Vinda International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 3331

Annual Report 2010

Healthy Lifestyle Starts from Vinda

25

Be Top of

Consumer Mind

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Corporate Information

Directors

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

Non-Executive Directors
Mr. Johann Christoph MICHALSKI
Mr. CHIU Bun

Independent Non-Executive Directors
Dr. CAO Zhen Lei
Mr. KAM Robert
Mr. HUI Chin Tong, Godfrey
Mr. TSUI King Fai

Audit Committee
Mr. KAM Robert (Chairman)
Mr. HUI Chin Tong, Godfrey
Mr. TSUI King Fai

Remuneration Committee
Dr. CAO Zhen Lei (Chairman)
Mr. LEUNG Ping Chung, Hermann
(Resigned on 21 October 2010)
Mr. TSUI King Fai
Mr. HUI Chin Tong, Godfrey
(Appointed on 11 November 2010)

Nomination Committee
Mr. HUI Chin Tong, Godfrey (Chairman)
Mr. LI Chao Wang
Mr. TSUI King Fai

Authorised Representatives
Mr. LI Chao Wang
Mr. TSANG Zee Ho, Paul

Company Secretary
Mr. TSANG Zee Ho, Paul, CPA, FCCA

Auditors
PricewaterhouseCoopers

Legal Advisers to the Company
Stevenson, Wong & Co. (as to Hong Kong law)
Conyers Dill & Pearman (as to Cayman Islands law)

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

Principal Place of Business in Hong Kong
Room 506, Tower 1, South Seas Centre
75 Mody Road, Tsimshatsui East
Kowloon, Hong Kong
Tel: (852) 2366 9853
Fax: (852) 2366 5805

Corporate Information

Place of Listing and Stock Code

The Stock Exchange of Hong Kong Limited
Stock Code: 3331

Principal Share Registrar and Transfer Office

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
Grand Cayman KY1-1107
Cayman Islands

Hong Kong 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

Agricultural Bank of China Limited
Australia and New Zealand Banking Group Limited
Bank of China (Hong Kong) Limited
China Construction Bank Limited
CITIC Bank International Limited
Hang Seng Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited

Website

http://www.vindapaper.com
http://www.hkexnews.hk


柔韧一张 幸福主张
Vinda
维达
新升级
蓝色经典
2粒装

Financial Highlights

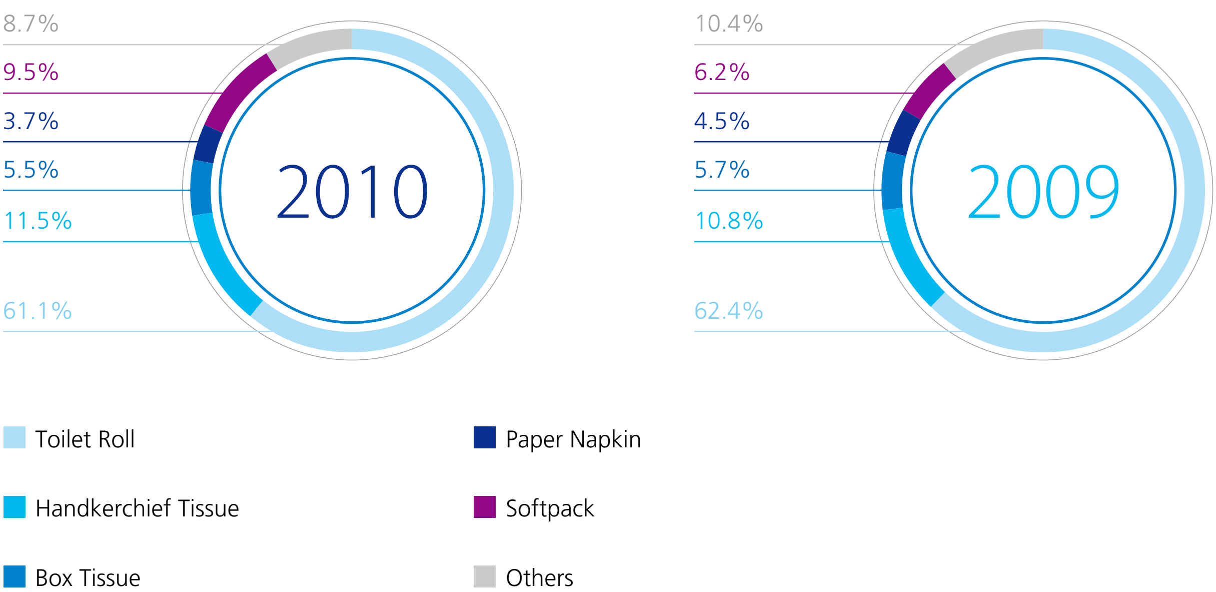
	2010	2009
Gross profit margin (%)	**29.5%**	34.2%
Net profit margin (%)	**10.2%**	14.3%
Basic earnings per share(HK$)	**40.4 cents**	44.0 cents
Dividend per share(HK$)	**12.0 cents**	12.0 cents
— interim dividend (paid) (HK$)	**3.3 cents**	3.0 cents
— final dividend (proposed) (HK$)	**8.7 cents**	9.0 cents
Finished goods turnover	**32 days**	36 days
Debtors turnover	**43 days**	39 days
Creditors turnover	**71 days**	60 days
Current ratio (times)	**1.47**	1.67
Gearing ratio (%)[1]	**40.5%**	41.7%
Net gearing ratio (%)[2]	**26.0%**	24.9%

Notes:

1. Calculated on the basis of the amount of total borrowings as a percentage of the total shareholders' equity.

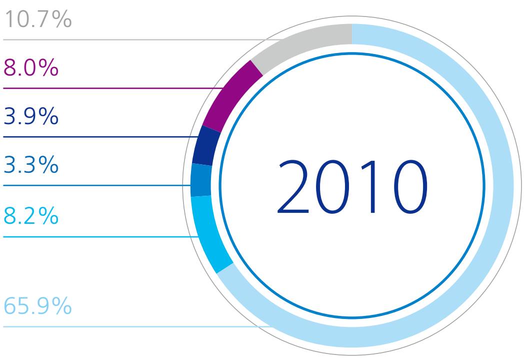
2. Calculated on the basis of the amount of total borrowings less cash and cash equivalents as a percentage of the total shareholders' equity.

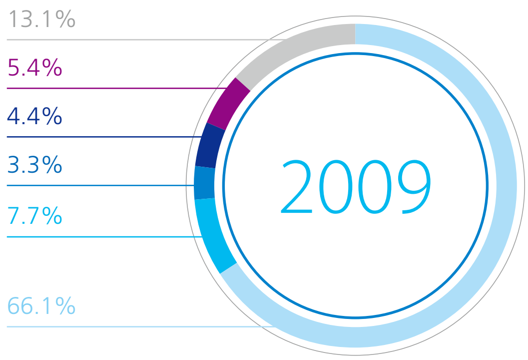
Turnover by Product Categories



Financial Highlights

Sales Volume by Product Categories





- Toilet Roll
- Handkerchief Tissue
- Box Tissue
- Paper Napkin
- Softpack
- Others


柔软一张 幸福主张


花の韵
Flower
Vinda

"On behalf of the Board of Directors (the "Board") of Vinda International Holdings Limited ("Vinda International" or the "Company", together with its subsidiaries, the "Group"), I am pleased to present to you the annual report of the Group for the year ended 31 December 2010."

Chairman's Statement

During the year, the Chinese economy maintained a strong growth momentum. China's gross domestic product (GDP) expanded at a rate of 10.3% in 2010. The growing demand for personal hygiene products, especially the substantial increase in the need for quality household paper products, driven by the sustained rise in rural and urban income has provided Vinda International with a favorable operating environment.

In the year under review, the Group's turnover was HK$3,602,168,770 (2009: HK$2,776,116,529), representing a growth of 29.8% over the previous year. Gross profit amounted to HK$1,062,037,455 (2009: HK$950,798,608), representing a significant increase of 11.7%. Profit attributable to shareholders was HK$368,946,107 (2009: HK$397,799,707). Basic earnings per share were 40.4 Hong Kong cents (2009: 44.0 Hong Kong cents).

LI Chao Wang
Chairman

As a note of thanks to the long-standing support of shareholders for the Group, the Board proposed the declaration of a final dividend of 8.7 Hong Kong cents per share for the financial year ended 31 December 2010 to all shareholders.

2010 was a remarkable year for Vinda International as it marks our 25th anniversary. For the past quarter of a century, the Group grasped the opportunity in the flourishing need for personal household paper and established the "Vinda" brand equity in the household paper space. The Group has secured Vinda's leading position in China household paper market through the establishment of production bases and the development of sales channels. In the next twenty five years, riding on the current success of the Group, the main focus of the Board is to attain a better development by capitalizing on the competitive edges of Vinda's brand, the effective use of sales channels as well as the proper employment of capital market platform.

2010 was a year of Brand Enhancement. On the brand building front, we are planning to foster more star products in addition to the "Classic Blue Series", our flagship product. During the year, the Group has marshaled a clearly defined branding strategy and attained a satisfactory progress in brand upgrading by leveraging a series of brand imaging and promotion activities.

In recent years, Vinda International put intensive effort in the studies of how to extend its business to the personal care product sector and is in the view that the adoption of asset-light development model would enable the Group to cultivate this business at a steady pace. In this regard, the Group collaborated with various resourceful investors to establish an investment platform through the formation of a 41% owned joint venture, V-Care Holdings Limited ("V-Care") during the year. V-Care, with a large development potential, is committed to escalating the development of personal care product business, such as diapers and sanitary napkins, in which baby diapers will be the first product to be launched. Moreover, V-Care will actively build its own brand, as well as capitalizing on Vinda International's vast distribution network to create synergy and enhance its operational efficiency.

To meet the robust market demand, the Group has formulated a comprehensive capacity expansion plan. The Group added 50,000 tpa (ton per annum) to the capacity of its production base in XiaoGan, HuBei in Central China and commenced the construction of a new plant in AnShan, LiaoNing in Northeast China during the year. Completion of the two aforementioned expansion plans will not only enhance the "Asterisk" production network of Vinda International across the country, but also help the Group exploit better economies of scale with further reductions in logistics costs. As at 31 December 2010, total production capacity of the Group reached 370,000 tpa and a total of approximately 100,000 tpa of new capacity is expected to be added by the end of 2011.

The Group has achieved great progresses in brand enhancement, production capacity expansion and investment during the year under review, nevertheless it is believed that the positive impact brought by such factors will not fully materialize until next year on account of the rapid rebound of raw materials price. In 2010, the price of wood pulp, one of the major raw materials, saw a substantial and continuous rebound from the low in 2009. The suspension of supply from Chile and Finland, two major wood pulp supplying countries, amid the earthquake and strike respectively boosted the price to a historical height, resulting in the increase in production cost of the paper manufacturing industry. In view of this, the Group also actively optimized its product mix and implemented cost adjustment so as to mitigate the negative impact arose from the rise in cost.

In an effort to solidify our liquidity position for capital expansion and potential investment plans, the Group raised a net amount of approximately HK$264,000,000 (after deducting related fees and expenses) by the top-up placement involving issuance of 28.5 million new shares at a price of HK$9.5 during the period under review.

Looking forward to 2011, the price of wood pulp is expected to stay high and the haze of inflation will linger around the Chinese economy. As such, maintaining a stable profit while balancing the sensitivity of customers to prices and controlling the cost of sales will be important issues on the operations discussed among the Group. In the long run, continuously implementing the strategy of both investment in joint venture and in-house production as well as exploring products which will create synergy with the brand advantages of Vinda will be the key to our long term growth.

The Group is well prepared to professionalize itself and develop new business lines. In early 2010, the Board appointed Ms. ZHANG Dong Fang as the Chief Executive Officer with a view to effectively implementing professional management and fostering business development through professional and effective planning. In the future, while maintaining its prudent fiscal policies, the Group will continue to develop its business cautiously, broaden its distribution network and expand its production capacity with a view to building a quality, convenient and healthy living environment for its customers and the people.

The Group owes its remarkable results in 2010 to the continuous trust and support from the whole community and the joint efforts of the team. I would like to take this opportunity to express my sincere appreciation to all the shareholders, customers and business partners. We will continue our efforts to generate lucrative returns for our shareholders in the year to come.

Yours faithfully,
LI Chao Wang
Chairman

Hong Kong, 30 March 2011


柔韧一张 幸福主张
Vinda

ZHANG Dong Fang
Chief Executive Officer

CEO Report

Dear Shareholders,

2010 marked the 25th anniversary of Vinda International. Adhering to our mission to "delight people with high quality household hygiene products", the Group dedicated additional efforts during the year to reform its brand building tactics, sales channel development, marketing, innovative research and development, and resources management. Leveraging its comprehensive brand enhancement strategy and professional management system, the Group was able to increase the overall value and quality of its products. As a result, the Group successfully captured a greater number and range of customer clusters and significantly enlarged its market share, further increasing its revenue.

During the year under review, the performance of the Group was satisfactory. In addition to leading the market in toilet roll category, Vinda led the household paper product market in regions such as Southern China, Central China, Beijing and Hong Kong in terms of market share. The Group will endeavor to maintain its position and strive to become the leader in the industry.

BRAND BUILDING AND PROMOTION STRATEGY

As a professional brand operator and given the opportunity to take advantage of the significance of Vinda's 25th anniversary, the Group has rationalized its brand portfolio during the year. Each major market was matched with a suitable product series according to the needs of each consumer group so as to rationalize the positioning of each product. This has helped the Group enhance its brand image and established a national and unified branding system. In 2010, the Group achieved encouraging results in terms of brand building and value enhancement by strengthening the execution of its marketing tactics through a series of brand building and promotional activities. Armed with analyses produced by independent professional market researchers, the Group upgraded its flagship brand, the "Classic Blue Series", by injecting modern elements such as high quality and lifestyle. We also successfully introduced numerous supplementary product lines to optimize our product mix: The fashionable "FEEL Series" which caters to the youth market and the "Flowery Series" that focuses on the office-ladies market. Both were generally well-received by the target customer. To boost the value of its product offerings, the Group has also launched softpack products with intents to enlarge its market share in sales and improving its profit margin.

