conduct. While the heads 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.

## Health and Safety Performance

We attach great importance to occupational health and safety with our goal of “zero accident”.

Lost-time accidents in H1 2021 totaled 10 cases, none of which involved major injuries.

## Corporate Social Responsibility

We have always regarded corporate social responsibility as critical to our business, and the blueprint for sustainable development of the Group, including energy saving and emission reduction, high product quality and operation efficiency, and caring for employees and communities. We and our stakeholders have created shared and sustainable values at the economic, social and environmental levels.

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, the annual “Share A Little Comfort” activity continued with the aim of transforming four orphanages into comfortable living environment for children every year. In Taiwan, China, we donated infant and adult incontinence care products to social welfare institutions such as United Way (社會福利聯合勸募協會), Fund for Children and Families (家扶中心) and Rehabilitation Centre for the Disabled (身障福利中心) to improve the quality of life of disadvantaged groups.

Vinda Volunteer Team and Vinda Charity Foundation united to organise various social service activities. During the Period, 206 participants of Vinda volunteers spent 1,076 hours on social services.





### Outlook

As the global pandemic has shown signs of abating, it is expected that economic recovery will continue to gain momentum in the second half of 2021. The overall business environment remains volatile by the raw material prices fluctuations, changes in consumer market and intense competition.

The Chinese and Asian hygiene market remains promising. Riding on the improving living standards in Mainland China, the consumption of household paper has shown a steady growth trend. However, compared with the per capita consumption of tissue and personal care products in mature markets, there are still plenty of room for growth. At the same time, consumers' increasing demand for better hygiene and personal care products in the post-pandemic era, coupled with consumption upgrading, category refinement and channel diversification, have created significant business opportunities in the industry. We will embrace changes in consumer behaviors and channel shift, continue to focus on product innovation and grow our business.

The growing aging population and higher awareness of elderly care have provided a good opportunity for the incontinence care segment. Our high-quality incontinence care products are very well received by families and nursing institutions. Advocating modern women's spirit of independence and self-realization, *Libresse* has successfully gained huge attention of local consumers and is expected to become an important growth driver for our personal care business.

We will stay focused on the following development strategies:

1. We will continue to focus on brand building, product innovation and further product mix improvement to enhance our brand competitiveness and secure long term business success;
2. We will continue to invest and grow Personal Care business in Mainland China;
3. We will continue to drive E-commerce sales, and continue to drive market share gain in all markets we operate in;
4. We will continue to identify areas of opportunities to improve our operation efficiency and return on investment; and
5. We will strengthen our financial position with strong operating cash flow and cautious management of working capital.

#### Remarks

<sup>1</sup> Organic growth: Year on year growth at a constant exchange rate

<sup>2</sup> Net gearing ratio: Net debt divided by total shareholders' equity

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

<sup>3</sup> Source: Kantar Worldpanel, sales value year-to-date at 18 June 2021

<sup>4</sup> Source: Kantar Worldpanel, sales value of first quarter and second quarter in 2021

<sup>5</sup> Source: Kantar Worldpanel, sales value year-to-date at 23 May 2021

## Foreign Exchange and Fair Value Interest Rate Risk

The majority of the Group's assets and sales business are located in Mainland China, Hong Kong, China, Malaysia, Taiwan, China 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 2021, the Group's bank and cash balances amounted to HK\$781,821,618 (31 December 2020: HK\$749,399,329), and short-term and long-term loans amounted to HK\$5,058,988,434 (31 December 2020: HK\$4,731,890,823), including the loans from a related party amounting to HK\$693,500,625 (31 December 2020: HK\$396,080,272). 81.4% of the borrowings are long-term (31 December 2020: 63.1%). The annual interest rates of bank loans ranged from 0.8% to 3.8%.

As at 30 June 2021, the net gearing ratio, which was calculated on the basis of the amount of net debt which is total borrowings plus lease liabilities less cash and cash equivalents and restricted bank deposits as a percentage of the total shareholders' equity, was 36.4% (31 December 2020: 35.9%).

As at 30 June 2021, unutilized credit facilities amounted to approximately HK\$5.57 billion (31 December 2020: HK\$7.45 billion).

## Charges on Group Assets

As at 30 June 2021, the Group did not have any charges on assets (31 December 2020: nil).

## Contingent Liabilities

As at 30 June 2021, the Group had no material contingent liabilities (31 December 2020: nil).



## Interim Dividend

The Board has resolved to declare an interim dividend of HK\$0.10 per share for the Period (2020: HK\$0.10 per share) totaling approximately HK\$120,081,537, based on the 1,200,815,373 issued shares outstanding as at 30 June 2021. The interim dividend will be paid on or about 7 September 2021 to shareholders whose names appear on the register of members of the Company on 24 August 2021.

