【For Immediate Release】

Hengan International Announces 2025 Interim Results

Both Tissue Paper Sales and GPM Rise, with Expanding Market Share
Premium Products Maintained Strong Growth Momentum,
Omni-channel Sales Drive Ongoing Gains
Interim Dividend at RMB 0.70 Per Share

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(21 August 2025— Hong Kong) – **Hengan International Group Company Limited** ("Hengan", "Hengan International" or the "Company", SEHK stock code: 1044, together with its subsidiaries, the "Group") announces today its interim results for the six months ended 30 June 2025 ("the Period").

During the period, despite the continued unleashing of domestic demand supporting a recovery in the consumer market, the domestic daily necessities market continued to consolidate and market competition intensified. More sanitary napkin brands entering the market and competing for market share, which poses challenges for sales. Nevertheless, Hengan seized the growth opportunity arising from the increasing demand for upgraded personal care products and new retail consumption. Through a stable pricing strategies and continuous product upgrading and diversification, Hengan significantly expanded its presence on e-commerce platforms and new retail channels, while also promoting sales in traditional channels and cultivating new growth areas. The Group's omni-channel sales strategy continued to develop, with its market share consistently leading the industry.

During the period, benefiting from the growth in tissue paper sales and the increase in market share, the Group was able to offset the negative impact of intense price competition in the hygiene product industry on its sales, resulting in revenue remaining largely flat compared to the previous year. As of 30 June 2025, the Group's total revenue decreased slightly by 0.2% to approximately RMB11,808,232,000 (2024 first half: RMB11,835,893,000). In the second half of 2025, the steady growth in the Group's tissue paper sales is expected to provide solid support for the Group's overall revenue. It is anticipated that revenue will remain stable under the strategies of omni-channel sales, product personalisation and stable pricing.

Leveraging significant opportunities presented by the diversification of consumption channels, the Group continued to step up its efforts in developing its e-commerce business and new retail market. In addition to promoting brands on traditional large-scale e-commerce platforms, it also strengthened penetration into other emerging e-commerce channels. During the period, the proportion of the Group's e-commerce and new retail sales further increased to approximately 34.4% (2024 first half: 31.8%), with revenue increasing by approximately 7.9% year-on-year. In addition, the Group continued to promote sales in traditional channels and develop new growth points during the period, steadily advancing its omni-channel sales strategy.

Meanwhile, with growing domestic demand for personalised, value-added and functionally segmented upgraded hygiene products, the Group actively developed new technologies, promoted product premiumisation, enriched its product portfolio and enhanced the brand image, thus injecting new impetus into its long-term development. Key high-end products, including the sanitary napkins series "Tianshan Cotton" (天山絨棉), the tissue paper series "Fluffy Cube"(絨立方). The premium disposable diapers series “Q • MO” continued to be well-received by consumers during the period and maintained strong sales momentum. Coupled with this year’s newly launched products, such as the organic cotton sanitary napkin series “Cranberry A+”(蔓越莓 A+) and the premium tissue paper series “Embracing Nature” (向野而生), further contributed to the increasing proportion of premium products in overall sales, while also enhancing brand image and product reputation.

During the period under review, although the gross profit of the tissue paper segment improved and the proportion of premium products continued to increase, the Group’s overall gross profit recorded a slight year-on-year decline. This was mainly due to a decline in hygiene products sales and the rising cost of fluff pulp as a raw material. In the first half of 2025, the Group’s overall gross profit decreased by approximately 3.2% to approximately RMB3,811,529,000 (2024 first half: RMB 3,936,242,000). The gross profit margin also declined to approximately 32.3% (2024 first half: 33.3%). In the second half of 2025, the Group will enhance the effectiveness of its marketing resource allocation while premium, high-margin products are expected to sustain steady growth. With raw material prices expected to stay stable, the Group’s gross profit is expected to remain steady.

During the period, the Group’s operating profit decreased by 7.3% to approximately RMB1,757,339,000 (2024 first half: RMB1,895,891,000), mainly due to the decline in overall gross profit. Profit attributable to shareholders of the Company dropped by 2.6% to approximately RMB1,372,894,000 (2024 first half: RMB1,408,992,000). In 2025 first half, the Group’s basic earnings per share was approximately RMB1.206 (2024 first half: RMB1.234).