One phenomenal source of growth for the Group is the "Pleasant Goat Series", which showcases the all-popular cartoon icon on the product packaging. Launched at the end of 2009, this series of products received very favorable response since roll-out from the market with rising sales. The "Pleasant Goat Series" now contribute approximately 8% to the total turnover of the Group. In response to the overwhelming sales results, the Group has recently successfully secured an extension of the copyright license to the end of 2013. We expect this series will continue to generate stable sales income.

In addition, the "Rewoo" brand, a non-wood pulp product line developed around low-carbon footprint and sustainability concepts, was introduced by the Group during the year to offer more choices for the environmentally-conscious and price-sensitive consumers. This brand was also strategically developed to enhance Vinda's market penetration in second- and third-tier cities in China. In the future, the Group will continue its efforts in developing environmentally-friendly mixed-pulp products.

COMPREHENSIVE MARKETING PLAN

Vinda International has always been committed to becoming the leader in the China household tissue paper product industry and consumer's first choice in household hygiene products. Rapid development of the domestic economy, coupled with increasing purchasing power of the enormous population in China, contributes to the growth potential in consumption of household tissue paper products. In the past, the Group has grasped every opportunity to actively promote its brands and products through different channels in order to further penetrate the market and increase its market share. 2010 was the Group's brand enhancement year. The Group effectively reorganized its resources by utilizing a centralized management system under which the headquarters are fully in charge of the management and coordination of regional marketing programs. The Group placed advertisements, inclusive of digital and traditional media, and organized innovative product promotional activities in various cities. As a result, the marketed information of the brand became much more consistent and this earned the consumers' praise.

To adapt to the changing business environment and consumer market, as well as attract a wider range of consumers, the Group continued to adjust its marketing concepts and refined its promotion strategy accordingly. Since 2009, the Group has engaged various internationally recognized companies to provide professional advice and external support in the fields of market statistics analysis, product design, advertising, media coverage, media monitoring and public relations. Based on market data analysis and consumer research, the Group developed innovative sales and advertising tactics which accelerated the brand and products' development. Meanwhile, the Group has also improved its integrated brand management and marketing function through cooperation with well-known industry players, learning from and training by.

During the year under review, the Group has increased its investment in modern promotional channels, such as the internet, electronic media and title sponsorships. At the same time, the Group increased its in-store promotion within large supermarkets and chain stores by providing well-designed and tailor-made advertising materials for the distributors and points-of-sale. Marketing collateral developed for distributors have not only enhanced the impact of the Group's promotion activities, but also helped achieve cost-effectiveness of our Advertising and Promotion budget.

SALES NETWORK

The Group continued to reinforce its distribution network and extend the coverage of its products across the country with the establishment of image spots under the "Ten Thousand Shops Over Hundred Cities" Project, thereby effectively enlarged its market share. Vinda International currently has up to 200,000 points of sales in the PRC with an increasing product distribution rate. In 2010, the Group persistently invested in network expansion, establishing offices and employing additional sales representatives as well as shopping mall promoters to lay a solid foundation for further sales growth afforded by the forthcoming new production capacity.

AN ASTERISK (*) SHAPED PRODUCTION GEO-MATRIX

The Group maintained an asterisk (*) shaped production geo-matrix to meet the booming domestic market demand. The existing seven paper production bases allow the Group to enjoy huge economies of scale and further savings in logistics costs. During the year, the newly enlarged production base in Xiaogan, Hubei in Central China provided an additional capacity of approximately 50,000 tons and which boosted the Group's overall annual capacity to approximately 370,000 tons. The Group plans to continue expanding its production capacity in the future. In addition to the target of adding an annual production capacity of paper products of 100,000 tons in 2011, the Group, through its 41 per cent owned associate, V-Care, will actively explore opportunities to set up new capacity for the supply of baby diapers and sanitary napkins to cater to the development of the personal care business.

PROFESSIONAL MANAGEMENT

In its 25th year, the Group introduced a series of reform of its operating, financial and human resources management policies. The Group has also established the corporate executive trainee program, to attract fresh graduates through campus recruitment to seek out candidates of good potential as new blood for our team.

On the operations front, the Group has implemented centralized procurement to raise its bargaining power and set up a cross-division project group which will streamline logistics and cut down on unnecessary inventory costs. The Group has also adopted various methods of stabilizing the cost of wood pulp to lower overall costs and improve operation efficiency. With the introduction of Enterprise Resource Planning to all our major operating entities by now, budgetary controls and in-depth analyses will help us achieve better visibility of our profitability, and responsive actions to address issues. Credit control is also high on our action list so as to ensure efficient use of our liquid resources.

FUTURE PROSPECTS

In the coming year, Vinda International will further build its brand equity. By forging ahead with the strategies of enhancing brand image, improving star products, extending existing sales network and strengthening retail marketing, the Group will continue its efforts in boosting the image of its leading brands. Building on the unprecedented success of the "Pleasant Goat Series" featuring cartoon icons, the Group has obtained the license to promote its products with another animation series — Kung Fu Panda 2. The "Kung Fu Panda" Series, which the Group expects to launch in mid-2011 when the film is premiered, will give new impetus to the sales of the Groups' products. In addition to the "Blue Classics" flagship series, the Group targets to develop two to three popular products in 2011 with an ultimate goal of perfecting the product mix and achieving sales growth.

Due to the tremendous market potential of personal care products, the Group has formed a joint venture, V-Care Holdings Limited, with various competent investors based on an asset-light model for diversifying into the business of personal care products. In the years ahead, the joint venture will focus its personal care business on baby diapers and sanitary napkins. The Group's objective is to set up a comprehensive product supply chain by offering consumer packaged goods in the categories of tissue paper and personal care products (i.e. diapers and sanitary napkins) under both the Group's own brand and by acquisition of other brands. In time, the Group believes that the personal care product segment will be able to make significant contributions to the business.

Looking forward, the Group will operate under the objective of achieving "excellent quality, low wastage, high efficiency" and strive to continually improve production technologies, enhance product quality and improve product mix. Meanwhile, the Group will actively expand its sales network and boost advertising and promotion activities so as to increase our brand equity. These actions will help capture more market share and achieve sales and profit targets. Building on its solid foundation, brand strength and core industry competitiveness, the management is confident about maintaining Vinda's leading position in the household hygiene product industry, ensuring consistent business growth and steering continuous market development, thereby creating higher value for the shareholders.

ZHANG Dong Fang
Chief Executive Officer

Hong Kong, 30 March 2011

Management Discussion and Analysis

The recovery path for the global economy in 2010 was full of twists and turns. Thanks to the PRC government's effective strategy of propelling domestic demand, the Chinese economy managed to maintain "stable and relatively rapid development" against the backdrop of a complex domestic and international environment. In 2010, total national retail sales of consumer goods increased by 18.4% while the per capita disposable income of urban residents grew by 11.3%, underscoring promising prospects for the mid-to high-end household paper market.

Strong Sales Growth and Continuous Product Mix Optimization

With strong consumer sentiment in the PRC economy, sales of the Group attained growth of nearly 30% in 2010. By optimizing the product mix, the Group recorded a double-digit net profit margin.

Sales of toilet rolls grew by 26.9%, accounting for 61.1% (2009: 62.4%) of the Group's total sales. Sales of handkerchief tissue, box tissue, softpack and wet tissue, which are targeted at mid-market and up-market consumers, posted year-on-year growth of 39.5%, accounting for 34.2% (2009: 31.8%) of the Group's total sales. Sales of the products under the "Pleasant Goat Series" accounted for approximately 8% of the Group's total sales.

On the other hand, the Group has been studying how to diversify into the personal care product business in recent years. In 2010, the Group formulated collaboration plans with competent OEM manufacturers, set up a professional market research and production management team and established an investment platform via an associated company, V-Care Holdings Limited ("V-Care"), to pave the way for the development of personal care products. Since February 2011, V-Care has completed the trial OEM production of its first batch of baby diapers and the market roll-out of the product is expected in the second half of the year. Targeting mid- and up-market customers, V-Care has laid a solid foundation for the long-term profit of the Group.

Strengthened Sales Network for Sustainable Development

During the year, the Group continued to expand its sales network, with 141 sales offices (2009: 125) and an increase in the number of distributors to 856 (2009: 715) by the end of 2010. With a healthy and strong distribution network, we have good reasons to believe the Group can sustain business growth. We not only work closely with distributors, outlets and direct clients to boost our retail performance, but also put effort into supporting our distributors and partners, actively sourcing new clients and enhancing market coverage of our products.

To the mutual benefit of the Group and our clients, we have been enhancing our existing enterprise resource planning (ERP) system for information management. Based on the data provided by professional market research partners, we monitor the market closely and react responsively to real-time market information, in order to ensure the healthy development of the overall business in the long term.

Stepped up Promotions and Beefed up Brand Image

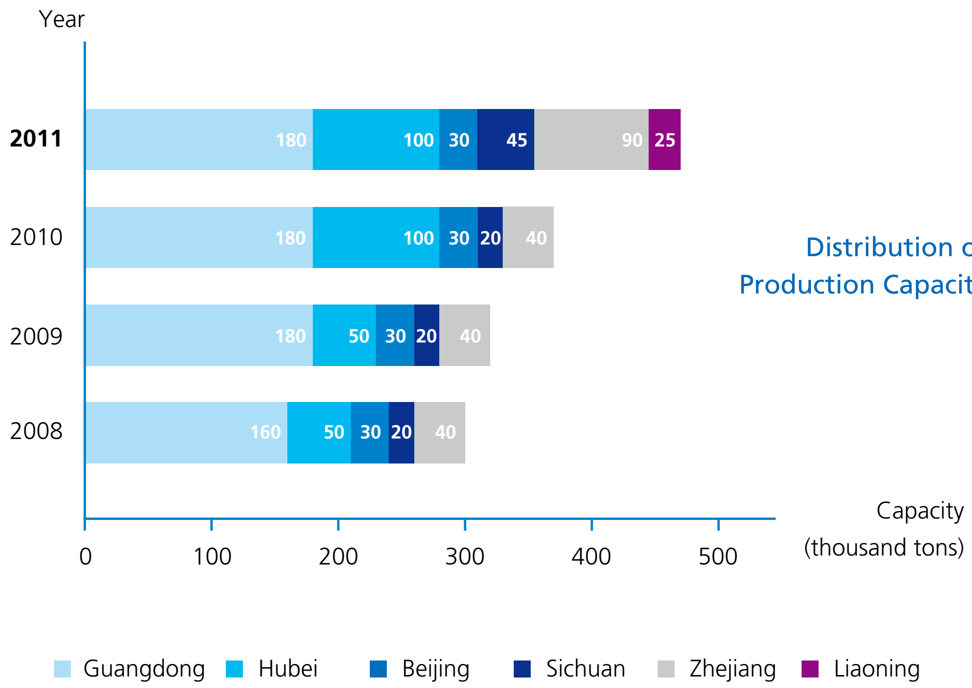
Vinda's brand strength has always been a competitive edge for the Group. During the year, the Group stepped up efforts to promote its brand. Under the theme of "apply bliss to your skin with a ply of comfort" (柔韌一張、幸福主張), the Group launched a series of promotional activities in various media and at image stores to present the extraordinary brand image and product quality to a wider range of consumers. Besides placing creative advertisements in conventional media such as television and on public transport, the Group also successfully utilized internet resources to strengthen its interaction with consumers, particularly office-ladies, young people, children and online consumers. It also enhances the penetration of Vinda's products through use of its corporate website, microblog and online games. The innovative and eye-catching marketing campaign, DIY our Sweet Tissue Box, was one such success.

Measures against Pulp Cost Hike

Wood pulp prices in the international market have continued to bounce back since mid-2009 and hit new high in 2010. Chile and Finland, the two major wood pulp markets accounting in aggregate for an approximate 10% share of the world market, have both experienced supply disruptions due to an earthquake and labor strikes during the year under review. These led to a further increase in wood pulp prices of approximately 50% on a year-on-year basis and a surge in costs in the household paper industry. In view of this, the Group adjusted the prices of its products several times during the year while reducing sales of its premium packages and successfully offset part of the adverse impact from fluctuations in wood pulp prices. On the other hand, persistently high wood pulp prices have contributed to industry consolidation by forcing the closure of small players who could not endure the escalating raw material costs. This, coupled with the determination of the PRC government to enforce its environmental policies, created more room for the Group to grow.

Systematically Expanding Production Capacity and Preparing to Boost Sales

Sales volume of the Group's paper was 281,814 tons in 2010, representing an increase of 25.7% as compared with the previous year. The Group continued to expand its production capacity systematically during the year and increased its annual total capacity to 370,000 tons, including the 50,000 tons of additional capacity from the Hubei production base. For 2011, the Group plans to expand the capacity of its production bases in Liaoning and Sichuan by 25,000 tons each and by 50,000 tons in Zhejiang. The Group anticipates that its total annual capacity will reach 470,000 tons by the end of 2011. This will help the Group to be prepared for a surge in demand and to further reduce logistic costs and enhance economies of scale.