## Closure of Register of Members

The register of members of the Company will be closed from 20 August 2021 to 24 August 2021, 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 Hong Kong, China, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 19 August 2021 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 (the "**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 2021, 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 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 and underlying shares held under equity derivatives			Approximate percentage (%) of interests <sup>(3)</sup>
		Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporations)	Total interests	
LI Chao Wang	Shares	300,000	262,341,581 <sup>(2)(i) &amp; (ii)</sup>	262,641,581	21.87
	Equity Derivatives – Share options	646,000 <sup>(1)</sup>	–	646,000	0.054
				<b>263,287,581</b>	<b>21.93</b>
YU Yi Fang	Shares	350,000	–	<b>350,000</b>	<b>0.03</b>
LI Jielin	Shares	200,000	–	<b>200,000</b>	<b>0.02</b>
Johann Christoph MICHALSKI	Shares	59,000	–	<b>59,000</b>	<b>0.005</b>

## OTHER INFORMATION

Notes:

- The share options granted by the Company are regarded for the time being as unlisted physically settled equity derivatives. Details of share options held by the directors of the Company (the “**Directors**”, individually the “**Director**”) are set out in the section headed “Share Option Scheme” of this report.
- LI Chao Wang 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. 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.
- 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 <sup>(1&amp;2)</sup>
			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	66,700	–	66,700	0.0095
Carl Fredrik Stenson RYSTEDT	Essity Aktiebolag (publ)	Class B shares	22,700	–	22,700	0.0032
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:

- As at 30 June 2021, the total number of registered shares in the share capital of Essity Aktiebolag (publ) was 702,342,489, of which 61,734,372 are Class A shares and 640,608,117 are Class B shares.
- Actual percentages may not equal to the stated figures due to rounding.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executives of the Company are, 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 corporations, 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 to employees of the Company or any member of the Group (including any Executive, Non-Executive and Independent Non-Executive Directors), advisors, 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.

## OTHER INFORMATION

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.

Details of movements of the Options granted under the Scheme for the six months ended 30 June 2021 are as follows:

	Date of Grant	Exercise price per Share HK\$	Number of Shares issuable under the Options					as at 30/06/2021	Exercise period	Weighted average closing price of the Share immediately before the exercise date HK\$
			as at 01/01/2021	granted during the Period	exercised during the Period	lapsed during the Period	cancelled during the Period			
<b>Directors</b>										
LI Chao Wang	02/05/2012	14.06	646,000	-	-	-	-	646,000	02/05/2012 to 01/05/2022	-
<b>Employees of the Group</b>										
In aggregate	15/04/2011	8.648	465,000	-	(465,000)	-	-	-	15/04/2011 to 14/04/2021	25.55
	02/05/2012	14.06	2,810,000	-	(876,000)	-	-	1,934,000	(Note)	26.82
	02/05/2013	10.34	40,000	-	-	-	-	40,000	02/05/2013 to 01/05/2023	-
Total			3,961,000	-	(1,341,000)	-	-	2,620,000		-

Note: 701,000 Options out of the total 1,934,000 Options are subject to the exercise period from 2 May 2012 to 1 May 2022.

1,233,000 Options out of the total 1,934,000 Options are subject to the exercise period from 2 May 2013 to 1 May 2022. These Options are subject to the vesting period from 2 May 2012 to 1 May 2013 and the vesting condition that the Board has confirmed that the Company has met the 2012 (or combined 2012 and 2013) income and profit performance benchmarks as set by the Board and that the performance appraisal of the grantee has satisfied the requirements of the management of the Company.

## 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 2021, 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 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 and underlying shares held under equity derivatives			Total interests	Approximate percentage (%) of issued share capital <sup>(1)</sup>
		Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporations)	Other interests		
Essity Group Holding BV	Shares	620,737,112 <sup>(2)</sup>	–	–	620,737,112	51.69
Essity Aktiebolag (publ)	Shares	–	620,737,112 <sup>(2)</sup>	–	620,737,112	51.69
Fu An International Company Limited	Shares	261,341,581 <sup>(3) &amp; (4)</sup>	–	–	261,341,581	21.76
Sentential Holdings Limited	Shares	–	261,341,581 <sup>(3) &amp; (4)</sup>	–	261,341,581	21.76
Invesco Hong Kong Limited	Shares	–	–	60,734,000 <sup>(5)</sup>	60,734,000	5.06

Notes:

- 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 261,341,581 Shares held by Fu An International Company Limited for the purpose of Part XV of the SFO.
- Such 261,341,581 Shares are the same Shares referred to in Note 2(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.
- These interests were held by Invesco Hong Kong Limited in the capacity of investment manager.

Save as disclosed above, as at 30 June 2021, 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 13.51B(1) of the Listing Rules

Mr. Jan Christer JOHANSSON has ceased to be the Chairman of Suominen Oyj (the shares of which are traded on Nasdaq Helsinki Stock Exchange) since March 2021. He has been appointed as the Chairman of Midsummer AB (publ) (a Sweden company that develops and markets solar panels, the shares of which are traded on Nasdaq First North Premier Growth Market) since June 2021.

## 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 also all Executive Directors, namely Ms. YU Yi Fang, Mr. DONG Yi Ping and Ms. LI Jielin. The duties of the Executive Committee include 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 25 to 56 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 2021 and the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. 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.