The Board of Directors declared an interim dividend of RMB0.70 per share (2024 first half: RMB0.70 per share) or RMB813,485,000 (2024 first half: RMB813,485,000) for the six months ended 30 June 2025, maintaining a stable dividend amount.

Commenting on the Group’s interim results, **Mr. Sze Man Bok, Chairman of Hengan International**, said, “amid a complex and challenging domestic and international environment, China implemented a series of targeted and effective macroeconomic policies, supporting a recovery in the consumer market in the first half of 2025. Facing a complex and volatile operating environment, the Group actively enhanced its comprehensive competitive advantages, focusing on enhancing profitability, advancing product premiumisation and category diversification, deepening its omni-channel sales strategy, and continuously expanding its market presence.”

Hygiene Products (including Sanitary Napkins and Disposable Diapers)

China’s hygiene products market holds immense growth potential. As residents' health awareness and purchasing power continue to rise, consumers are placing increasing importance on product quality, safety, and added value, driving the rapid development of the premium product segment. In addition, population ageing is fueling the expansion of the adult diaper market, while consumption upgrades and advancements in parenting concepts are contributing to the continued increase in the penetration rate of baby diapers.

In the first half of 2025, competition in the domestic hygiene products market intensified. While consumer demand for premium products increased, cautious spending behavior posed challenges for enterprises in balancing quality enhancement with cost control. To enhance its brand image and consolidate its leading position in the mid-to-high-end market and traditional sales channels, Hengan continued to advance product upgrades and its premiumisation strategy to meet consumers’ demand for high-quality sanitary care products. At the same time, the Group employed moderate promotional efforts to address consumers’ enthusiasm for pricing and discounts, enabling Hengan to maintain its leadership position amid fierce market competition. The Group’s premium sanitary napkin series “Tianshan Cotton” continued to gain strong consumer traction throughout the period, driven by its superior quality and brand image, achieving a robust sales growth of 26.4%. On the other hand, the premium product “Q • MO” maintained steady sales growth. The Group’s adult diaper business also benefited from the expanding domestic adult incontinence products market and the increasing penetration rate of its adult disposable diapers, resulting in a sales increase of approximately 1.0%.

With the rapid proliferation of new consumption patterns, sales channels have become increasingly fragmented and e-commerce platforms along with other emerging retail channels are thriving. The Group actively seized the opportunities brought by emerging consumption trends, accelerated the deployment of diversified new sales channels, while reinforcing its advantages in traditional channels. However, competition in the domestic sanitary napkin and diaper markets intensified during the period, with domestic brands adopting aggressive promotional strategies to capture market share, particularly on e-commerce platforms. This exerted pressure on the sales of sanitary napkin products and mid-to-low-end diaper products. In the first half of 2025, the Group’s hygiene business recorded a revenue decline of approximately 14.4% to approximately RMB3,303,839,000 (2024 first half: RMB3,858,570,000), accounting for approximately 28.0% of the Group’s total revenue (2024 first half: 32.6%). However, sales of hygiene products during the period recorded a quarter-on-quarter increase of approximately 7.3% compared to the second half of 2024, reflecting a recovery this year. The market environment is expected to remain challenging in the second half of 2025. Nevertheless, with the rising proportion of upgraded and premium products, the effective implementation of the Group’s omni-channel sales strategy, the significant sales growth of the “Tianshan Cotton” series, the stable performance of “Q•MO” sales, and the steady increase in the share of adult diaper products, the Group remains committed to improving the revenue performance of its hygiene products business in the second half of 2025.

During the period, the Group’s sales for sanitary napkins significantly decreased, coupled with the rising cost of fluff pulp, a key raw material, resulting in a decline in the gross profit margin of the hygiene products business to approximately 57.3% in the first half of 2025 (2024 first half: 59.5%). The Group will seize opportunities in the domestic market, and with the advancement of product upgrades and premiumisation, the gross profit margin is expected to continue improving in the second half of 2025.