Distribution of Production Capacity

Consistently Improved Operational Efficiency

In 2010, the Group consistently adhered to the management concepts of "high quality, low wastage and high efficiency" and reiterated its target of achieving "safety, environmental protection, quality and cost reduction" in its production. During the year, the Group made significant progress in technical advancement, efficiency improvement, energy saving and emission reduction. The Group obtained and filed approvals related to the application of 31 technical patents in total during the year. Capitalizing on such techniques, the processing efficiency of our factories was raised by over 15%. With regards to environmental protection, the Group continued to implement and reinforce its policies on energy saving and emission reduction and successfully reduced water and steam energy consumption per ton of paper by 30% and over 3% respectively. With respect to production consumption controls, the policy to "reduce waste by 1%, increase utilization by 0.1 mm or 0.1 gram and save 10 minutes of energy" started to take effect. Wastage at our plants was further reduced, making the increase in production costs slower than that of raw material prices.

Human Resources and Management

Our high-caliber employees are key to the Group's sustainable development and its ability to compete in the industry. We have always emphasized the importance of management and provided ample advancement opportunities for outstanding management staff. In the first half of the year, we had the pleasure and honor of our Chief Executive Officer, Ms. Zhang Dong Fang, joining us and leading us to new heights. Moreover, the Group launched its first management trainee program, under which we assigned graduates from different disciplines and universities to various departments to groom fresh management talent with the right qualifications and expertise.

As at 31 December 2010, the Group had 6,196 staff members (2009: 5,351). The increase was attributable to the organic growth of the Group's business and resulted in a stable rise in remuneration expenditure. Staff remuneration packages are reviewed from time to time, taking into account local market conditions, individual experience and performance to ensure the competitiveness of the Group's remuneration policies in the industry.

Foreign Exchange Risk

The majority of the Group's assets and sales business are located in the PRC and Hong Kong. Most of our transactions are denominated and settled in RMB while most of the key raw materials are imported from overseas and denominated and paid in US dollars. The Group also maintains US-dollar trade finance and HK-dollar medium- to long-term bank loans in order to benefit from lower interest rates than that of RMB for the majority of its financing. As at 31 December 2010, the Group has not issued any material financial instruments. Save for the above, the Group has not entered into any instruments for hedging purposes.

Share-Based Payment

As approved by the Board on 24 February 2009, 27,546,000 share options were granted to the directors and certain employees at an exercise price of HK$2.98 per share. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options are exercisable during the following periods:

(i) with respect to the options granted to the directors, on or after 24 February 2009;

(ii) with respect to the options granted to the employees,

 (a) up to 20% on or after 24 February 2010;

 (b) up to 50% on or after 24 February 2011;

 (c) all the remaining options on or after 24 February 2012;

 and in each case, no later than 23 February 2019.

In February 2009, all the directors and employees accepted the share options.

On 15 April 2010, 3,000,000 share options were granted to a director at an exercise price of HK$5.42 per share. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options are exercisable during the following periods:

(a) up to 33% on or after 15 April 2010;

(b) up to 67% on or after 15 April 2011;

(c) all the remaining options on or after 15 April 2012;

and in each case, no later than 14 April 2020.

In April 2010, the director accepted the share options.

Future Prospects

Challenges breed opportunities and every cloud has a silver lining. 2011 is the start of China's 12th Five-Year Plan. We anticipate that the Chinese economy will continue to exhibit a positive growth momentum. We also believe the Central Government will continue to implement more stringent environmental protection measures and that wood pulp will continue to trade at high levels.

In the coming year, the Group will keep upgrading its operational efficiency and remain committed to quality. In the meantime, we will actively develop our sales network and put more effort into promoting our goods to bring our brand image to the next level. With our solid brand presence and foundation, we believe that the Group will be able to maintain its leading position in the industry.

In 2011, we will focus on the following strategies:

1. step up efforts to build the brand and strengthen marketing to create star products with unique and attractive features; perfect our product mix for higher profitability; source new income streams by nurturing the health care product business;

2. maintain our well-established partnerships with wood pulp suppliers and centralize purchasing and procurement to raise the bargaining power of the Group; closely monitor and evaluate wood pulp quality from domestic suppliers so as to allow greater flexibility in choosing raw materials without jeopardizing the quality of Vinda's products;

3. continue to expand production capacity in a systematic manner and to promote production safety standards, with a medium- to long-term output goal of 700,000 tons of paper;

4. adhere to the principle of environmental protection through automation; and

5. further optimize the management of information system.

Liquidity, Financial Resources and Bank Loans

The Group's financial position remained healthy. As at 31 December 2010, the Group's bank and cash balances (including pledged bank deposits of HK$45,689 (2009: HK$760,931)) amounted to HK$389,597,471 (2009: HK$347,710,038), and short-term and long-term loans amounted to HK$1,087,677,371 (2009: HK$863,222,792). 48.8% of the bank borrowings are medium- to long- term (2009: 40.6%). Approximately 2.7% (2009: 0.16%) of the sum carried fixed interest rate. The annual interest rates of bank loans ranged from 1.29% to 5.76%.

As at 31 December 2010, the gearing ratio was 40.5% (2009: 41.7%), which was calculated on the basis of the amount of total borrowings as a percentage of the total shareholders' equity. The net gearing ratio, which was calculated on the basis of the amount of total borrowings less cash and cash equivalents as a percentage of the total shareholders' equity, was 26.0% (2009: 24.9%).

Contingent Liabilities

As at 31 December 2010 and 31 December 2009, the Group had no material contingent liabilities.

Capital Commitments

	As at 31 December	
	2010	2009
	HK$	HK$
Property, plant and equipment and intangible assets	**226,840,451**	43,989,206
Investment in an associate	**123,000,000**	—
	349,840,451	43,989,206

During the year, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies.

Final Dividend

The Board has resolved to propose to shareholders the distribution of a final dividend for the year ended 31 December 2010 at HK8.7 cents (2009: HK9.0 cents) totaling HK$81,495,657, subject to approval by shareholders at the annual general meeting (the "AGM") on 18 May 2011. If so approved by shareholders, it is expected that the final dividend will be paid on or about 20 June 2011 to shareholders whose names appear on the register of member of the Company on 13 May 2011.

Close of Register of Members

The register of members of the Company will be closed from 13 May 2011 to 17 May 2011 (both days inclusive), during which period no transfer of shares will be registered. In order to establish entitlement to the final dividend to be approved at the AGM (and payable on or about 20 June 2011), all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, 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 pm on 12 May 2011 for registration of transfer.

Biography of Directors and Senior Management

Biography of Directors

Executive Directors

Mr. LI Chao Wang (李朝旺), aged 52, is a founder of the Group. He was appointed as an Executive Director of the Company on 17 August 1999 and has become the Chairman of the Board since 28 April 2000. In his current capacity, he would spearhead overall corporate development and strategic planning. He also acted as the Chief Executive Officer of the Group until January 2010. Mr. LI has over 25 years of experience in the household paper industry and executive business management. Mr. LI currently is a member of Guangdong Political Consultative Committee, the vice president of the China Household Paper Association, vice president of the All-China Federation of Industry and Commerce Papermakers' Group and The Standing Committee of Guangdong federation of industry & commerce and the president of the Jiangmen City Federation of Industry and Commerce. Mr. LI graduated from the Guangdong Radio and Television University's business administration program.

Ms. YU Yi Fang (余毅昉), aged 56, is a co-founder of the Group. Ms. YU was appointed as an Executive Director on 1 February 2000 and further appointed as the Vice Chairman of the Board from January 2010 to assist Mr. LI Chao Wang in pursuing strategic development. Ms. YU was formerly the Chief Operating Officer of the Group. She has over 25 years of experience in China's household paper industry and 19 years of financial management experience as manager of financial affairs for the Group. Ms. YU graduated from the Guangdong Radio Television University's accounting program.

Ms. ZHANG Dong Fang (張東方), aged 48, joined Vinda in February 2010 as its Chief Executive Officer (the "CEO") and Executive Director. Ms. ZHANG has extensive experience in business management gained in a multi-national corporate environment. Prior to joining Vinda, She was the vice president-North Asia Division of a Swiss multi-national group which is engaged in the production and sales of flavors and fragrances for use in perfumes, cosmetics, food and beverage, and household products. The said group ranks among the world leaders in flavors and fragrances production. Before that, Ms. ZHANG was the managing director of the said group responsible for its business in Greater China from 1998 to 2008 and gained extensive experience in domestic and international FCMG markets. Ms. ZHANG graduated from Guangdong Foreign Language and Trade University with a bachelor's degree in economics and art in 1983. She also graduated from International Institute for Management Development (IMD), a world-renowned business school in Switzerland, with a diploma in business management in 1994.

Mr. DONG Yi Ping (董義平), aged 48, Senior Engineer, was appointed as an Executive Director on 1 February 2000 and is the Group's Chief Technology Officer (the "CTO"). Mr. DONG joined Vinda Paper (Guangdong) in 1992. Mr. DONG has over 20 years of experience in equipment operations and safety, quality control, and research and development. Prior to joining the Group, he served for senior positions in two other paper manufacturing companies. Mr. DONG graduated in 1991 from the paper manufacturing program of the Tianjin University of Science and Technology (previously the Tianjin College of Light Industry), with a master's degree in engineering.

Biography of Directors and Senior Management

Non-Executive Directors

Mr. Johann Christoph MICHALSKI, aged 45, was appointed as a Non-Executive Director on 19 April 2008. Since April 2011 Mr. MICHALSKI is President of Svenska Cellulosa Aktiebolaget ("SCA") Global Hygiene Category, the marketing and R&D division of SCA. Previously, Mr Michalski has been since April 2008 the president of SCA Asia Pacific business unit under the SCA group based in Shanghai, the PRC. Before that he served as senior vice president of Business Development and Strategic Planning. Prior to joining SCA in 2001 he held a number of senior management positions in the New Zealand dairy group Fonterra as well as the global FMCG company, Unilever. He has over 20 years of experience in leadership roles in business development and strategy, consumer marketing and innovation in the consumer goods industry. Mr. MICHALSKI has a master degree in economics from Kiel University, Germany.

Mr. CHIU Bun (趙賓), aged 35, was appointed as a Director on 29 March 2007 and re-designated as a Non-Executive Director on 19 June 2007. Mr. CHIU joined SCA in 2005 as general counsel of SCA Asia Pacific based in Shanghai and currently serves in SCA Hygiene North Asia as Director of Business Development and Legal Affairs. Mr. CHIU previously worked with international law firms including Clifford Chance, Perkin Coie and Morrision & Foerster. He is admitted as a solicitor in Hong Kong and England & Wales. Mr. CHIU received a bachelor's degree in information management from the University College London, the Postgraduate Certificate in Laws (PCLL) from the University of Hong Kong and a master of laws degree from Remin University of China, Beijing.

Independent Non-Executive Directors

Dr. CAO Zhen Lei (曹振雷), aged 52, was appointed as an Independent Non-Executive Director on 19 June 2007. Dr. CAO is the vice president of the Sinolight Corporation. With more than 20 years of experience in research and management in the pulp and paper industry in China, Dr. CAO also serves as secretary-general of the Standing Committee of the China Technical Association of Paper Industry and deputy director of the All-China Federation of Industry and Commerce's Papermakers Association. Dr. CAO is an independent director of Shangdong Huatai Paper Industry Joint Stock Co., Ltd., a company listed in the PRC. Dr. CAO holds a bachelor's degree from the South China University of Technology with a specialization in the pulp and paper industry, a master's degree in paper making from the Light Industry Institute of Science and Technology, a Ph.D. in chemical science from the University of Saskatchewan and an Executive M.B.A. from Peking University's Guanghua School of Management.

Mr. HUI Chin Tong, Godfrey (許展堂), aged 51, was appointed as an Independent Non-Executive Director on 19 June 2007. Since the 1980's, Mr. HUI has established and managed several businesses in the PRC and is currently serving as executive director of Network CN Inc. Mr. HUI obtained his bachelor's degree in business management from The Chinese University of Hong Kong and a master's degree in business management from the University of Hull in the United Kingdom.

Mr. TSUI King Fai (徐景輝), aged 61, was appointed as an Independent Non-Executive Director on 19 June 2007. Mr. TSUI is a director and senior consultant at WAG Worldsec Corporate Finance Limited, a registered financial services company in Hong Kong. He has over 30 years of extensive experience in accounting, finance and investment management, particularly in investments in the PRC. Mr. TSUI worked for two of the Big Four audit firms in the United States and Hong Kong and served in various public listed companies in Hong Kong in a senior capacity. Mr. TSUI is currently acting as an Independent Non-Executive Director of Lippo Limited, Lippo China Resources Limited, Hongkong Chinese Limited and China Aoyuan Property Group Limited. He graduated from the University of Houston, Texas, the United States and holds a master of science in accountancy and a bachelor of business administration with first class honors. Mr. TSUI is a fellow of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Accountants in Australia and a member of the American Institute of Certified Public Accountants.

Mr. KAM Robert (甘廷仲), aged 53, was appointed as an Independent Non-Executive Director on 19 June 2007. Mr. KAM started his career with one of the Big Four international accounting firms and currently is a partner in the chartered accountancy firm, Kam & Beadman, based in Sydney, Australia. He has many years of experience in providing audit, tax and accounting services, including public company statutory audits, information systems audits and internal audits. Mr. KAM graduated with a bachelor of commerce degree from the University of Western Australia. Mr. KAM is a chartered accountant and a member of the Institute of Chartered Accountants in Australia, a Registered Auditor in New South Wales, Australia and a Registered Auditor of the Australian Securities Commission. Mr. KAM is also a Justice of the Peace for the State of New South Wales in Australia.

Biography of Senior Management

Mr. TSANG Zee Ho, Paul (曾思豪), aged 49, is the Chief Financial Officer (the "CFO"), and Company Secretary of the Group. He joined the Group in April 2007. He began his career with an international accounting firm in tax consulting. Since 1988, Mr. TSANG has held various senior finance and management positions with public and private companies as well as professional firms in Hong Kong and China, including associate director of Deloitte & Touche Corporate Finance, general manager of corporate finance of Century City Group, a listed company in Hong Kong, and chief financial officer of a private group of companies which has diversified operations and interests in Guangzhou, PRC. Mr. TSANG graduated from the University of Hong Kong and is a fellow member of the Association of Chartered Certified Accountants in the U.K. and a non-practicing member of the Hong Kong Institute of Certified Public Accountants.