## 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, China, 15 July 2021

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2021

	Note	30 June 2021 Unaudited HK\$	31 December 2020 Audited HK\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	10,622,492,042	10,117,404,823
Right-of-use assets	8	1,346,800,730	1,366,419,837
Intangible assets	7	2,675,315,787	2,746,074,511
Deferred income tax assets		532,095,728	515,206,860
Investment properties	7	3,112,485	3,167,484
Investment in an associate		2,234,743	2,347,777
<b>Total non-current assets</b>		<b>15,182,051,515</b>	14,750,621,292
<b>Current assets</b>			
Inventories		4,933,892,565	4,773,880,408
Trade and notes receivables	9	2,601,432,611	2,435,038,930
Other receivables	9	346,474,556	302,577,542
Prepayments	9	93,457,419	71,020,270
Due from related parties	21(c)	54,271,671	39,063,829
Cash and cash equivalents		781,821,618	749,399,329
<b>Total current assets</b>		<b>8,811,350,440</b>	8,370,980,308
<b>Total assets</b>		<b>23,993,401,955</b>	23,121,601,600
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	10	120,081,537	119,947,437
Share premium	10	4,450,512,869	4,428,374,681
Other reserves		7,694,907,677	7,119,034,916
<b>Total equity</b>		<b>12,265,502,083</b>	11,667,357,034

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2021

	Note	30 June 2021 Unaudited HK\$	31 December 2020 Audited HK\$
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	12	3,423,987,374	2,890,391,162
Loans from a related party	12,21(c)	693,500,625	96,080,272
Lease liabilities	8	119,756,562	129,563,570
Deferred government grants		278,926,790	284,876,449
Deferred income tax liabilities		196,382,468	200,344,900
Post-employment benefits		10,422,539	15,983,243
Other non-current liabilities	13	11,840,103	2,253,625
<b>Total non-current liabilities</b>		<b>4,734,816,461</b>	3,619,493,221
<b>Current liabilities</b>			
Trade payables, other payables and accrued expenses	14	5,734,782,152	5,639,927,445
Contract liabilities		96,980,713	147,155,300
Borrowings	12	941,500,435	1,445,419,389
Loan from a related party	12,21(c)	–	300,000,000
Lease liabilities	8	63,678,411	72,363,875
Due to related parties	21(c)	16,818,583	14,669,217
Current income tax liabilities		139,323,117	215,216,119
<b>Total current liabilities</b>		<b>6,993,083,411</b>	7,834,751,345
<b>Total liabilities</b>		<b>11,727,899,872</b>	11,454,244,566
<b>Total equity and liabilities</b>		<b>23,993,401,955</b>	23,121,601,600

The notes on pages 30 to 56 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 2021

	Note	Unaudited Six months ended 30 June	
		2021 HK\$	2020 HK\$
<b>Revenue</b>	6	<b>9,084,530,139</b>	7,633,952,987
Cost of sales		<b>(5,690,222,228)</b>	(4,693,143,894)
<b>Gross profit</b>		<b>3,394,307,911</b>	2,940,809,093
Selling and marketing costs		<b>(1,762,166,179)</b>	(1,268,323,900)
Administrative expenses		<b>(444,149,289)</b>	(427,396,249)
Net impairment losses on financial assets		<b>(18,475,590)</b>	(4,212,575)
Other income and gains – net		<b>41,046,946</b>	15,886,083
<b>Operating profit</b>	15	<b>1,210,563,799</b>	1,256,762,452
Finance income and costs – net	16	<b>(51,387,335)</b>	(74,954,307)
Share of post-tax loss of an associate		<b>(113,034)</b>	(61,740)
<b>Profit before income tax</b>		<b>1,159,063,430</b>	1,181,746,405
Income tax expense	17	<b>(191,870,845)</b>	(268,952,518)
<b>Profit attributable to the equity holders of the Company</b>		<b>967,192,585</b>	912,793,887
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified to profit or loss</i>			
– Currency translation differences		<b>58,743,852</b>	(241,235,928)
<b>Total comprehensive income attributable to the equity holders of the Company</b>		<b>1,025,936,437</b>	671,557,959
<b>Earnings per share for profit attributable to the equity holders of the Company</b>			
– basic	18	<b>0.806</b>	0.763
– diluted	18	<b>0.805</b>	0.761

The notes on pages 30 to 56 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 2021

	Note	Unaudited			Total HK\$
		Attributable to the equity holders of the Company			
		Share capital HK\$	Share premium HK\$	Other reserves HK\$	
<b>Balance as at 1 January 2020</b>		119,510,337	4,356,240,018	4,987,460,947	9,463,211,302
Profit for the period		-	-	912,793,887	912,793,887
Other comprehensive income					
<i>Item that may be reclassified to profit or loss</i>					
- Currency translation differences		-	-	(241,235,928)	(241,235,928)
<b>Total comprehensive income for the six months ended 30 June 2020</b>		-	-	671,557,959	671,557,959
<b>Transaction with owners</b>					
Employees share option scheme					
- Exercise of share options	10	239,400	35,392,427	(9,560,747)	26,071,080
Dividends		-	-	(251,474,448)	(251,474,448)
<b>Transaction with owners</b>		239,400	35,392,427	(261,035,195)	(225,403,368)
<b>Balance as at 30 June 2020</b>		119,749,737	4,391,632,445	5,397,983,711	9,909,365,893
<b>Balance as at 1 January 2021</b>		<b>119,947,437</b>	<b>4,428,374,681</b>	<b>7,119,034,916</b>	<b>11,667,357,034</b>
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
<b>Total comprehensive income for the six months ended 30 June 2021</b>		-	-	1,025,936,437	1,025,936,437
<b>Transaction with owners</b>					
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)
<b>Transaction with owners</b>		134,100	22,138,188	(450,063,676)	(427,791,388)
<b>Balance as at 30 June 2021</b>		<b>120,081,537</b>	<b>4,450,512,869</b>	<b>7,694,907,677</b>	<b>12,265,502,083</b>