The Group’s hygiene product brand “Space 7” (七度空間) continues to launch upgraded and premium products while striving to enhance its brand image. In the second half of 2023, the Group introduced its key new product, the “Tianshan Cotton” series, which uses rare and pure long-staple cotton from the snowy Tianshan Mountains. This launch further strengthened the Group’s presence in the high-end feminine care segment. During the period, sales of the “Tianshan Cotton” series reached approximately RMB 290.0 million, representing a year-on-year increase of about 26.4%, and its sales are expected to grow steadily. The Group appointed Zhao Jinmai, a female artist known for her cheerful and refreshing image, as the brand ambassador of 七度空間, injecting youthful vitality into the brand and further enhancing its image to attract young and white-collar consumers. In addition, the “Pants-style” sanitary napkin series continued to demonstrate strong growth potential, with sales reaching approximately RMB 310.0 million during the period, representing a year-on-year increase of approximately 8.0%. The Group will continue to actively promote the “Pants-style” sanitary napkin series, including the upgraded “Sweet Dream Pants” version, to increase the penetration of high-end products. The Group believes that the upgraded and premium versions of the 七度空間 sanitary napkin series will remain a key growth driver of the hygiene products business, helping to expand market share and increase the revenue contribution from high-end products.

During the period, “Space 7” (七度空間) launched a new organic cotton sanitary napkin product, “Cranberry A+”(蔓越莓 A+) , which combines natural cranberry essence with 12-hour long-lasting antibacterial protection. The product also features an innovative microcapsule deodorising technology to enhance menstrual hygiene and user experience. Designed with features to prevent leakage during prolonged sitting, it offers improved comfort and peace of mind, meeting the modern woman’s demand for high-quality, safe and healthy hygiene products. In addition, “Q•MO” introduced its upgraded “Royal Supreme Softness” diaper series, featuring improvements in both size and absorption capacity. The product also includes an accordion-style ultrasonic breathable waistband, enhancing airflow and overall breathability. These upgrades help the Group capitalise on growth opportunities for the “Q•MO” product line. The Group continues to launch practical, health-focused, and thoughtfully designed upgraded products, injecting new growth momentum into its business amid a challenging market environment. During the period, 'Q•Mo' recorded sales of approximately RMB 340.0 million, representing a year-on-year growth of about 6.6%.

As essential daily necessities, hygiene products continue to drive market expansion in China. The industry is currently at a critical stage of transformation, upgrading and standardised development. The Group will continue to develop high-quality products, optimise the proportion of new retail channels, allocate promotional expenses appropriately, and strengthen growth in traditional channels to support long-term development and consolidate its leading position. Furthermore, the Group remains committed to implementing a dual high-end strategy across both the baby and adult health care markets, while enhancing cooperation with maternity stores, elderly care centres and hospitals to support the long-term development of its adult health care product business.

Tissue Paper

Benefitting from consumption upgrades, rising awareness of hygiene and health, and increasing demand for diversified products, China’s tissue paper market continues to demonstrate broad growth prospect. The growing consumer preference for premium and function-specific tissue products, the rapid expansion of e-commerce channels, and the trend towards environmentally friendly products have further driven market expansion and innovation. During the period, following intense industry consolidation, promotional competition in the domestic tissue paper market eased, resulting in corresponding reduction in pricing pressure for the Group. Thanks to its effective “value competition” strategy underpinned by stable pricing and product diversification, the Group’s tissue paper sales rebounded from the fourth quarter of last year and continued to grow throughout the period. Coupled with the sustained increase in proportion of premium tissue paper sales, the Group’s tissue paper business recorded a year-on-year revenue increase of approximately 3.2% to approximately RMB 7,173,700,000 (2024 first half: RMB6,950,578,000), with steady market share expansion driven by sustained volume growth. Revenue from the tissue paper business accounted for approximately 60.8% of the Group’s total revenue (2024 first half: 58.7%). Looking ahead to the second half of 2025, with promotional investment in the industry expected to remain stable, market demand for premium, high-quality tissue paper is still anticipated to continue growing. The Group will persist in upgrading its products and increasing the penetration rate of premium offerings, ensuring sustained steady growth in the tissue paper business.