Mr. ZHANG Jian (張健), aged 39, is the Chief Operating Officer of the Group. He graduated from Wu Yi University in electronic technology, and joined Vinda Paper Group in the same year. He served as a manager in the production, marketing, and procurement departments, and deputy manager and general manager of the Company. He is an executive director of the Guangdong Paper Association.

Biography of Directors and Senior Management

Mr. HE Hui Xian (何惠獻), aged 37, is the EVP (domestic sales) of the Group. He graduated from Anhui Finance and Trade College（安徽財貿學院）in 1996 majoring in trade and economics and joined Vinda Paper Group in January 1997. He has been responsible for sales management and served as deputy general manager and general manager of the Company's subsidiaries.

Mr. TANG Hai Tang (湯海棠), aged 40, is the EVP (Marketing and Media) of the Group and Marketing Director of Eastern China. Mr. TANG graduated from South China University of Technology in biochemistry in 1994. He joined Vinda Paper Group in August 1995 and served as deputy general manager, marketing director, manager of marketing department and chief marketing officer. Mr. TANG left the Group in March 2003 and served as chief marketing officer of Guangxi Guitang (Group) Co., Ltd. (廣西貴糖（集團）股份有限公司). He rejoined Vinda Paper Group in December 2008 and has served as EVP (marketing and media) since then.

Ms. ZHAO Xiao Yu (趙小妤), aged 35, is the EVP (Human Resources) and head of human resources centre of the Group. Ms. ZHAO graduated from Jinan University (廣州暨南大學) in statistics in 1999 and joined Vinda Paper Group in November of the same year. She has served as manager of human resources and deputy head of human resources and administration centre of the Group.

Ms. ZHANG Cui Ling (張翠玲), aged 43, is the manager of internal control for the Group. Ms. ZHANG graduated from Guangdong Mechanical College (廣州機械學院) in industrial management engineering in 1991 and joined Vinda Paper Group in July of the same year. She has served as the manager of finance, purchasing logistics, quality control, and administration department of the Company's subsidiaries.

Corporate Governance Report

Corporate Governance Practices

The Company is committed to maintaining a high standard of corporate governance practices by emphasizing a quality board of directors, sound internal control, transparency and accountability to all of the shareholders of the Company.

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange Limited (the "Stock Exchange") except for deviation from code provision A.2.1, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. LI Chao Wang was both the Chairman of the Board and the Chief Executive Officer until January 2010. On 22 February 2010, Ms. ZHANG Dong Fang was appointed as the Chief Executive Officer of the Company.

Directors' Securities Transactions

The Company has adopted a code for securities transactions by directors of the Company (the "Code of Conduct") on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules on the Stock Exchange. Having made specific enquiry with all the directors of the Company (the "Directors" or individually the "Director"), 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 year ended 31 December 2010.

Board of Directors

Composition

The board of directors (the "Board") of the Company comprises ten Directors, four of which are Executive Directors, two are Non-Executive Directors and four are Independent Non-Executive Directors. The members of the Board as at the date of this annual report are as follows:

Executive Directors
Mr. LI Chao Wang *(Chairman) (alternate to Ms. YU Yi Fang and Mr. DONG Yi Ping on 15 April 2010)*
Ms. YU Yi Fang *(Vice Chairman) (alternate to Mr. LI Chao Wang on 15 April 2010)*
Ms. ZHANG Dong Fang *(Chief Executive Officer) (appointed on 22 February 2010)*
Mr. DONG Yi Ping *(Chief Technology Officer) (alternate to Mr. LI Chao Wang on 15 April 2010)*

Non-Executive Directors
Mr. Johann Christoph MICHALSKI
Mr. CHIU Bun

Independent Non-Executive Directors
Dr. CAO Zhen Lei
Mr. KAM Robert
Mr. HUI Chin Tong, Godfrey
Mr. TSUI King Fai

The Board formulates overall strategies and policies of the Group. It also ensures the availability of adequate capital and managerial resources to implement the strategies adopted, the adequacy of systems of financial and internal control and the conduct of business in conformity with applicable laws and regulations. The Board members are fully committed to their roles and have always acted in the best interests of the Group and its shareholders at all times. There is no financial, business, family or other material/relevant relationship amongst Directors. The Directors' biographical information is set out on pages 25 to 28 under the section headed "Biography of Directors and Senior Management" of this annual report.

Board meetings are held regularly at approximately quarterly intervals and also held on ad hoc basis as required by business needs. Regular Board meetings and ad hoc Board meetings are attended by a majority of the Directors in person or through other electronic means of communication. In addition, special Board meetings are convened from time to time for the Board to discuss issues that require the Board's timely attention. Since the special Board meetings are concerned with the day-to-day management of the Company which often requires prompt decisions, usually only the Executive Directors and senior management attend the meetings. During the year ended 31 December 2010, other than resolutions passed in writing by all the Directors, the Board held a total of 19 regular and ad hoc Board meetings.

The attendance of each member at the Board meetings is set out below. Figure in brackets indicates maximum number of meetings held in the period in which the individual was a Board member.

Directors	**Number of regular and ad hoc Board meetings attended**	**Number of special Board meetings attended**
Executive Directors		
Mr. LI Chao Wang *(Chairman)*	18(19)	15(15)
Ms. YU Yi Fang *(Vice Chairman)*	19(19)	15(15)
Ms. ZHANG Dong Fang *(Chief Executive Officer)* *(appointed on 22 February 2010)*	16(17)	15(15)
Mr. DONG Yi Ping *(Chief Technology Officer)*	19(19)	15(15)
Non-Executive Directors		
Mr. LEUNG Ping Chung, Hermann *(resigned on 21 October 2010)*	14(14)	
Mr. Johann Christoph MICHALSKI	18(19)	
Mr. CHIU Bun	18(19)	
Independent Non-Executive Directors		
Dr. CAO Zhen Lei	19(19)	
Mr. KAM Robert	19(19)	
Mr. HUI Chin Tong, Godfrey	19(19)	
Mr. TSUI King Fai	19(19)	

Chairman of the Board and Chief Executive Officer

Mr. LI Chao Wang ("Mr. LI") is both the Chairman and founder of the Company. He also acted as the CEO of the Group until January 2010. On 22 February 2010, Ms. ZHANG Dong Fang was appointed as an Executive Director and the CEO of the Company. The major duties of the chairman are to provide leadership to the Board and spearhead overall corporate development and strategic planning whilst the chief executive officer is responsible for implementing the decisions and strategy approved by the Board and managing day-to-day operations of the Group with the support of the executive directors.

Executive Directors

The Executive Directors are responsible for running the Group and executing the strategies adopted by the Board. They lead the Group's management team in accordance with the directions set by the Board and are responsible for ensuring that proper internal control system is in place and the Group's business conforms to applicable laws and regulations.

Non-Executive Directors

The Non-Executive Directors provide a wide range of expertise and experience and bring independent judgment on issues relating to the Group's strategies, development, performance and risk management through their contribution at Board and committee meetings.

Independent Non-Executive Directors

The Independent Non-Executive Directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Their participation provides adequate checks and balances to safeguard the interests of the Group and its shareholders including the review of continuing connected transactions described below. The Board consists of four Independent Non-Executive Directors and two of them have appropriate professional qualifications or accounting or related financial management expertise. The Board confirms that the Company has received from each of the Independent Non-Executive Directors a confirmation of independence for the year ended 31 December 2010 pursuant to Rule 3.13 of the Listing Rules and considers such Directors to be independent.

Appointments, Re-election and Removal of Directors

Each of the Executive Directors, Non-Executive Directors and Independent Non-Executive Directors of the Company has entered into a service contract with the Company for a specific term. Such term is subject to his re-election by the Company at an annual general meeting upon retirement. The Articles of the Company provide that any Director appointed by the Board, either to fill a casual vacancy in the board or as an addition to the existing Board, shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Under the Company's Articles, one-third of all Directors (whether Executive or Non-Executive) is subject to retirement by rotation and re-election at each annual general meeting provided that every Director shall be subject to retirement at least once every three years. A retiring Director is eligible for re-election and continues to act as a Director throughout the meeting at which he retires.

Members of the Company may, at any general meeting convened and held in accordance with Company's Articles to remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in Company's Articles or in any agreement between the Company and such Director.

The Board Committees

Remuneration Committee

The Company established a remuneration committee on 19 June 2007. The Board has adopted the terms of reference for the remuneration committee which are in line with the Code Provisions set out in the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules. The remuneration committee comprises three members and is chaired by Dr. CAO Zhen Lei. The other members are Mr. LEUNG Ping Chung, Hermann (resigned on 21 October 2010), Mr. HUI Chin Tong, Godfrey (appointed on 11 November 2010) and 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 all Executive Directors and senior management and making recommendations to the Board the remuneration of Non-Executive Directors. It takes into consideration on 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-base remuneration.

During the year ended 31 December 2010, the remuneration committee held 2 meetings. The remuneration committee reviewed the remuneration policy of the Company and the remuneration of Directors and senior management and made recommendation to the Board.

The attendance of each member at the remuneration committee meetings is set out below. Figure in brackets indicates maximum number of meetings held in the period in which the individual was a member of the remuneration committee.

Members	Notes	Number of meetings attended
Dr. CAO Zhen Lei		2(2)
Mr. LEUNG Ping Chung, Hermann	(i)	1(2)
Mr. TSUI King Fai		2(2)
Mr. HUI Chin Tong, Godfrey	(ii)	Nil

Notes:

(i) Resigned as a member of the remuneration committee on 21 October 2010.

(ii) Appointed as a member of the remuneration committee on 11 November 2010.

Nomination Committee

The Company established a nomination committee on 19 June 2007. The Board has adopted the terms of reference for the nomination committee which are in line with the Code Provisions set out in the Code on Corporate Governance Practices set out in Appendix 14 of the Listings Rules. The nomination committee comprises two Independent Non-Executive Directors, namely Mr. HUI Chin Tong, Godfrey and Mr. TSUI King Fai; and one Executive Director, Mr. LI Chao Wang. Mr. HUI Chin Tong, Godfrey is the chairman of the nomination committee.

The nomination committee considers and recommends to the Board suitably qualified persons to become Directors and is responsible for reviewing the structure, size and composition of the Board on a regular basis.

Before a prospective Director's name is formally proposed, the opinions of the existing Directors (including the Independent Non-Executive Directors) are sought. The selection criteria of the qualified candidates are mainly based on the assessment of their qualifications, experience and expertise as well as the requirements under the Listing Rules. The nomination committee selects and recommends candidates for directorship having regard to the balance of skills and experience appropriate to the Group's business. During the year ended 31 December 2010, the nomination committee reviewed the current structure, size and composition of the Board and the remuneration of the senior management.

The attendance of each member at the nomination committee meetings is set out below. Figure in brackets indicates maximum number of meetings held in the period in which the individual was a member of the nomination committee.

Members	**Number of meetings attended**
Mr. HUI Chin Tong, Godfrey	2(2)
Mr. TSUI King Fai	2(2)
Mr. LI Chao Wang	2(2)

Audit Committee

The Company established an audit committee on 19 June 2007. The Board has adopted the terms of reference for the audit committee which are in line with the Code Provisions set out in the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules. The audit committee comprises Independent Non-Executive Directors, namely Mr. KAM Robert, Mr. HUI Chin Tong, Godfrey and Mr. TSUI King Fai. Mr. KAM Robert is the chairman of the audit committee.

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 and internal control system of the Group.

During the year ended 31 December 2010 the audit committee held 2 meetings. The audit committee reviewed with the senior management and auditors of the Company the accounting policies and practices adopted by the Group and discussed auditing, the internal control system and financial reporting matters. It also reviewed the financial statements of the Company and the Company's annual and interim reports, the management letter from the auditors of the Company and the audit scope and fees for the year ended 31 December 2010.

The attendance of each member at the audit committee meetings is set out below. Figure in brackets indicates maximum number of meetings held in the period in which the individual was a member of the audit committee.

Members	**Number of meetings attended**
Mr. KAM Robert	2(2)
Mr. HUI Chin Tong, Godfrey	2(2)
Mr. TSUI King Fai	2(2)

Accountability and Audit

Financial Reporting

The Directors acknowledge their responsibility for preparing all information and representations contained in the financial statements for the year ended 31 December 2010 as disclosed in this annual report. The Directors consider that the financial statements have been prepared in conformity with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and management with an appropriate consideration to materiality. As at 31 December 2010, the Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements on a going concern basis. The statement of the auditors of the Company regarding their responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 49 to 50 of this annual report.

Internal Controls

The Board is responsible for overseeing the Company's system of internal control. To facilitate the effectiveness and efficient operations and to ensure compliance with relevant laws and regulations, the Group emphasizes the importance of a sound internal control system which is also indispensable for mitigating the Group's risk exposures. The Group's system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of the business objectives. The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and identification of business risks. The Board is satisfied that, based on information furnished to it and on its own observations, the present internal controls of the Group are satisfactory. The Group is committed to the identification, monitoring and management of risks associated with its business activities and has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound cash management system and periodic review of the Group's performance by the Audit Committee and the Board. The Board has conducted review of the effectiveness of the system of internal control and is of the view that the system of internal control adopted for the year ended 31 December 2010 is sound and is effective to safeguard the interests of the shareholders' investment and the Company's assets.