The notes on pages 30 to 56 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 2021

	Note	Unaudited	
		Six months ended 30 June	
		2021	2020
		HK\$	HK\$
<b>Cash flows from operating activities:</b>			
– cash generated from operations		<b>1,094,932,297</b>	1,233,791,209
– interest paid		<b>(81,413,686)</b>	(91,985,994)
<b>Cash flows generated from operating activities – net</b>		<b>1,013,518,611</b>	1,141,805,215
<b>Cash flows from investing activities:</b>			
– purchases of property, plant and equipment		<b>(824,914,674)</b>	(546,492,232)
– purchases of intangible assets		<b>(17,672,724)</b>	(12,960,482)
– purchases of land use rights		–	(2,391,250)
– proceeds on disposal of property, plant and equipment		<b>4,267,598</b>	666,614
– government grants received		<b>3,974,991</b>	16,659,852
– interest received		<b>12,307,739</b>	10,102,929
<b>Cash flows used in investing activities – net</b>		<b>(822,037,070)</b>	(534,414,569)
<b>Cash flows from financing activities:</b>			
– dividends paid		<b>(444,129,268)</b>	–
– repayments of borrowings	12	<b>(3,141,728,844)</b>	(1,122,938,009)
– repayments of loans from a related party	12, 21(b)(6)	–	(880,116,846)
– proceeds from borrowings	12	<b>3,137,755,676</b>	1,832,310,432
– proceeds from loan from a related party	12, 21(b)(5)	<b>300,000,000</b>	–
– proceeds from shares issued		<b>16,337,880</b>	26,071,080
– lease payments for right-of-use assets excluding land use rights		<b>(41,589,734)</b>	(37,938,800)
<b>Cash flows used in financing activities – net</b>		<b>(173,354,290)</b>	(182,612,143)
<b>Net increase in cash and cash equivalents</b>		<b>18,127,251</b>	424,778,503
Cash and cash equivalents at beginning of the period		<b>749,399,329</b>	460,387,446
Exchange differences		<b>14,295,038</b>	(9,059,001)
<b>Cash and cash equivalents at end of the period</b>		<b>781,821,618</b>	876,106,948

The notes on pages 30 to 56 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 2021

## 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 15 July 2021 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 2021 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 2020, 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 2020, 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.

#### (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
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2	1 January 2021

(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 2021 and have not been early adopted by the Group:

		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
HKFRS 17	Insurance contracts	1 January 2023
HKAS 1 and HKAS 28 (Amendments)	Presentation of financial statements, accounting policies, changes in accounting estimates and errors	1 January 2023
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

### 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 2020.

### 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 2020.

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 2021, 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\$
<b>As at 30 June 2021</b>					
Bank loans and interest payables (i)	1,044,036,550	1,110,024,211	2,459,084,815	–	4,613,145,576
Loans from a related party and interest payables (i)	7,863,750	606,715,441	97,682,485	–	712,261,676
Lease liability	64,605,951	46,549,575	54,543,027	37,679,841	203,378,394
Trade payables	2,678,088,221	–	–	–	2,678,088,221
Notes payable	359,624,983	–	–	–	359,624,983
Other payables	555,087,731	–	–	–	555,087,731

As at 31 December 2020

Bank loans and interest payables (i)	1,551,562,531	1,841,354,534	1,195,609,462	–	4,588,526,527
Loans from a related party and interest payables (i)	304,586,360	2,920,841	101,833,927	–	409,341,128
Lease liabilities	73,535,442	43,831,986	64,347,921	43,460,566	225,175,915
Trade payables	2,644,138,756	–	–	–	2,644,138,756
Notes payable	327,554,663	–	–	–	327,554,663
Other payables	499,244,071	–	–	–	499,244,071

(i) The interest on borrowings is calculated based on borrowings held as at 30 June 2021 and 31 December 2020 without taking account of future issues. Floating-rate interest is estimated using interest rate prevailing as at 30 June 2021 and 31 December 2020 respectively.

### 5.3 Fair value estimation

As at 30 June 2021, 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 2021

### 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, 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, China. The amount of its revenue from external customers in Mainland China, Hong Kong, China and overseas for the six months ended 30 June 2021 is HK\$6,957,159,620 (for the six months ended 30 June 2020: HK\$5,582,659,127), HK\$579,601,676 (for the six months ended 30 June 2020: HK\$608,787,384) and HK\$1,547,768,843 (for the six months ended 30 June 2020: HK\$1,442,506,476) respectively.