During the period, wood pulp prices remained relatively low, easing cost pressures on the tissue business. Coupled with a reduction in promotional expenses and a steady increase in the proportion of high-end, high-margin product sales, the Group’s gross profit margin for tissue paper products increased to approximately 21.9% in the first half of 2025 (2024 first half: 19.6%). Looking ahead to the second half of 2025, the Group will moderately invest in promotional activities and continue to increase the sales proportion of premium products. With wood pulp prices expected to remain stable, the gross profit margin of the tissue paper business is set to improve further.

Driven by the improvement of national health awareness and the growing demand for consumption upgrades, the Group's upgraded and premium tissue paper products achieved remarkable sales. In March 2024, the Group's brand "Hearttex" (心相印) joined hands with the industry to release the "100% Virgin Wood Pulp" logo, aiming to establish quality standards for tissue paper and drive the quality upgrade of the household paper industry. At the same time, the Group introduced the "Fluffy Cube" series of tissue paper products (including facial tissue and kitchen roll), to comprehensively meet consumers' multi-scenario tissue needs. "Fluffy Cube" is the first tissue product in China to adopt the internationally recognised high-quality TAD (Through-Air Drying) technology, offering a revolutionary improvement in comfort and practicality. In addition, during the period, the Group's brand "Hearttex" (心相印) launched the "Embracing Nature" (向野而生) series, featuring products made with 100% virgin wood pulp and a four-ply soft embossed technology. Developed in collaboration with a team of world-class fragrance masters, the series delivers a smoothing, nature-inspired sensory experience. It also adopts a dual-opening design, offering enhanced convenience and comfort through upgraded features such as water resistance and seamless layering. Hearttex also unveiled a refreshed collaboration with Sanrio, featuring soft-pack and bottom-dispensing tissue products made with 100% virgin wood pulp. These upgrades deliver enhanced comfort and eco-friendliness, aligning closely with the preferences of young consumers.

In terms of wet wipes business, rising consumer expectations for product efficacy and user experience have driven the sales of high-quality and innovative products, resulting in continued growth in demand and penetration of wet wipes in the domestic market. The diversification of wet wipe products is expanding their applications to meet consumers' personalised needs, fueling the rapid growth of the wet wipes market. Leveraging its excellent product quality and thoughtful packaging design, the Group's wet wipes business maintained strong growth momentum. By introducing a diversified portfolio of wet wipes products, the Group accelerated its penetration into key segments including toilet wet wipes, soft cotton wipes, baby wipes and household cleaning wipes, meeting the varied preferences and demands of consumers while solidifying its position as a market leader. Moreover, wet wipes boast the highest gross profit margin among all tissue paper products, delivering exceptional profitability. With the Group's ongoing expansion in the wet wipes market, sales of wet wipes achieved an impressive performance during the period, surging by 34.7% to approximately RMB797,267,000 (2024 first half: RMB 591,953,000). The sales contribution of wet wipes to the tissue paper business also rose to approximately 11.1% (2024 first half: 8.5%), establishing wet wipes as another growth engine for the Group's overall sales. Driven by the increasing demand for premium and personalised hygiene products, the wet wipes business is expected to maintain robust growth. The Group will continue to capitalise on the significant growth opportunities in the wet wipes market, further expand its market share in the domestic wet wipes market and consolidate its market leadership.

Benefitting from consumption upgrades and the rise of scenario-based segmented products, tissue paper sales on e-commerce platforms continued to expand, with wet wipes demonstrating particularly strong growth. Seizing the opportunities brought by e-commerce, the Group strengthened the promotion of its tissue paper products through online channels. As a result, the tissue paper business recorded a sales growth of approximately 15.1% in e-commerce and new retail channels, contributing nearly 40.9% to the overall sales of tissue paper and delivering an outstanding performance. In the future, the Group will continue optimise its omni-channel sales strategy for the tissue paper business, striving for the largest market share.