Auditors' Remuneration

An analysis of the remuneration of the Company's auditors, Messrs PricewaterhouseCoopers, for the year ended 31 December 2010 is set out as follows:

	Services rendered Fee paid/payable ***HK$'000***
Audit services	5,627

Communication with Shareholders

The Company endeavors to develop and maintain continuing relationships and effective communications with its shareholders and investors. In an effort to facilitate and enhance the relationships and communication, the Company has established the following various channels:

1. The annual general meeting provides a forum for shareholders of the Company to raise comments and exchange views with the Board. The Chairman and the Directors are available at the annual general meetings of the Company to address shareholders' queries;

2. Separate resolutions are proposed at the general meetings on each substantially separate issue and procedures for demanding a poll in general meetings are included in the circulars to the shareholders of the Company to facilitate the enforcement of shareholders' rights;

3. Interim and annual results are announced as early as possible, to keep shareholders of the Company informed of the Group's performance and operations; and

4. Updated key information of the Group is available on the Company's website to enable the shareholders of the Company and the investors to have timely access to information about the Group.

Report of the Directors

The Directors have pleasure in presenting herewith their report together with the audited accounts for the year ended 31 December 2010.

Principal Activities and Geographical Analysis of Operations

The Company is principally engaged in investment holding. The principal activities of the subsidiaries of the Company and other related information are set out in note 9 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 54.

The Directors recommend the payment of a final dividend of HK8.7 cents (2009: HK9.0 cents) per ordinary share, totaling HK$81,495,657.

Reserves

Details of the movements in the reserves of the Group and of the Company during the year ended 31 December 2010 are set out in Note 16 to the consolidated financial statements.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in Note 7 to the consolidated financial statements.

Share Capital

Details of the movements in share capital of the Company are set out in Note 14 to the consolidated financial statements.

Distributable Reserves

The Company's reserves available for distribution comprise the share premium account and retained profits. At 31 December 2010, the reserves of the Company available for distribution to shareholders amounted to HK$1,210,554,878 (2009: HK$956,852,403), stated in Note 14 and Note 16 to the consolidated financial statements.

Five-Year Financial Summary

A summary of the consolidated results of the Group for the last five financial years and of its consolidated assets and liabilities as at the end of the last five financial years is set out on pages 127 to 128 respectively.

Purchase, Sale or Redemption of Securities

The Company has not redeemed any of the Company's shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of its securities during the year.

Directors

The Directors during the year were:

Executive Directors

Mr. LI Chao Wang *(Chairman) (alternate to Ms. YU Yi Fang and Mr. DONG Yi Ping on 15 April 2010)*
Ms. YU Yi Fang *(Vice Chairman) (alternate to Mr. LI Chao Wang on 15 April 2010)*
Ms. ZHANG Dong Fang *(Chief Executive Officer) (appointed on 22 February 2010)*
Mr. DONG Yi Ping *(Chief Technology Officer) (alternate to Mr. LI Chao Wang on 15 April 2010)*

Non-Executive Directors

Mr. LEUNG Ping Chung Hermann *(resigned on 21 October 2010)*
Mr. Johann Christoph MICHALSKI
Mr. CHIU Bun

Independent Non-Executive Directors

Dr. CAO Zhen Lei
Mr. KAM Robert
Mr. HUI Chin Tong, Godfrey
Mr. TSUI King Fai

Biographical Details of Directors and Senior Management

Brief biographical details of Directors and senior management are set out on pages 25 to 28.

Confirmation of Independence of Independent Non-executive Directors

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all of the Independent Non-Executive Directors to be independent.

Directors' Service Contracts

Each Executive Director has entered into a service contract with the Company for an initial term of three years and continuing thereafter on an annual basis until terminated by not less than three months' notice in writing served by either party.

Directors' Interests and Controlling Shareholders' Interests in Contracts

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or a controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Continuing Connected Transactions

A) On 16 April 2009, the Company entered into a master purchase and supply agreement (the "Master Purchase and Supply Agreement") with Srenska Cellulosa Aktiebolaget ("SCA"), a substantial shareholder of the Company and a connected person, whereby:

(1) members of the Group would purchase various packaging materials, such as carton boxes from SCA and its subsidiaries at prices to be determined on an arm's length basis and comparable to the prevailing market rates or at rates similar to those offered by independent third parties and accepted by the Group; and

(2) members of the Group would sell the Group's tissue paper products, such as toilet rolls, table napkins, tissue towels and face tissues to SCA and its subsidiaries (excluding SCA Hygiene Australasia Pty Limited and SCA Hygiene Australasia Limited (collectively "SCA HA") which are separately covered under a renewed product supply agreement dated 30 April 2010, details of which have been set out in the announcement of the Company dated 30 April 2010) at prices to be determined on an arm's length basis and comparable to the prevailing market rates or at rates similar to those offered by the Group to independent third parties.

The Master Purchase and Supply Agreement has a term of 2 years commencing on 1 January 2009 and ending on 31 December 2010 (both dates inclusive).

The annual caps in relation to the purchase of packaging material from SCA and its subsidiaries under the Master Purchase and Supply Agreement for the years ending 31 December 2009 and 31 December 2010 are HK$6.0 million and HK$7.0 million respectively. The annual caps in relation to the sale of the Group's tissue paper products to SCA and its subsidiaries under the Master Purchase and Supply Agreement for the years ending 31 December 2009 and 31 December 2010 are HK$2.0 million and HK$2.8 million respectively.

The transactions under the Master Purchase and Supply Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules. The applicable percentage ratios (other than the profits ratio) calculated with reference to the individual annual caps were more than 2.5% but less than 25% and the annual maximum cap was less than HK$10,000,000. Accordingly, the continuing connected transactions under the Master Purchase and Supply Agreement were only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the approval of the independent shareholders' approval under Rule 14A.34 of the Listing Rules. The Group has complied with the relevant requirements under the Listing Rules.

(1) Details of the transactions between the Group and SCA (Tianjin) Packaging Products Co., Ltd. ("SCA (Tianjin)") are as follows:

Continuing connected transactions	**Proposed cap for the year ended 31 December 2010** HK$	**Actual transactions for the period from 1 Jan 2010 to 30 June 2010 (Note)** HK$
Purchase of goods by the Group from SCA (Tianjin)	7,000,000	1,508,119

Note: On 30 June 2010, SCA divested its Asian packaging operation including SCA (Tianjin). Thereafter, SCA (Tianjin) ceased to be a connected person of the Group.

(2) Details of the transactions between the Group and SCA's subsidiaries (excluding SCA HA) are as follows:

Continuing connected transactions	Proposed cap for the year ended 31 December 2010 HK$	Actual transactions for the year ended 31 December 2010 HK$
Sales of goods by the Group to SCA Trading (Shanghai) Co. Ltd.	2,800,000	1,200,790
Sales of goods by the Group to SCA Tissue Hong Kong Limited ("SCA Hong Kong") before 29 June 2010		17,536

B) On 13 November 2009, 維達紙業（廣東）有限公司 (for identification purpose only, in English, Vinda Paper (Guangdong) Company Limited) ("Vinda Guangdong"), a wholly-owned subsidiary of the Company, entered into a product supply agreement (the "Product Supply Agreement") with SCA Hong Kong, an indirect wholly-owned subsidiary of SCA and therefore a connected person, whereby Vinda Guangdong agreed to manufacture and sell tissue products to SCA Hong Kong pursuant to the terms and conditions of the Product Supply Agreement at an agreed processing fee.

The Product Supply Agreement has a term of 3 years commencing on 17 November 2009.

The cap in relation to the processing fees under the Product Supply Agreement for the period from 17 November 2009 to 31 December 2009 is HK$0. The annual caps for the years ending 31 December 2010, 2011 and 2012 are HK$8.0 million, HK$13.5 million and HK$16.0 million respectively.

On 29 June 2010, the parties agreed to terminate the Product Supply Agreement.

There was no transaction under the Product Supply Agreement for the period from 1 January 2010 to 28 June 2010.

C) On 30 April 2010, the Company entered into a renewed master product supply agreement (the "Renewed Supply Agreement") with SCA HA (both as customers) pursuant to which SCA HA will acquire household consumable paper products from the Group at prices to be determined on an arm's length basis and comparable to the prevailing market rates or at rates similar to those offered by the Group to independent third parties and subject to other terms and conditions set out therein. The Renewed Supply Agreement is for a term of 3 years commencing from 1 January 2010 to 31 December 2012. SCA HA are both wholly-owned subsidiaries of SCA which have been the indirect substantial shareholders of the Company since 29 March 2007, and are therefore considered as connected persons of the Company.

The annual caps under the Renewed Supply Agreement for the years ending 31 December 2010, 2011 and 2012 are HK$43 million, HK$43 million and HK$43 million respectively.

The transactions under the Renewed Supply Agreement constitute continuing connection transactions under Chapter 14A of the Listing Rules. Since each of the applicable percentage ratios (other than the profits ratio) calculated with reference to each of the annual caps for the Renewed Supply Agreement was less than 2.5%, the continuing connected transactions contemplated under the Renewed Supply Agreement were only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules. The Group has complied with the relevant requirements under the Listing Rules.

Details of the transactions between the Group and SCA HA are as follows:

Continuing connected transactions	**Proposed cap for the year ended 31 December 2010** HK$	**Actual transactions for the year ended 31 December 2010** HK$
Sales of goods by the Group to SCA HA	43,000,000	19,450,860

D) On 29 June 2010, Vinda Hong Kong and Vinda Guangdong, both wholly-owned subsidiaries of the Company, entered into a new product supply agreement (the "New Product Supply Agreement") with SCA Hong Kong, a connected person, whereby (1) Vinda Guangdong and Vinda Hong Kong agreed to terminate the Product Supply Agreement effective on signing of the New Product Supply Agreement, and (2) Vinda Hong Kong agreed to manufacture and export the Products to SCA Hong Kong pursuant to the terms and conditions of the New Product Supply Agreement at an agreed processing fee.

The New Product Supply Agreement has a term commencing on 29 June 2010 and ending on 31 December 2012.

The annual cap in relation to the processing fee under the New Product Supply Agreement for the period from 29 June 2010 to 31 December 2010 is HK$8.0 million. The annual caps for the years ending 31 December 2011 and 2012 are HK$13.5 million and HK$16.0 million respectively.

The transactions under the New Product Supply Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules. Since each of the applicable percentage ratios with reference to each of the annual caps for the New Product Supply Agreement was more than 0.1% but less than 5%, the continuing connected transactions under the New Product Supply Agreement were subject to reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but exempt from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules. The Group has complied with the relevant requirements under the Listing Rules.

Details of the transactions between the Group and SCA Hong Kong are as follows:

Continuing connected transactions	**Proposed cap for the period from 29 June 2010 to 31 December 2010** HK$	**Actual transactions for the period from 29 June 2010 to 31 December 2010** HK$
Sales of goods by the Group to SCA Hong Kong	8,000,000	268,942

E) On 15 December 2010, the Company entered into a new master supply agreement (the "Renewed Master Supply Agreement") with SCA Trading (Shanghai) Company Limited, a connected person whereby members of the Group will sell the Group's household consumable paper products, such as toilet rolls, table napkins, tissue towels and face tissues to SCA and its subsidiaries (excluding SCA HA and SCA Hong Kong at prices to be determined on an arm's length basis and comparable to the prevailing market rates or at rates similar to those offered by the Group to independent third parties.

   The Renewed Master Supply Agreement has a term of 3 years commencing from 1 January 2011 and ending on 31 December 2013.

   The annual caps under the Renewed Master Supply Agreement for the years ending 31 December 2011, 2012 and 2013 are HK$5.0 million, HK$6.0 million and HK$7.2 million respectively.

   The transactions under the Renewed Master Supply Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules. As all applicable percentage ratios (other than the profits ratio) calculated with reference to the individual annual caps under the Renewed Master Supply Agreement on an annual basis was less than 5%, the continuing connected transactions under the Renewed Master Supply Agreement were only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the approval of the independent shareholders' approval under Rule 14A.34 of the Listing Rules. The Group has complied with the relevant requirements under the Listing Rules.

The aforesaid continuing connected transactions have been reviewed by the Independent Non-Executive Directors of the Company. The Independent Non-Executive Directors confirmed that the aforesaid connected transaction were entered into:

(a) in the ordinary and usual course of business of the group;

(b) either on normal commercial terms or on terms no less favourable to the group than terms available to or from independent third parties; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with paragraph 14A.38 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

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

As at 31 December 2010, 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 Part XV of the 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 of the Listing Rules were as follows:

Long Positions In Shares, Underlying Shares And Debentures

Name	Company name of associated corporations	Nature of interest	Number of shares	Number of underlying Shares[(4)]	Aggregate interest	Approximate percentage of interest
LI Chao Wang	The Company	Interest of controlled company	282,206,235 shares[(1)]	—	282,206,235	30.13%
	Fu An International Company Limited	Interest of controlled company	282 shares of US$1.00 each	—	—	74.21%
	Sentential Holdings Limited	Interest of controlled company	1 share of US$1.00 each	—	—	100%
	Eagle Power Assets Limited	Settlor and beneficiary of CW Li Family Trust	1 share of US$1.00 each	—	—	100%
YU Yi Fang	The Company	Interest of controlled company	282,206,235 shares[(2)]	9,038,000	291,244,235	31.09%
	Fu An International Company Limited	Interest of controlled company	60 shares of US$1.00 each	—	—	15.79%
	Join Pride International Limited	Interest of controlled company	10 shares of US$1.00 each	—	—	100%
	Kingdom World Assets Limited	Settlor and beneficiary of YF Yu Family Trust	1 share of US$1.00 each	—	—	100%
DONG Yi Ping	The Company	Interest of controlled company	282,206,235 shares[(3)]	9,038,000	291,244,235	31.09%
	Fu An International Company Limited	Interest of controlled company	38 shares of US$1.00 each	—	—	10.00%
	Daminos Management Limited	Interest of controlled company	10 shares of US$1.00 each	—	—	100%
	Profit Zone Assets Limited	Settlor and beneficiary of YP Dong Family Trust	1 share of US$1.00 each	—	—	100%
ZHANG Dong Fang	The Company	Personal	—	3,000,000	3,000,000	0.32%
Johann Christoph MICHALSKI	The Company	Personal	—	400,000	400,000	0.04%
CHIU Bun	The Company	Personal	—	400,000	400,000	0.04%

Notes:

1. The Shares are registered in the name of Fu An International Company Limited which 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 is held by Eagle Power Assets Limited, whose entire issued share capital is held by HSBC International Trustee Limited in its capacity as trustee of CW Li Family Trust with LI Chao Wang as the settlor.