The total non-current assets are analysed as follows:

	As at	
	30 June 2021 Unaudited HK\$	31 December 2020 Audited HK\$
Total non-current assets other than deferred tax assets		
– Mainland China	10,700,853,784	10,262,988,103
– Hong Kong, China and overseas	3,946,867,260	3,970,078,552
Deferred tax assets	532,095,728	515,206,860
Investment in an associate	2,234,743	2,347,777
Total non-current assets	15,182,051,515	14,750,621,292

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

## 6 Segment information (continued)

The segment information for the six months ended 30 June 2021 and 2020 are as follows:

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
<b>Other segment items included in the income statement</b>			
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 other than trademarks, licences and contractual customer relationships	(18,345,159)	(3,910,907)	(22,256,066)
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 2021

### 6 Segment information (continued)

Six months ended 30 June 2020	Six months ended 30 June 2020 (Unaudited)		
	Household paper products HK\$	Personal care products HK\$	Total HK\$
Segment revenue	6,242,466,130	1,391,486,857	7,633,952,987
Segment results	1,206,894,554	176,599,378	1,383,493,932
Amortisation of trademarks, licences and contractual customer relationships	(5,420,075)	(27,723,843)	(33,143,918)
Segment profit	1,201,474,479	148,875,535	1,350,350,014
Other income and gains – net			15,886,083
Unallocated costs			(109,473,645)
Operating profit			1,256,762,452
Finance income and costs – net			(74,954,307)
Share of post-tax loss of an associate			(61,740)
Profit before income tax			1,181,746,405
Income tax expense			(268,952,518)
Profit for the period			912,793,887
<b>Other segment items included in the income statement</b>			
Depreciation of property, plant and equipment	(397,188,934)	(60,221,602)	(457,410,536)
Depreciation of right-of-use assets	(33,528,135)	(14,833,617)	(48,361,752)
Depreciation and amortisation of investment properties and intangible assets other than trademarks, licences and contractual customer relationships	(19,144,508)	(3,556,312)	(22,700,820)
Additions to non-current assets	492,089,995	106,076,621	598,166,616

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

### 6 Segment information *(continued)*

As at 30 June 2021	As at 30 June 2021 (Unaudited)		
	Household paper products HK\$	Personal care products HK\$	Total HK\$
Segment assets	18,797,154,774	4,659,634,325	23,456,789,099
Deferred income tax assets			532,095,728
Investment in an associate			2,234,743
Prepaid income tax recoverable			2,282,385
<b>Total assets</b>			<b>23,993,401,955</b>
Segment liabilities	10,203,280,998	1,188,913,289	11,392,194,287
Deferred income tax liabilities			196,382,468
Current income tax liabilities			139,323,117
<b>Total liabilities</b>			<b>11,727,899,872</b>

As at 31 December 2020	As at 31 December 2020 (Audited)		
	Household paper products HK\$	Personal care products HK\$	Total HK\$
Segment assets	18,057,332,014	4,542,129,604	22,599,461,618
Deferred income tax assets			515,206,860
Investment in an associate			2,347,777
Prepaid income tax recoverable			4,585,345
<b>Total assets</b>			<b>23,121,601,600</b>
Segment liabilities	9,903,485,454	1,135,198,093	11,038,683,547
Deferred income tax liabilities			200,344,900
Current income tax liabilities			215,216,119
<b>Total liabilities</b>			<b>11,454,244,566</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

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

	Property, plant and equipment HK\$	Unaudited	
		Intangible assets HK\$	Investment properties HK\$
<b>Six months ended 30 June 2020</b>			
Opening net book amount as at 1 January 2020	8,858,171,961	2,780,086,369	4,039,119
Additions	554,309,146	12,960,482	–
Disposals	(2,279,113)	–	–
Depreciation and amortisation	(457,410,536)	(55,755,007)	(89,731)
Impairment	(25,629,102)	–	–
Exchange differences	(180,651,967)	(68,386,233)	(47,665)
Closing net book amount as at 30 June 2020	8,746,510,389	2,668,905,611	3,901,723
<b>Six months ended 30 June 2021</b>			
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

During the period, the Group has capitalized borrowing costs amounting to HK\$17,715,650 (for the six months ended 30 June 2020: HK\$5,052,278) on qualifying assets.

## 8 Leases

	As at	
	30 June 2021 Unaudited HK\$	31 December 2020 Audited HK\$
<b>Right-of-use assets</b>		
– Land use rights	1,168,948,225	1,170,098,019
– Buildings	176,337,245	194,343,371
– Equipment and others	1,515,260	1,978,447
<b>Total right-of-use assets</b>	<b>1,346,800,730</b>	1,366,419,837
<b>Lease liabilities</b>		
– Current	63,678,411	72,363,875
– Non-current	119,756,562	129,563,570
<b>Total lease liabilities</b>	<b>183,434,973</b>	201,927,445

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

	Unaudited	
	Six months ended 30 June 2021 HK\$	2020 HK\$
Depreciation of right-of-use assets		
– Land use rights	14,590,618	12,959,679
– Buildings	37,304,350	34,589,533
– Equipment and others	753,266	812,540
	<b>52,648,234</b>	48,361,752
Interest expense (Note 16)	3,623,559	3,781,734
Expense relating to short-term leases	54,953,344	27,411,268
Expense relating to leases of low-value assets	449,269	549,262

The total cash payment for leases was HK\$96,992,347 for the six months ended 30 June 2021 (for the six months ended 30 June 2020: HK\$68,290,580).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

### 9 Trade and notes receivables, other receivables and prepayments

	As at	
	30 June 2021 Unaudited HK\$	31 December 2020 Audited HK\$
Trade receivables	2,638,960,918	2,451,066,933
Notes receivable	6,519,490	9,467,085
Other receivables (Note(a))	346,474,556	302,577,542
Prepayments	93,457,419	71,020,270
Less: Provision for impairment of receivables	(44,047,797)	(25,495,088)
	<b>3,041,364,586</b>	2,808,636,742