Looking ahead, the Group will develop more high-quality products to meet the diverse and personalised needs of consumers, improve the cost-efficiency of tissue paper production, and increase the production capacity of its manufacturing bases, to fully capture opportunities in the domestic tissue paper market and maintain its leadership in the tissue paper market. During the period, the Group's annual production capacity increased to approximately 1,729,000 tonnes in order to align with market conditions and accommodate rising sales demand

Other Income

Regarding other income and household products, the Group's revenue in the segment, which mainly includes revenue from raw material trading business, the household products business, and international business development increased by approximately 29.6% year-on-year to approximately RMB1,330,693,000 (2024 first half: RMB1,026,745,000), which was mainly due to the significant growth in revenue from the raw material trading business, which rose by approximately 50.7% year-on-year to approximately RMB740.0 million (2024 first half: RMB 490.0 million) during the period.

Household Products

During the period, revenue from the household products business was approximately RMB145,786,000 (2024 first half: RMB 116,244,000), representing a year-on-year increase of approximately 25.4% and accounting for approximately 1.2% of the Group's revenue. This growth was primarily driven by an increase in the export business of household products.

In recent years, the Group's "Hearttex" household products brand has continuously expanded its product range, successively launching items such as plastic bags (including garbage bags and disposable gloves), food wrap film, dish detergent and paper cups. Sunway Kordis and its subsidiaries possess sales channels for exporting products to overseas markets (including Australia and Asia). The Group will continue to make full use of these overseas sales networks to bring Hengan's high-quality products to the global stage.

International Business Development

International business development revenue primarily includes finished products and raw paper export operations, business related to medical products and income from Malaysia's Wang Zheng Group. In the first half of 2025, turnover of International business development was approximately RMB742,347,000 (2024 first half: RMB773,157,000), accounting for approximately 6.3% of the Group's overall sales (2024 first half: 6.5%), of which the revenue from finished products and raw paper export operations and business related to medical products were RMB 422,301,000 and RMB 62,102,000 respectively (2024 first half: RMB 490,238,000 and RMB 68,379,000).

Among them, the Group's Wang-Zheng Group business in Malaysia saw a steady development during the period and its turnover increased by 20.2% to approximately RMB257,944,000 (2024 first half: RMB214,540,000) accounting for approximately 2.2% of the Group's overall sales (2024 first half: 1.8%). Wang-Zheng Group is principally engaged in investment holding and the manufacturing and processing of fiber-based products, which include adult and baby disposable diapers, and tissue products, cotton products and processed papers. Its brands include "P Love" adult disposable diapers, "Carina" personal hygiene and tissue products. The Group leveraged on the Malaysian Wang-Zheng Group as its base to bring Hengan's tissue and adult disposable diapers products into the Southeast Asian market.

In the future, the Group will continue to upgrade its existing Wang-Zheng products, develop and launch more good quality products under the Wang-Zheng brand and further increase its market share in Malaysia and Southeast Asia.

E-commerce and New Retail Channel Strategies

China's e-commerce and new retail markets continued to grow rapidly, with emerging models such as livestreaming e-commerce and instant retail significantly driving online consumption. The penetration of digital and social commerce continued to expand, becoming a new consumption force and bringing new opportunities to the retail industry. According to statistics, national online retail sales of physical goods reached RMB6.1 trillion in the first half of 2025, representing a year-on-year increase of 6.0%, of which the online retail sales of daily necessities increased by 5.3%. In order to meet the ever-evolving needs of consumers, the Group has continued to innovate, develop and optimise e-commerce and other new retail channels, staying aligned with market trends to seize business opportunities. During the period, the Group conducted higher quality product promotions for various brands across new channels, and its stable pricing strategy received positive responses from the market, thus further enhancing the Group's brand awareness and market share in online and other new retail channels.

In the first half of 2025, the Group's e-commerce and new retail channels (including Retail Integrated and New Channel) maintained a robust development momentum. Sales for the period increased by approximately 7.9% to more than RMB4.06 billion (2024 first half: RMB3.76 billion), raising the proportion of e-commerce sales to approximately 34.4% (2024 first half: 31.8%) of the Group's overall sales. During the period, e-commerce and new retail channels contributed approximately 40.5% and 32.5% to the sales of tissue paper business and hygiene products business, respectively. Looking ahead, the layout and sales structure of new retail channels are expected to be further optimized.