2. The Shares are registered in the name of Fu An International Company Limited which 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 Join Pride International Limited is held by Kingdom World Assets Limited, whose entire issued share capital is held by HSBC International Trustee Limited in its capacity as trustee of YF Yu Family Trust with YU Yi Fang as the settlor.

3. The Shares are registered in the name of Fu An International Company Limited which 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 Daminos Management Limited is held by Profit Zone Assets Limited, whose entire issued share capital is held by HSBC International Trustee Limited in its capacity as trustee of YP Dong Family Trust with DONG Yi Ping as the settlor.

4. Details of share options held by the directors are shown in the section of "Share Options".

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 pursuant to the Model Code.

Share Option Scheme

A long term incentive scheme (the "Scheme") was conditionally approved by a written resolution of the shareholders of the Company passed on 19 June 2007 and was adopted by a resolution of the Board 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 Board may, at its discretion and on such terms as it may think fit, grant an employee, a director and any shareholder of any members of the Group or any holder of any securities issued by any member of the Group an award ("Award"), either by way of option ("Option") to subscribe for Shares, an award of Shares or a grant of a conditional right to acquire Shares as it may determine in accordance with the terms of the Scheme.

The Scheme shall be valid and effective for a period of 10 years commencing from 10 July 2007, after which period no further Awards 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 Award must be held before its vesting, performance, operating and financial targets and other criteria to be satisfied before the vesting of an Award and other terms and conditions of an Award, provided that, in respect of an Award of Option, the exercise price of an Option shall be a price determined by the Board at its absolute discretion but shall not be less than 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 business days immediately preceding the date of the offer; or (iii) the nominal value of the Shares on the date of Offer.

Subject to the Listing Rules, the overall limit on the number of Shares subject to Awards from time to time under the Scheme and any 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 or vesting of Awards granted and to be granted to each participant or grantee (including exercised, cancelled and outstanding Options, and vested and outstanding Awards) in any 12-month period shall not exceed 1% of the Shares in issue at the offer date. Any further grant of Awards 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 his associates would result in such person 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 offer and any acceptance thereof must be subject to approval of the shareholders in general meeting taken on a poll.

Details of movements of the options granted under the Share Option Scheme during the year ended 31 December 2010 are as follows:

	Date of Grant	Exercise price per Share HK$	as at 01/01/2010	Number of Shares issuable under the options granted during the period	exercised during the period	forfeited during the period	cancelled during the period	as at 31/12/2010	Exercise period
Directors									
LI Chao Wang	24/02/2009	2.98	1,600,000	—	(1,600,000)	—	—	—	24/02/2009 to 23/02/2019
YU Yi Fang	24/02/2009	2.98	9,038,000	—	—	—	—	9,038,000	24/02/2009 to 23/02/2019
DONG Yi Ping	24/02/2009	2.98	9,038,000	—	—	—	—	9,038,000	24/02/2009 to 23/02/2019
LEUNG Ping Chung, Hermann	24/02/2009	2.98	400,000	—	(400,000)	—	—	—	24/02/2009 to 23/02/2019
Johann Christoph MICHALSKI	24/02/2009	2.98	400,000	—	—	—	—	400,000	24/02/2009 to 23/02/2019
CHIU Bun	24/02/2009	2.98	400,000	—	—	—	—	400,000	24/02/2009 to 23/02/2019
CAO Zhen Lei	24/02/2009	2.98	400,000	—	(400,000)	—	—	—	24/02/2009 to 23/02/2019
TSUI King Fai	24/02/2009	2.98	400,000	—	(400,000)	—	—	—	24/02/2009 to 23/02/2019
ZHANG Dong Fang	15/04/2010	5.42	—	3,000,000	—	—	—	3,000,000	(Note 1)
Employees of the Group	24/02/2009	2.98	5,010,000	—	(790,000)	(54,000)	—	4,166,000	(Note 2)
In aggregate			26,686,000	3,000,000	(3,590,000)	(54,000)	—	26,042,000	

Notes:

(1) (i) up to 33% of the options are exercisable on or after 15 April 2010;

(ii) up to 67% of the options are exercisable on or after 15 April 2011;

(iii) all the remaining options are exercisable on or after 15 April 2012;

and in each case, no later than 14 April 2020.

(2) (i) up to 20% of the options are exercisable on or after 24 February 2010;

(ii) up to 50% of the options are exercisable on or after 24 February 2011;

(iii) all the remaining options are exercisable on or after 24 February 2012;

and in each case, no later than 24 February 2019.

Arrangement to Purchase Shares or Debentures

Save as disclosed above, at no time during the year 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, Underlying Shares of the Company

As at 31 December 2010, the interests and short positions of the substantial shareholders of the Company in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in shares and underlying shares

Name of shareholder	Nature of interest	Interest in Shares	Percentage of issued share capital
Fu An International Company Limited	Beneficial owner	282,206,235	30.13%
Sentential Holdings Limited (1)	Interest of controlled company	282,206,235	30.13%
Eagle Power Assets Limited (1)	Interest of controlled company	282,206,235	30.13%
HSBS International Trustee Limited (1)	Trustee of CW Li Family Trust	282,206,235	30.13%
Li Chao Wang (1)	Settlor and beneficiary of CW Li Family Trust	282,206,235	30.13%
SCA Hygiene Holding AB	Beneficial owner	169,531,897	18.10%
SCA Group Holding BV (2)	Interest of controlled company	169,531,897	18.10%
Svenska Cellulosa Aktiebolaget (2)	Interest of controlled company	169,531,897	18.10%
Invesco Hong Kong Limited (3)	Beneficial owner	73,990,000	7.90%

Notes:

1. These Shares are registered in the name of Fu An International Company Limited which 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 is held by Eagle Power Assets Limited, whose entire issued share capital is held by HSBC International Trustee Limited in its capacity as trustee of CW Li Family Trust with Mr. LI Chao Wang as the settler. Under the SFO, Sentential Holdings Limited, Eagle Power Assets Limited, HSBC International Trustee Limited and LI Chao Wang are all deemed to be interested in the Shares held by Fu An International Company Limited.

2. These Shares are registered in the name of SCA Hygiene Holding AB, which is indirectly wholly-owned by Svenska Cellulosa Aktiebolaget, a company whose shares are traded on the Stockholm, London and New York (as ADRs) stock exchanges. Under the SFO, Svenska Cellulosa Aktiebolaget is deemed to be interested in the Shares held by SCA Hygiene Holding AB.

3. Invesco Hong Kong Limited was interested in 73,990,000 Shares of the Company as investment manager.

Save as disclosed above, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major Customers and Suppliers

During the year, the percentage of sales of goods attributable to the Group's five largest customers combined are 11.33%.

During the year, the percentages of purchases of goods attributable to the Group's major suppliers are approximately as follows:

— the largest supplier	13.65%
— five largest suppliers combined	45.46%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the above major suppliers.

Sufficiency of Public Float

Based on the information that is publicly available and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights under the laws of the Cayman Islands.

Auditors

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for reappointment.

On behalf of the Board
LI Chao Wang
Chairman

Hong Kong, 30 March 2011

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF VINDA INTERNATIONAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Vinda International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 51 to 126, which comprise the consolidated and company balance sheets as at 31 December 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2011

Consolidated Balance Sheet

As at 31 December 2010

	Note	As at 31 December 2010 HK$	2009 HK$ (restated)	As at 1 January 2009 HK$ (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	7, 2.1	**2,272,640,034**	1,838,591,852	1,866,288,172
Leasehold land and land use rights	6, 2.1	**160,496,665**	145,408,286	103,381,135
Intangible assets	8	**11,085,320**	6,881,218	740,895
Deferred income tax assets	19	**87,688,594**	72,909,571	47,508,724
		2,531,910,613	2,063,790,927	2,017,918,926
Current assets				
Inventories	10	**1,321,689,469**	912,068,945	491,755,387
Trade receivables, other receivables and prepayments	11	**647,011,913**	409,312,796	259,669,018
Due from related parties	32(c)	**1,100,830**	5,458,343	5,300,643
Pledged bank deposits	12	**45,689**	760,931	884,454
Cash and cash equivalents	13	**389,551,782**	346,949,107	172,189,258
		2,359,399,683	1,674,550,122	929,798,760
Total assets		**4,891,310,296**	3,738,341,049	2,947,717,686
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	14	**93,673,169**	90,464,169	90,384,169
Share premium	14	**1,113,265,875**	838,018,579	834,834,579
Other reserves	16			
— Proposed final dividend		**81,495,657**	81,417,752	41,576,718
— Others		**1,399,720,969**	1,060,007,903	742,291,177
Total equity		**2,688,155,670**	2,069,908,403	1,709,086,643

Consolidated Balance Sheet (continued)

As at 31 December 2010

	Note	As at 31 December **2010** **HK$**	2009 HK$ (restated)	As at 1 January 2009 HK$ (restated)
LIABILITIES				
Non-current liabilities				
Borrowings	18, 2.1	**530,262,883**	350,394,107	308,019,393
Deferred government grants	20	**69,980,811**	63,467,626	33,127,079
Deferred income tax liabilities	19	**1,713,636**	1,794,270	1,556,700
		601,957,330	415,656,003	342,703,172
Current liabilities				
Trade payables, other payables and accrued expenses	17	**980,263,434**	680,034,008	429,879,934
Due to a related party	32(c)	**—**	1,054,572	568,205
Borrowings	18, 2.1	**557,414,488**	512,828,685	436,267,403
Current income tax liabilities		**63,519,374**	58,859,378	29,212,329
		1,601,197,296	1,252,776,643	895,927,871
Total liabilities		**2,203,154,626**	1,668,432,646	1,238,631,043
Total equity and liabilities		**4,891,310,296**	3,738,341,049	2,947,717,686
Net current assets		**758,202,387**	421,773,479	33,870,889
Total assets less current liabilities		**3,290,113,000**	2,485,564,406	2,051,789,815

LI Chao Wang
Director

YU Yi Fang
Director

The notes on pages 57 to 126 are an integral part of these consolidated financial statements.

Company Balance Sheet

As at 31 December 2010

	Note	As at 31 December 2010 HK$	2009 HK$
ASSETS			
Non-current assets			
Investments in and balances with subsidiaries	9	**1,227,879,602**	1,043,979,314
Current assets			
Other receivables		**145,595**	290,424
Dividends receivable		**252,158,205**	130,109,503
Cash and cash equivalents	13	**843,937**	227,352
		253,147,737	130,627,279
Total assets		**1,481,027,339**	1,174,606,593
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	14	**93,673,169**	90,464,169
Share premium	14	**1,113,265,875**	838,018,579
Other reserves	16		
— Proposed final dividend		**81,495,657**	81,417,752
— Others		**184,921,485**	155,165,561
Total equity		**1,473,356,186**	1,165,066,061
LIABILITIES			
Current liabilities			
Other payables and accrued expenses	17	**7,671,153**	9,540,532
Total liabilities		**7,671,153**	9,540,532
Total equity and liabilities		**1,481,027,339**	1,174,606,593
Net current assets		**245,476,584**	121,086,747
Total assets less current liabilities		**1,473,356,186**	1,165,066,061

LI Chao Wang
Director

YU Yi Fang
Director

The notes on pages 57 to 126 are an integral part of this financial statement.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	Note	For the year ended 31 December 2010 HK$	2009 HK$
Revenue	5	**3,602,168,770**	2,776,116,529
Cost of sales	22	**(2,540,131,315)**	(1,825,317,921)
Gross profit		**1,062,037,455**	950,798,608
Selling and marketing costs	22	**(444,985,005)**	(281,002,421)
Administrative expenses	22	**(181,352,062)**	(155,651,477)
Other income and gains — net	21	**27,769,484**	8,601,735
Operating profit		**463,469,872**	522,746,445
Finance income	24	**2,700,957**	1,829,438
Finance costs	24	**(5,989,635)**	(29,331,701)
Finance costs, net	24	**(3,288,678)**	(27,502,263)
Profit before income tax		**460,181,194**	495,244,182
Income tax expense	25(a)	**(91,235,087)**	(97,444,475)
Profit attributable to equity holders of the Company		**368,946,107**	397,799,707
Other comprehensive income:			
Currency translation differences		**80,850,222**	2,494,422
Total comprehensive income attributable to equity holders of the Company		**449,796,329**	400,294,129
Earnings per share for profit attributable to the equity holders of the Company for the year (expressed in HK$ per share)			
— basic	28	**0.404**	0.440
— diluted	28	**0.398**	0.437

The notes on pages 57 to 126 are an integral part of these consolidated financial statements.