(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 2021 and 31 December 2020 is as below:

	As at	
	30 June 2021 Unaudited HK\$	31 December 2020 Audited HK\$
Within 3 months	2,485,111,766	2,342,880,739
4 months to 6 months	118,988,657	72,105,420
7 months to 12 months	9,957,354	18,447,948
Over 1 year	24,903,141	17,632,826
	<b>2,638,960,918</b>	2,451,066,933

## 10 Share capital and share premium

	Number of issued and fully paid shares	Unaudited Amount	
		Share capital HK\$	Share premium HK\$
<b>Opening balance as at 1 January 2020</b>	1,195,103,373	119,510,337	4,356,240,018
Employee share option scheme (Note 11)			
– Exercise of options	2,394,000	239,400	35,392,427
<b>As at 30 June 2020</b>	1,197,497,373	119,749,737	4,391,632,445
<b>Opening balance as at 1 January 2021</b>	<b>1,199,474,373</b>	<b>119,947,437</b>	<b>4,428,374,681</b>
Employee share option scheme (Note 11)			
– Exercise of options	1,341,000	134,100	22,138,188
<b>As at 30 June 2021</b>	<b>1,200,815,373</b>	<b>120,081,537</b>	<b>4,450,512,869</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

### 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 2021 and 2020 were as follows:

	For the six months period ended 30 June			
	2021		2020	
	Unaudited		Unaudited	
	Weighted average exercise price in HK\$	Number of options	Weighted average exercise price in HK\$	Number of options
At 1 January	13.39	3,961,000	12.74	8,332,000
Exercised	12.18	(1,341,000)	10.89	(2,394,000)
At 30 June	14.00	2,620,000	13.48	5,938,000

Share options outstanding as at 30 June 2021 have the following expiry dates and exercise prices:

Expiry date	Exercise price HK\$ per share	Number of options
1 May 2022	14.06	2,580,000
1 May 2023	10.34	40,000

## 12 Borrowings

	As at	
	30 June 2021 Unaudited HK\$	31 December 2020 Audited HK\$
<b>Non-current – unsecured</b>		
Bank borrowings	3,423,987,374	2,890,391,162
Loans from a related party (Note 21(c))	693,500,625	96,080,272
Total non-current borrowings	4,117,487,999	2,986,471,434
<b>Current – unsecured</b>		
Bank borrowings	941,500,435	1,445,419,389
Loan from a related party (Note 21(c))	–	300,000,000
Total current borrowings	941,500,435	1,745,419,389
<b>Total borrowings</b>	<b>5,058,988,434</b>	<b>4,731,890,823</b>

Movements in borrowings are analysed as follows:

	Unaudited HK\$
<b>Six months ended 30 June 2020</b>	
Opening amount as at 1 January 2020	4,156,187,795
New borrowings	1,832,310,432
Repayments of borrowings and loans from a related party	(2,003,054,855)
Exchange differences	(59,307,999)
Closing amount as at 30 June 2020	3,926,135,373
<b>Six months ended 30 June 2021</b>	
Opening amount as at 1 January 2021	4,731,890,823
New borrowings and loan 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



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

### 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
	2021	2020	2021	2020
	Unaudited	Audited	Unaudited	Audited
	HK\$	HK\$	HK\$	HK\$
Portion of loans due for repayment within 1 year	941,500,435	1,445,419,389	–	300,000,000
Loans due for repayment after 1 year:				
Between 1 and 2 years	1,027,228,520	1,755,149,835	600,000,000	–
Between 2 and 5 years	2,396,758,854	1,135,241,327	93,500,625	96,080,272
	4,365,487,809	4,335,810,551	693,500,625	396,080,272

(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
	2021	2020
	Unaudited	Audited
HK\$	1.00%	2.54%
US\$	1.10%	1.35%
RMB	3.23%	3.56%
KRW	1.37%	1.79%
MYR	3.07%	3.67%

### 13 Long term incentive plans

	As at	
	30 June 2021 Unaudited HK\$	31 December 2020 Audited HK\$
<b>Other non-current liabilities</b>		
Long-term incentive plans (ii)	11,840,103	2,253,625
<b>Current liabilities</b>		
Long-term incentive plans – current portion (i)(b)	25,697,711	19,148,310
Total long term incentive plans	37,537,814	21,401,935

- (i) On 7 April 2017, in order to provide a more competitive salary structure to employees and to increase the retention rate of key talents, the Board of Directors approved two cash settled share-based long term incentive plans for the Executive Directors and Chief Financial Officer (“CFO”) and the selected senior management and employees.

#### (a) Long term incentive plan for Executive Directors and CFO

Option Equivalent Unit (“OEU”) can be granted under the plan to Executive Directors and CFO to reward for their future services during the vesting period. On 7 April 2017, a total of 6,840,000 OEUs were granted to Executive Directors and CFO at a nominal price of HK\$15.31 under the plan. The exercise price of an OEU is capped at HK\$30. The vesting period was from 1 January 2017 to 1 July 2020. An OEU can be realised at the exercise price after the vesting period until 31 December 2025, subject to the provisions of the plan. All OEUs were exercised before 31 December 2020.