In the future, the Group will closely align with emerging consumer trends and models in e-commerce and new retail, continue to actively expand its e-commerce brand flagship stores and emerging channels (such as Douyin), enhance its data analytics capabilities for end customers and further broaden its consumer reach.

To cater for the new consumer trends, the Group has interacted with consumers through livestream sales and other community activities to strengthen the connection with young consumers. The Group also appointed Xiao Zhan, a popular artist, as the global brand ambassador of "Hearttex" to further enhance the brand influence. The Group will continue to increase its market share in e-commerce and new retail channels, driving rapid growth in the future.

Selling and Administrative Expenses

As the Group moderately increased its online marketing investment in the first half of 2025 to capture market opportunities and promote the Group's key products, the Group's selling and administrative expenses for the year amounted to approximately RMB2,613,085,000, representing a year-on-year increase of approximately 5.7%. However, due to the drop in revenue, the proportion of the Group's selling and administrative expenses to the total revenue for the period increased slightly to approximately 22.1% (2024 first half: 20.9%). The Group believes that through the implementation of targeted sales and promotion strategies, the ratio of expenses to revenue is expected to improve in the second half of 2025.

Foreign Currency Risks

Most of the Group's income is denominated in Renminbi. During the period, Renminbi appreciated against the U.S. dollar and the H.K. dollar. As a result, the Group recorded total exchange gain of approximately RMB73,200,000 compared to total exchange loss of approximately RMB58,139,000 in the first half of 2024.

As at 30 June 2025, apart from certain foreign currency swap contracts entered into with certain large commercial banks, the Group had not issued any significant financial instruments or entered into any significant contracts for foreign currency hedging purposes.

Liquidity, Financial Resources and Bank Loans

The Group has always maintained a solid financial position. As at 30 June 2025, the Group's cash and bank balances, long-term time deposits and restricted bank deposits amounted to approximately RMB23,030,691,000 (31 December 2024: RMB18,892,708,000); and bank borrowings and other borrowings amounted to approximately RMB16,602,587,000 (31 December 2024: RMB13,089,848,000).

In December 2024, the Group successfully registered super short-term commercial papers in an aggregate amount of not more than RMB7.5 billion. In May 2025, the Group issued a batch of super short-term commercial paper in an aggregate amount of RMB1.0 billion with a coupon rate of 1.69% per annum and a tenor of 180 days. The proceed from the issuance of the batch of super short-term commercial paper is intended to be used to supplement the working capital of the Group and its subsidiaries and to repay their debts.

The bank borrowings and other borrowings were subject to floating annual interest rates ranging from approximately 0.001% to 4.9% (2024 first half: from approximately 0.1% to 5.4%).

As at 30 June 2025, the Group's gearing ratio, which was calculated on the basis of the total amount of borrowings as a percentage of the total shareholders' equity (not including non-controlling interests) was approximately 77.5% (31 December 2024: 62.6%). While the net gearing ratio, which was calculated on the basis of the amount of borrowings less cash and bank balances and long-term time deposits as a percentage of the shareholders' equity (not including non-controlling interests), was approximately negative 30.0% (31 December 2024: negative 27.7%). The Group was in a net cash position of approximately RMB6.43 billion (31 December 2024: RMB5.80 billion) The Group will stay committed to optimising the gearing ratio and maintaining a solid net cash position to ensure a sound financial position.

During the period, the Group's capital expenditure was approximately RMB537,007,000 (2024 first half: RMB774,423,000), primarily allocated to increase the production capacity of various manufacturing facilities. As at 30 June 2025, the Group had no material contingent liabilities.

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Outlook

Looking ahead to the second half of 2025, **Mr. Sze Man Bok, Chairman of Hengan International**, said, "geopolitical tensions, persistent international trade frictions, and heightened global policy uncertainties will continue hindering global economic growth. Despite the challenging external environment, the fundamental drivers supporting China's long-term economic development remain solid. The country is expected to actively implement macroeconomic adjustments and consumption-stimulating measures to boost domestic demand and drive the ongoing upgrading of consumption structure, thereby supporting steady economic growth. Backed by rigid demand, the domestic hygiene products industry is expected to maintain stable growth in the long run. The Group will continue to closely monitor the domestic and international political and economic developments, as well as evolving market trends, responding with flexibility and making prudent decisions."