		For the year ended 31 December 2010 HK$	2009 HK$
Dividends	29	**112,376,123**	108,545,003

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Note	Attributable to equity holders of the Company			
		Share capital HK$	Share premium HK$	Other reserves HK$	Total HK$
Balance at 1 January 2009		90,384,169	834,834,579	783,867,895	1,709,086,643
Profit for the year		—	—	397,799,707	397,799,707
Other comprehensive income					
— Currency translation differences		—	—	2,494,422	2,494,422
Total comprehensive income for 2009		—	—	400,294,129	400,294,129
Transaction with owners					
Employees share option scheme					
— Value of employee services	15	—	—	26,866,000	26,866,000
— Exercise of options	14	80,000	3,184,000	(880,000)	2,384,000
Dividends	29	—	—	(68,722,369)	(68,722,369)
Transaction with owners		80,000	3,184,000	(42,736,369)	(39,472,369)
Balance at 31 December 2009		90,464,169	838,018,579	1,141,425,655	2,069,908,403
Balance at 1 January 2010		**90,464,169**	**838,018,579**	**1,141,425,655**	**2,069,908,403**
Profit for the year		**—**	**—**	**368,946,107**	**368,946,107**
Other comprehensive income					
— Currency translation differences		**—**	**—**	**80,850,222**	**80,850,222**
Total comprehensive income for 2010		**—**	**—**	**449,796,329**	**449,796,329**
Transaction with owners					
Employees share option scheme					
— Value of employee services	15	**—**	**—**	**6,136,000**	**6,136,000**
— Exercise of options	14	**359,000**	**14,182,340**	**(3,843,140)**	**10,698,200**
Allotment of shares	14	**2,850,000**	**261,064,956**	**—**	**263,914,956**
Dividends	29	**—**	**—**	**(112,298,218)**	**(112,298,218)**
Transaction with owners		**3,209,000**	**275,247,296**	**(110,005,358)**	**168,450,938**
Balance at 31 December 2010		**93,673,169**	**1,113,265,875**	**1,481,216,626**	**2,688,155,670**

The notes on pages 57 to 126 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2010

	Note	For the year ended 31 December 2010 HK$	 2009 HK$
Cash flows from operating activities			
Cash generated from operations	30(a)	**248,189,108**	400,977,436
Interest paid		**(25,348,718)**	(30,790,913)
Income tax paid		**(100,389,688)**	(91,631,155)
Net cash generated from operating activities		**122,450,702**	278,555,368
Cash flows from investing activities			
Purchase of property, plant and equipment		**(451,687,914)**	(107,997,117)
Proceeds from disposal of property, plant and equipment	30(b)	**886,643**	930,358
Payment for leasehold land and land use rights		**(14,339,216)**	(44,663,348)
Purchase of intangible assets		**(6,530,307)**	(7,031,941)
Interest received		**2,700,957**	1,829,438
Net cash used in investing activities		**(468,969,837)**	(156,932,610)
Cash flows from financing activities			
Proceeds from shares issued		**274,613,156**	2,384,000
Proceeds from borrowings		**1,513,082,436**	1,546,453,411
Repayments of borrowings		**(1,288,627,857)**	(1,427,517,415)
Decrease in pledged bank deposits		**715,242**	123,523
Dividends paid		**(112,298,218)**	(68,722,369)
Net cash generated from financing activities		**387,484,759**	52,721,150
Net increase in cash and cash equivalents		**40,965,624**	174,343,908
Effect of foreign exchange rate changes		**1,637,051**	415,941
Cash and cash equivalents, beginning of the year	13	**346,949,107**	172,189,258
Cash and cash equivalents, end of the year	13	**389,551,782**	346,949,107

The notes on pages 57 to 126 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

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 services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 9. The Company and its subsidiaries are collectively referred to as the "Group".

The Company's shares have been listed on The Stock Exchange of Hong Kong Limited ("HKSE") 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.

These consolidated financial statements are presented in Hong Kong dollar ("HK$") unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2011.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

Changes in accounting policy and disclosures

(a) Prior year adjustment — changes in accounting policies

In November 2010 the HKICPA issued Hong Kong Interpretation 5 "Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause". The Interpretation is effective immediately and is a clarification of an existing standard of the HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause.

In order to comply with the requirements of Hong Kong Interpretation 5, the Group has changed its accounting policy on the classification of term loans that contain a repayment on demand clause. Under the new policy, term loans with clauses which give the lender the unconditional right to call the loan at any time are classified as current liabilities in the balance sheet. Previously such term loans were classified in accordance with the agreed repayment schedule unless the Group had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

The new accounting policy has been applied retrospectively by re-presenting the opening balances at 1 January 2009, with consequential reclassification adjustments to the comparatives for the year ended 31 December 2009. The reclassification has had no effect on reported profit or loss, total comprehensive income or equity for any period presented.

Effect of adoption of Hong Kong Interpretation 5 on the balance sheet

	As at 31 December 2010 HK$	As at 31 December 2009 HK$	As at 1 January 2009 HK$
Increase/(decrease) in			
Current liabilities			
Bank borrowings	**85,500,000**	247,345,217	157,856,113
Non-current liabilities			
Bank borrowings	**(85,500,000)**	(247,345,217)	(157,856,113)

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

Changes in accounting policy and disclosures *(continued)*

(b) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

- HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

- HKAS 17 (amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land and land use rights", and amortised over the lease term.

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

Changes in accounting policy and disclosures *(continued)*

(b) New and amended standards adopted by the Group (continued)

- HKAS 17 (amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified certain leasehold land from operating lease to finance lease.

  The land interest of the Group that is held for own use is accounted for as property, plant and equipment and is depreciated from the land interest available for its intended use over the shorter of the useful life of the asset and the lease term.

  The reclassification has had no effect on reported profit or loss, total comprehensive income or equity for any period presented. The effect of the adoption of this amendment on the balance sheet is as below:

	As at 31 December 2010 HK$	As at 31 December 2009 HK$	As at 1 January 2009 HK$
(Decrease)/Increase in Leasehold land and land use rights	**(13,577,053)**	(13,501,956)	(13,913,843)
Property, plant and equipment	**13,577,053**	13,501,956	13,913,843

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

Changes in accounting policy and disclosures *(continued)*

(c) *New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)*

HK(IFRIC) 17	Distribution of non-cash assets to owners
HK(IFRIC) 18	Transfers of assets from customers
HK(IFRIC) 9	Reassessment of embedded derivatives and HKAS 39, Financial instruments: Recognition and measurement
HK(IFRIC) 16	Hedges of a net investment in a foreign operation
HKAS 1 (amendment)	Presentation of financial statements
HKAS 36 (amendment)	Impairment of assets
HKFRS 2 (amendment)	Group cash-settled share-based payment transactions
HKFRS 5 (amendment)	Non-current assets held for sale and discontinued operations

(d) *New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted.*

		Effective date
HKAS 12 (amendment)	Income tax	1 January 2012
HKAS 24 (revised)	Related Party Disclosures	1 January 2011
HKAS 32 (amendment)	Classification of rights issues	1 January 2011
HKFRS 9	Financial Instruments: Classification and measurement	1 January 2013
HK (IFRIC) 14	Prepayments of a Minimum Funding Requirement	1 January 2011
HK (IFRIC) 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2011

Amendments and interpretations as mentioned above are not expected to have a material effect on the Group's operating results, financial position or comprehensive income.

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

Changes in accounting policy and disclosures *(continued)*

(d) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted. (continued)

Apart from the above, the HKICPA has issued the third annual improvements project (2010) in May 2010 which sets out amendments to a number of HKFRSs primarily with a view to remove inconsistencies and to clarify wordings. The Group has not applied the following revised HKFRSs published in the third annual improvements project.

		Effective date
HKFRS 3 (revised)	Business combinations	1 January 2011
HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standards	1 January 2011
HKFRS 7	Financial Instruments: Disclosures	1 January 2011
HKAS 1	Presentation of Financial Statements	1 January 2011
HKAS 34	Interim financial reporting	1 January 2011
HK (IFRIC) — Int 13	Customer loyalty programmes	1 January 2011
HKAS 27	Consolidated and separate financial statements	1 July 2011

The Group is in the process of making assessment of the impact of these new or revised HKFRSs upon initial adoption, while it is not expected that the adoption of these new or revised HKFRSs will have a significant impact on the Group or the Company's financial statements.

2.2 Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2 Summary of significant accounting policies *(continued)*

2.2 Consolidation *(continued)*

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income (Note 2.7).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

2 Summary of significant accounting policies *(continued)*

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Renminbi ("RMB"). Considering the Company is tax registered in Hong Kong, HK$ is chosen as the presentation currency to present the consolidated financial statements.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other income and gains — net'.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the consolidated statement of comprehensive income as part of the gain or loss on sale.

2 Summary of significant accounting policies *(continued)*

2.4 Foreign currency translation *(continued)*

(c) Group companies (continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

Leasehold land classified as financial lease and all other property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	50 years
Buildings	30 to 50 years
Leasehold improvements	3 years
Machinery	10 to 15 years
Furniture, fittings and equipment	4 to 5 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised within 'other income and gains — net' in the consolidated statement of comprehensive income.

2 Summary of significant accounting policies *(continued)*

2.5 Property, plant and equipment *(continued)*

Construction-in-progress ("CIP") represents buildings, plant and machinery under construction or pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, costs of plant and machinery, and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for the intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

2.6 Leasehold land and land use rights

All land in the People's Republic of China (the "PRC") is state-owned and no individual land ownership right exists. The Group acquired the right to use certain land. The premiums paid for such right are treated as prepayment for operating lease and recorded as leasehold land and land use rights, which are amortised over the lease periods using the straight-line method. The leasehold land and land use rights are stated at historical cost less accumulated amortisation and impairment losses.

2.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each entity with independent operations (Note 2.8).

(b) Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (5 years).

2 Summary of significant accounting policies *(continued)*

2.8 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.9 Financial assets

The Group's financial assets are loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are classified as trade and other receivables (Note 2.11), due from related parties, pledged bank deposits (Note 2.12) and cash and cash equivalents in the balance sheet (Note 2.13).

Loans and receivables are initially recognised at fair value and then subsequently carried at amortised cost using the effective interest method.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 Summary of significant accounting policies *(continued)*

2.11 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in the normal operating cycle of the business, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Group assesses at the end of each reporting period whether there is objective evidence that trade and other receivables are impaired. Trade and other receivables are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the trade and other receivables that can be reliably estimated.

The amount of the loss is measured as the difference between trade and other receivables' carrying amount and the present value of estimated future cash flows. The carrying amount of trade and other receivables is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 Summary of significant accounting policies *(continued)*

2.14 Trade and other payables

Trade payables are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due in the normal operating cycle of the business. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings at nil or low interest rates from government are treated as government assistance and recognised initially at the cost of consideration received.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs that are directly attributable to the acquisition, construction or production of any qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sales are capitalised as part of the cost of that asset.

All other borrowing costs are charged to the statement of comprehensive income in the period in which they are incurred.

2 Summary of significant accounting policies *(continued)*

2.16 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2 Summary of significant accounting policies *(continued)*

2.17 Employee benefits

(a) Pension obligations

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF"), a defined contribution plan. Under the MPF, the Group and its Hong Kong employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation, subject to a cap of HK$1,000 per person per month and any excess contributions are voluntary.

In accordance with the rules and regulations in the PRC, the Group has arranged for its PRC employees to join a defined contribution retirement benefit plan organised by the PRC government. The PRC government undertakes to assume the retirement benefit obligations of all existing and future retired employees payable under this plan. The assets of this plan are held separately from those of the Group in an independent fund managed by the PRC government.

The Group also operates two defined contribution schemes which are available to the employees in Australia and the United States. Contributions are made based on certain percentage of the employees' compensation or a fixed sum.

The Group has no further payment obligations once the contributions have been paid. The Group's contributions to these plans are charged to the consolidated statement of comprehensive income as incurred.

(b) Other employee benefits

In addition to pension obligation, all PRC employees of the Group participate in various employee social security plans, including medical, housing and other welfare benefits, organised and administered by the governmental authorities. According to the relevant regulations, the premiums and welfare benefit contributions that should be borne by the Group are calculated based on percentages of the total salary of employees (or on other basis), subject to a certain ceiling, and are paid to the labour and social welfare authorities.

The Group has no further payment obligations once the contributions have been paid. The Group's contributions to these plans are charged to the consolidated statement of comprehensive income as incurred.

2 Summary of significant accounting policies *(continued)*

2.18 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- including the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and an employee remaining on service of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

2 Summary of significant accounting policies *(continued)*

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Government assistance and grants

Government assistance is the action by government designed to provide an economic benefit specific to an entity. The government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity are not recognised.

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the acquisition of land use rights and property, plant and equipment are included in non-current liabilities as deferred government grants and are recognised in the consolidated statement of comprehensive income on a straight line basis over the expected lives of the related assets.

2 Summary of significant accounting policies *(continued)*

2.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax("VAT"), returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognised when a Group's entity has delivered products to the customer; the customer has accepted the products and collectability of the related receivables is reasonably assured.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.22 Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2 Summary of significant accounting policies *(continued)*

2.23 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors as appropriate.

2.25 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

3 Financial risk management

3.1 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 Group's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Company and most of its subsidiaries' functional currency is RMB, since majority of the companies' revenues are derived from operations in mainland China. Foreign exchange risk arises when the future commercial transactions of sales to and purchases from overseas and recognised assets or liabilities, such as cash and cash equivalents (Note 13), pledged bank deposits (Note 12), trade and other receivables (Note 11), trade and other payables (Note 17) and borrowings (Note 18), certain of which are denominated in United States dollar (the "US$") and HK$ (pegged with US$). The Group has not hedged its foreign exchange rate risk.