#### (b) Long term incentive program for selected senior management and specific employees

Program participants will receive a bonus up to 100% of their annual salary based on a payout ratio depending on the total shareholder return (“TSR”) of the Company versus peer group companies and 2 indexes. The TSR is calculated based on the future share price and the potential dividend yield. Two measurement periods for this program are from 2017 to 2019 and from 2019 to 2021.

The TSR is determined by using the Monte Carlo Simulation Model. The significant inputs into the model were annualized drift rate of 8.18% of the Company and 5.95% of the peer group, dividend yield of 1.42% of the Company and 2.37% of the peer group and annualized asset price volatility of 35% of the Company and 10% of the peer group matching the life of the incentive program.

As at 30 June 2021, the payables for selected senior management and specific employees amounting to HK\$25,697,711 were reclassified to “other payables” for due within one year.

### 13 Long term incentive plans *(continued)*

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

A total of 12,936,000 OEU's 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 2021, the fair value of OEU granted was determined by using the Binomial Model. The fair value of OEU in management's plan was HK\$3.8643 and the fair value of OEU in Directors and senior managements' plan was HK\$4.1464.

The significant inputs into the model were share price at the valuation date, the grant price, volatility of 33.52%, dividend yield of 1.18%, and annual risk-free interest rate of 0.81%. 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.

**14 Trade payables, other payables and accrued expenses**

	As at	
	30 June 2021 Unaudited HK\$	31 December 2020 Audited HK\$
Trade payables	2,678,088,221	2,644,138,756
Notes payable	359,624,983	327,554,663
Other payables	941,998,384	994,939,495
Accrued expenses	1,755,070,564	1,673,294,531
	<b>5,734,782,152</b>	5,639,927,445

The credit period granted by the creditors generally ranged from 30 to 90 days. Ageing analysis of trade payables and notes payable as at 30 June 2021 and 31 December 2020 based on invoice date is as follows:

	As at	
	30 June 2021 Unaudited HK\$	31 December 2020 Audited HK\$
Within 3 months	2,180,199,230	2,000,184,795
4 months to 6 months	856,489,304	967,550,442
7 months to 12 months	764,948	3,796,354
Over 1 year	259,722	161,828
	<b>3,037,713,204</b>	2,971,693,419

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

### 15 Profit for the period

Profit for the period is stated after charging and crediting following items:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$	HK\$
Reversal for impairment of inventories	287,503	22,973,680
Charges of long-term incentive plans	(16,115,191)	(69,470,832)
Impairment losses on property, plant and equipment	(49,947)	(25,629,102)
Net impairment losses on financial assets	(18,475,590)	(4,212,575)
Loss on disposal of property, plant and equipment	(548,242)	(1,612,499)

### 16 Finance income and costs – net

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$	HK\$
Interest expense		
– Borrowings	(61,086,797)	(82,812,000)
– Lease liability (Note 8)	(3,623,559)	(3,781,734)
Foreign exchange gain – net	1,015,282	1,536,498
Interest income		
– Bank deposits	12,307,739	10,102,929
Net finance costs	(51,387,335)	(74,954,307)

## 17 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 75% of qualified research and development expenses when calculating the taxable income.

Hong Kong, China and 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	
	2021	2020
	HK\$	HK\$
Current income tax		
– Overseas and Hong Kong, China profits tax	93,099,582	78,859,374
– Mainland China income tax	113,813,221	167,404,918
Deferred income tax	(15,041,958)	22,688,226
	<b>191,870,845</b>	268,952,518

The estimated average annual tax rate used for the six months ended 30 June 2021 is 16.6% (for the six months ended 30 June 2020: 22.8%).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

### 18 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	
	2021	2020
Profit attributable to equity holders of the Company (HK\$)	967,192,585	912,793,887
Weighted average number of ordinary shares in issue	1,199,976,583	1,196,731,483
Basic earnings per share (HK\$ per share)	0.806	0.763

#### (b) Diluted

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

	Unaudited Six months ended 30 June	
	2021	2020
Profit attributable to equity holders of the Company (HK\$)	967,192,585	912,793,887
Weighted average number of ordinary shares in issue	1,199,976,583	1,196,731,483
Adjustments for share options	1,572,749	2,433,692
Weighted average number of ordinary shares for diluted earnings per share	1,201,549,332	1,199,165,175
Diluted earnings per share (HK\$ per share)	0.805	0.761

## 19 Dividends

On 12 May 2021, the Annual General Meeting of the Company approved final dividend of HK\$0.37 per ordinary share for the year ended 31 December 2020. The final dividend has been paid on 31 May 2021 based on the number of issued shares outstanding at that time.

On 15 July 2021, the Board of Directors has resolved to declare an interim dividend of HK\$0.10 per share (2020: HK\$0.10 per share). This interim dividend, amounting to HK\$120,081,537 (2020: HK\$119,749,737) based on the 1,200,815,373 issued shares as at 30 June 2021, 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 2021.

## 20 Contingent liabilities

As at 30 June 2021 and 31 December 2020, the Group had no material contingent liabilities.

## 21 Related-party transactions

The immediate holding company of the Group is Essity BV (formerly known as SCA Group Holding BV) (incorporated in Netherlands).