"With wood pulp supply and demand remaining stable, wood pulp prices are expected to remain relatively steady in the second half of 2025. The Group will strive to further improve gross profit margin by moderately allocating promotional expenses, continuously increasing the proportion of premium products, and enhancing sales performance, thereby boosting the Group's profitability. The

Group will closely monitor the impact of external factors on the prices of prices of raw materials, including imported wood pulp and petrochemicals."

"The mandatory national standard Hygienic Requirements for Disposable Hygiene Products , issued by the State Administration for Market Regulation, officially came into effect in July 2025. It aims to enhance product safety and quality baselines, eliminate substandard manufacturers, and guide the optimisation of market competition. As an industry leader, the Group has always adhered to the principle of quality first, maintaining zero tolerance for quality and safety issues. Guided by customer feedback, the Group continuously improves product quality and industry standards, striving to deliver high-quality, reliable products, leading the development of the hygiene products industry."

"The domestic hygiene products market is expected to remain highly competitive, particularly in the sanitary napkin segment, where price-cutting and promotional activities are anticipated to persist. With the launch of the 'Childcare Subsidy System Implementation Plan' in July, childcare costs are expected to decrease, driving growing demand for baby products such as disposable diapers. Coupled with the group's expanding market share in tissue products, the Group's future revenue growth is expected to be bolstered. The Group will adhere to its core strategy of 'price stability', maintaining healthy liquidity while capturing consumer attention through product value and brand reputation. During this window of opportunity brought by industry policies and the development of e-commerce, the Group will seek to capitalise on industry consolidation and the resulting survival of the fittest. Leveraging its extensive nationwide presence across both online and offline channels and its diversified product portfolio, Hengan will demonstrate strong resilience in a complex and evolving operating environment, further expanding its market share."

"As a leading player in the industry, Hengan will continue to implement its three core strategies, including 'Focus on Core Businesses', 'Brand Leadership' and 'Long-Termism', laying a solid foundation for the sustainable development of the Group. The Group will maintain its focus on the development of the two core businesses of tissue paper and hygiene products, actively develop and upgrade high-quality new products and expand into new markets, accelerate omni-channel penetration into rural markets as well as online and offline markets across mainland China, in order to seize the vast development opportunities in the domestic consumer staples market. The Group remains committed to upgrading its product portfolio and accelerating premiumisation efforts, while expanding, while expanding product categories and their application scenarios, such as the popular series 'Tianshan Cotton','Fluffy Cube' and 'Q •MO'. These initiatives aim to improve profitability, deepen the integration of online and offline sales channels, foster the coordinated development of multi-channel strategies, and significantly expand the customer base."

"To cater to the ongoing consumption upgrade and diversification trends in China's hygiene products market, and to meet the growing demand for premium and specialised products, the Group plans to implement various capacity expansion and technology upgrade initiatives in the future. These include the Phase III project in Chongqing and Phase II project in Hubei, which will further expand the Group's tissue paper production capacity and reinforce its leading position in the industry."

"As a leading enterprise in the personal and household hygiene products industry in China, Hengan will continue to adhere to the mission of 'Growing with You for a Better Life', and strive to become a supplier of high-quality, reliable and sustainable personal and household hygiene products, while also actively promote ESG development and contribute to building a green and sustainable world. The Group will focus on the two core businesses of tissue paper and hygiene products, enhance its brand image, seize the opportunities in the 'new retail' era, take long-termism as the general direction for future development to further scale its business. At the same time, the Group will continue to take industry extension as the long-term development goal, actively expand and extend to feminine care, infant and childcare, and elderly care business to continue to maintain its overall competitiveness, and gradually promote international development of Hengan's brand, striving to become a 'global top-tier supplier of daily products'."

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Company Background

Hengan Group was established in 1985. It is principally engaged in production, distribution and sales of personal hygiene products in mainland China. The shares of Hengan International have been listed on the Hong Kong Stock Exchange since 1998. The Group has been a Hang Seng Index constituent since June 2011 and a constituent of the Hang Seng Corporate Sustainability Benchmark Index (HSSUSB) since September 2024.

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