### (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.	Associate of Essity
Productos Familia, S.A., Colombia	Subsidiary of Essity
Asaleo Care New Zealand Ltd.	Associate of Essity
Essity Higiene 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
Asaleo Personal Care Pty Ltd.	Associate of Essity
Essity Higiene and Health AB ("Essity HH")	Subsidiary of Essity



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

### 21 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 Slovakia s.r.o.	Subsidiary of Essity
Essity Treasury AB	Subsidiary of Essity
Essity HMS North America Inc ("Essity HMS")	Subsidiary of Essity
Essity Operations Mannheim GmbH ("Essity OM")	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 2021 include:

##### (1) Sales of products to related parties:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$	HK\$
– Uni-Charm	50,575,840	50,627,838
– Asaleo Care Fiji Ltd.	26,360,814	10,860,265
– Productos Familia, S.A., Colombia	10,017,629	8,418,682
– Asaleo Personal Care Pty Ltd.	8,972,991	6,305,362
– Asaleo Care New Zealand Ltd.	7,635,998	5,869,172
– Essity Mexico	1,899,364	1,112,514
– Essity OG B.V.	1,204,474	–
– Essity Canada Inc.	876,597	2,077,713
– Essity Hoogezand B.V.	524,137	885,933
– Essity HH	–	2,223,394
	<b>108,067,844</b>	<b>88,380,873</b>

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

## (2) Purchase of products from related parties:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$	HK\$
– Essity Netherlands B.V.	31,121,284	24,586,972
– Essity Kostheim	25,165,424	14,679,209
– Essity Poland Sp.Z o.o.	16,266,967	7,537,121
– Essity HH	13,017,597	13,346,192
– Essity OG B.V.	8,664,113	12,810,017
– Essity Mexico	4,699,253	570,088
– Essity Turkey Hijyen Urunleri Sanayi Ve Ticaret A. S.	454,291	–
– Essity Slovakia s.r.o.	207,739	439,825
– Essity Hoogezand B.V.	–	3,493,546
	<b>99,596,668</b>	77,462,970

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$	HK\$
– Essity HH	10,001,974	8,969,508

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

### 21 Related-party transactions *(continued)*

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

(4) IT costs charged by a related party:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$	HK\$
– Essity HH	307,774	474,368

(5) Loan borrowed from a related party:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$	HK\$
– Essity Treasury AB	300,000,000	–

(6) Loans repaid to a related party:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$	HK\$
– Essity Treasury AB	–	880,116,846

(7) Interest expenses accrued to a related party:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$	HK\$
– Essity Treasury AB	3,328,413	14,501,154

## 21 Related-party transactions *(continued)*

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

#### (8) Key management compensation:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$	HK\$
Directors		
– Basic salaries, housing allowances, other allowances, benefits-in-kind, share-based payment and other benefits	28,265,772	29,494,151
– Long-term incentive plans	3,533,798	55,072,756
Senior management		
– Basic salaries, housing allowances, other allowances, benefits-in-kind, share-based payment and other benefits	28,804,095	28,727,898
– Long-term incentive plans	7,892,725	11,122,298
	68,496,390	124,417,103

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

#### (1) Due from related parties:

	As at	
	30 June	31 December
	2021	2020
	Unaudited	Audited
	HK\$	HK\$
– Asaleo Care Fiji Ltd.	23,018,902	12,843,667
– Uni-Charm	15,321,419	10,236,983
– Essity HH	5,010,846	6,133,645
– Productos Familia, S.A., Colombia	4,405,388	2,498,171
– Asaleo Personal Care Pty Ltd.	2,895,457	2,615,819
– Asaleo Care New Zealand Ltd.	2,201,437	3,151,463
– Essity Mexico	619,143	407,192
– Essity OG B.V.	287,502	485,340
– Essity Hoogezand B.V.	265,419	128,561
– Essity Canada Inc.	246,158	515,305
– Essity HMS	–	47,683
	54,271,671	39,063,829

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

### 21 Related-party transactions *(continued)*

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

##### (2) Due to related parties:

	As at	
	30 June 2021 Unaudited HK\$	31 December 2020 Audited HK\$
– Essity Netherlands B.V.	4,443,428	4,677,549
– Essity Kostheim	3,894,624	2,927,897
– Essity HH	2,883,812	2,105,972
– Essity Poland Sp.z o.o.	2,362,722	2,424,947
– Essity OG B.V.	1,306,785	1,691,084
– Essity Mexico	1,143,530	65,003
– Essity Turkey Hijyen Urunleri Sanayi Ve Ticaret A. S.	204,410	–
– Asaleo Care New Zealand Ltd.	8,570	–
– Uni-Charm	2,653	13,435
– Essity OM	–	225,613
– Essity Slovakia s.r.o.	–	215,401
	<b>16,250,534</b>	14,346,901

##### (3) Loans from a related party:

	As at	
	30 June 2021 Unaudited HK\$	31 December 2020 Audited HK\$
– Essity Treasury AB (Note (a))	693,500,625	396,080,272

- (a) As at 30 June 2021, loans from a related party represent loans with the principal amount of HK\$600,000,000 and MYR 50,000,000 (HK\$93,500,625) respectively. The weighted average interest rate is 1.40%. Among the loans with total principal amount of HK\$600,000,000, HK\$300,000,000 represents loan brought forward and renewed and is due on 10 March 2023, and the other HK\$300,000,000 represents loan obtained in current period and is due on 10 May 2023. The loan of MYR 50,000,000 is due on 18 December 2024.