As at 31 December 2009 and 2010, if RMB had strengthened/weakened by 10% against US$ with all other variables held constant, the post-tax profit for each year would have changed mainly as a result of foreign exchange gains/losses on translation of US$ denominated cash and cash equivalents, pledged bank deposits, trade and other receivables, trade and other payables and borrowings. Details of the changes are as follows:

	31 December	
	2010	2009
	HK$	HK$
For the year ended:		
Post-tax profit increase/(decrease)		
— Strengthened by 10%	**40,933,418**	32,989,978
— Weakened by 10%	**(40,933,418)**	(32,989,978)
As at:		
Owners' equity increase/(decrease)		
— Strengthened by 10%	**40,933,418**	32,989,978
— Weakened by 10%	**(40,933,418)**	(32,989,978)

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

As at 31 December 2009 and 2010, if RMB had strengthened/weakened by 10% against HK$ with all other variables held constant, the post-tax profit for each year would have changed mainly as a result of foreign exchange gains/losses on translation of HK$ denominated cash and cash equivalents, pledged bank deposits, trade and other receivables, trade and other payables and borrowings. Details of the changes are as follows:

	31 December	
	2010	2009
	HK$	HK$
For the year ended:		
Post-tax profit increase/(decrease)		
— Strengthened by 10%	**46,218,717**	25,168,543
— Weakened by 10%	**(46,218,717)**	(25,168,543)
As at:		
Owners' equity increase/(decrease)		
— Strengthened by 10%	**46,218,717**	25,168,543
— Weakened by 10%	**(46,218,717)**	(25,168,543)

(ii) Interest-rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. Details of the Group's borrowings have been disclosed in Note 18.

The Group historically has not used any financial instruments to hedge its exposure to interest rate risk.

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk (continued)

(ii) Interest-rate risk (continued)

As at 31 December 2009 and 2010, if interest rates on bank borrowings had been 10 basis points higher/lower with all other variables held constant, the post-tax profit for each year would have changed mainly as a result of higher/lower interest expense on floating rate borrowings. Details of the changes are as follows:

	31 December	
	2010	2009
	HK$	HK$
For the year ended:		
Post-tax profit (decrease)/increase		
— 10 basis points higher	**(716,514)**	(659,459)
— 10 basis points lower	**716,514**	659,459
As at:		
Owners' equity (decrease)/increase		
— 10 basis points higher	**(716,514)**	(659,459)
— 10 basis points lower	**716,514**	659,459

(b) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, pledged bank deposits, due from related parties, and trade and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

As at 31 December 2009 and 2010, all pledged bank deposits and cash and cash equivalents were deposited in state-owned banks and reputable financial institutions and were hence without significant credit risk. Management does not expect any losses from non-performance by these counterparties.

Credit sales are made to selected customers with good credit history. The Group has policies in place to ensure that trade receivables are followed up on a timely basis.

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's objective is to maintain adequate committed credit lines to ensure sufficient and flexible funding is available to the Group. The Group also considers converting short-term borrowings into long-term borrowings to improve the Group's liquidity.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	On demand	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**
	HK$	HK$	HK$	HK$
As at 31 December 2010				
Term loans subject to a repayment on demand clause	**85,500,000**	**—**	**—**	**—**
Other bank loans	**—**	**471,914,488**	**340,166,426**	**190,096,457**
Interests payable on borrowings (i)	**1,624,500**	**26,185,632**	**10,517,989**	**11,826,127**
Trade payables	**—**	**580,094,715**	**—**	**—**
Other payables	**—**	**167,878,069**	**—**	**—**
As at 31 December 2009				
Term loans subject to a repayment on demand clause	247,345,217	—	—	—
Other bank loans	—	265,483,468	170,722,805	179,671,302
Interests payable on borrowings (i)	5,253,286	18,946,648	13,526,503	2,271,827
Trade payables	—	367,053,331	—	—
Other payables	—	117,101,723	—	—

(i) The interest on borrowings is calculated based on borrowings held as at 31 December 2009 and 2010 without taking account of future issues. Floating-rate interest is estimated using current interest rate as at 31 December 2009 and 2010 respectively.

3 Financial risk management *(continued)*

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and pledged bank deposits. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The gearing ratios at 31 December 2009 and 2010 were as follows:

	As at 31 December	
	2010	2009
	HK$	HK$
Total borrowings (Note 18)	**1,087,677,371**	863,222,792
Less: Cash and cash equivalents (Note 13)	**(389,551,782)**	(346,949,107)
Pledged bank deposits (Note 12)	**(45,689)**	(760,931)
Net debt	**698,079,900**	515,512,754
Total equity	**2,688,155,670**	2,069,908,403
Total capital	**3,386,235,570**	2,585,421,157
Gearing ratio	**20.62%**	19.94%

The gearing ratio as at 31 December 2010 was not significantly different from that as at 31 December 2009.

3.3 Fair value estimation

The carrying value less impairment provision of trade and other receivables and payables, due from/to related parties are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Current tax and deferred tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation in the periods in which such estimate is changed.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to industry cycles. Management reassesses the estimates at each balance sheet date.

4 Critical accounting estimates and judgments *(continued)*

(d) Provision for impairment of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Management reassesses the provision at each balance sheet date.

(e) Estimated impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgments and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related assets values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of comprehensive income.

5 Segment information

The Group is principally engaged in the manufacture and sales of household consumable paper. Revenue is analysed as follows:

	For the year ended 31 December	
	2010	2009
	HK$	HK$
Sales of goods	**3,430,308,055**	2,612,936,594
Sales of semi-finished goods and other materials	**171,860,715**	163,179,935
Total revenue	**3,602,168,770**	2,776,116,529

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

Based on these reports, the executive committee has determined that no business segment information is presented as over 90% of the Group's sales and operating profits are derived from the sales of paper products, which is considered one business segment with similar risks and returns.

The executive committee has also determined that no geographical segment information is presented as about 88% of the Group's sales are derived within the PRC and over 90% operating assets of the Group are located in the PRC, which is considered one geographic location with similar risks and returns.

The Company is domiciled in Hong Kong. The result of its revenue from external customers in Mainland China, Hong Kong and other overseas is HK$3,186,738,815 (2009: HK$2,398,014,521), HK$392,717,315 (2009: HK$343,736,896), HK$22,712,640 (2009: HK$34,365,112) respectively.

The total non-current assets are analysed as follows:

	As at 31 December	
	2010	2009
	HK$	HK$
Total non-current assets other than deferred tax assets		
— Mainland China	**2,414,232,192**	1,962,321,816
— Hong Kong and other overseas	**29,989,827**	28,559,540
Deferred tax assets	**87,688,594**	72,909,571
Total non-current assets	**2,531,910,613**	2,063,790,927

6 Leasehold land and land use rights — Group

The Group's interests in leasehold land and land use rights represent the prepaid operating lease payments and their net book values are analysed as follows:

	As at 31 December 2010 HK$	2009 HK$ (restated)	As at 1 January 2009 HK$ (restated)
Outside Hong Kong, held on:			
Lease of between 10 and 50 years	**160,496,665**	145,408,286	103,381,135

	For the year ended 31 December 2010 HK$	2009 HK$
At 1 January, as previously reported	**158,910,242**	117,294,978
Effect of adoption of HKAS 17 (amendment)	**(13,501,956)**	(13,913,843)
At 1 January, as restated	**145,408,286**	103,381,135
Additions	**14,339,216**	44,663,348
Amortisation of leasehold land and land use rights (Note 22)	**(4,480,906)**	(2,835,785)
Exchange differences	**5,230,069**	199,588
	160,496,665	145,408,286

7 Property, plant and equipment — Group

	Land and buildings HK$	Leasehold improvements HK$	Machinery HK$	Furniture, fittings and equipment HK$	Vehicles HK$	Construction in progress HK$	Total HK$
At 1 January 2009							
Cost as previously reported	606,411,464	1,088,223	1,394,590,759	20,263,188	14,663,803	327,049,219	2,364,066,656
Effect of adoption of HKAS 17 (amendment)	22,808,885	—	—	—	—	—	22,808,885
Cost as restated	629,220,349	1,088,223	1,394,590,759	20,263,188	14,663,803	327,049,219	2,386,875,541
Accumulated depreciation and impairment	(79,663,200)	(1,088,223)	(414,591,277)	(8,603,219)	(7,746,408)	—	(511,692,327)
Effect of adoption of HKAS 17 (amendment)	(8,895,042)	—	—	—	—	—	(8,895,042)
Accumulated depreciation, as restated	(88,558,242)	(1,088,223)	(414,591,277)	(8,603,219)	(7,746,408)	—	(520,587,369)
Net book amount, as restated	540,662,107	—	979,999,482	11,659,969	6,917,395	327,049,219	1,866,288,172
Year ended 31 December 2009							
Opening net book amount	526,748,264	—	979,999,482	11,659,969	6,917,395	327,049,219	1,852,374,329
Effect of adoption of HKAS 17 (amendment)	13,913,843	—	—	—	—	—	13,913,843
Opening net book amount, as restated	540,662,107	—	979,999,482	11,659,969	6,917,395	327,049,219	1,866,288,172
Additions	9,327,499	—	8,765,591	2,148,063	2,019,580	63,578,183	85,838,916
Disposals	—	—	(2,364,988)	(47,120)	(538,437)	—	(2,950,545)
Reclassification	124,794,757	—	236,170,176	1,685,074	199,151	(362,849,158)	—
Depreciation (Note 22)	(21,639,683)	—	(89,285,806)	(2,003,895)	(2,159,990)	—	(115,089,374)
Exchange differences	989,453	—	3,159,780	23,353	64,171	267,926	4,504,683
Closing net book amount	654,134,133	—	1,136,444,235	13,465,444	6,501,870	28,046,170	1,838,591,852
At 31 December 2009							
Cost	741,638,785	1,088,223	1,637,989,279	23,723,072	15,181,230	28,046,170	2,447,666,759
Effect of adoption of HKAS 17 (amendment)	22,845,152	—	—	—	—	—	22,845,152
Cost as restated	764,483,937	1,088,223	1,637,989,279	23,723,072	15,181,230	28,046,170	2,470,511,911
Accumulated depreciation and impairment	(101,006,608)	(1,088,223)	(501,545,044)	(10,257,628)	(8,679,360)	—	(622,576,863)
Effect of adoption of HKAS 17 (amendment)	(9,343,196)	—	—	—	—	—	(9,343,196)
Accumulated depreciation, as restated	(110,349,804)	(1,088,223)	(501,545,044)	(10,257,628)	(8,679,360)	—	(631,920,059)
Net book amount	654,134,133	—	1,136,444,235	13,465,444	6,501,870	28,046,170	1,838,591,852
Year ended 31 December 2010							
Opening net book amount	**640,632,177**	**—**	**1,136,444,235**	**13,465,444**	**6,501,870**	**28,046,170**	**1,825,089,896**
Effect of adoption of HKAS 17 (amendment)	**13,501,956**	**—**	**—**	**—**	**—**	**—**	**13,501,956**
Opening net book amount, as restated	**654,134,133**	**—**	**1,136,444,235**	**13,465,444**	**6,501,870**	**28,046,170**	**1,838,591,852**
Additions	**205,780**	**—**	**15,394,736**	**5,326,106**	**2,789,951**	**462,733,708**	**486,450,281**
Disposals	**—**	**—**	**(1,185,910)**	**(223,600)**	**(160,640)**	**—**	**(1,570,150)**
Reclassification	**102,711,999**	**—**	**87,018,495**	**—**	**—**	**(189,730,494)**	**—**
Depreciation (Note 22)	**(18,439,142)**	**—**	**(99,746,547)**	**(2,415,814)**	**(2,492,839)**	**—**	**(123,094,342)**
Exchange differences	**24,659,218**	**—**	**40,403,602**	**331,353**	**244,726**	**6,623,494**	**72,262,393**
Closing net book amount	**763,271,988**	**—**	**1,178,328,611**	**16,483,489**	**6,883,068**	**307,672,878**	**2,272,640,034**
At 31 December 2010							
Cost	**896,210,286**	**1,088,223**	**1,797,451,456**	**29,409,347**	**18,381,952**	**307,672,878**	**3,050,214,142**
Accumulated depreciation	**(132,938,298)**	**(1,088,223)**	**(619,122,845)**	**(12,925,858)**	**(11,498,884)**	**—**	**(777,574,108)**
Net book amount	**763,271,988**	**—**	**1,178,328,611**	**16,483,489**	**6,883,068**	**307,672,878**	**2,272,640,034**

7 Property, plant and equipment — Group *(continued)*

During the year ended 31 December 2010, depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	For the year ended 31 December	
	2010	2009
	HK$	HK$
		(restated)
Cost of sales	**111,590,881**	105,682,552
Administrative expenses	**11,503,461**	9,406,822
	123,094,342	115,089,374

8 Intangible assets — Group

	Goodwill HK$	Computer software HK$	Total HK$
At 1 January 2009			
Cost	2,206,207	1,548,203	3,754,410
Accumulated amortisation and impairment	(2,206,207)	(807,308)	(3,013,515)
Net book amount	—	740,895	740,895
Year ended 31 December 2009			
Opening net book amount	—	740,895	740,895
Additions	—	7,031,941	7,031,941
Amortisation expense (Note 22)	—	(902,001)	(902,001)
Exchange differences	—	10,383	10,383
Closing net book amount	—	6,881,218	6,881,218
At 31 December 2009			
Cost	2,206,207	8,580,144	10,786,351
Accumulated amortisation and impairment	(2,206,207)	(1,698,926)	(3,905,133)
Net book amount	—	6,881,218	6,881,218
Year ended 31 December 2010			
Opening net book amount	—	6,881,218	6,881,218
Additions	—	6,530,307	6,530,307
Amortisation expense (Note 22)	—	(2,553,924)	(2,553,924)
Exchange differences	—	227,719	227,719
Closing net book amount	—	11,085,320	11,085,320
At 31 December 2010			
Cost	2,206,207	15,391,734	17,597,941
Accumulated amortisation and impairment	(2,206,207)	(4,306,414)	(6,512,621)
Net book amount	—	11,085,320	11,085,320

8 Intangible assets — Group *(continued)*

During the year ended 31 December 2010, amortisation of intangible assets charged to the consolidated statement of comprehensive income is as follow:

	For the year ended 31 December	
	2010	2009
	HK$	HK$
Administrative expenses	**2,553,924**	902,001

9 Investments in and balances with subsidiaries — Company

(a) Investments in and balances with subsidiaries

	As at 31 December	
	2010	2009
	HK$	HK$
Unlisted investments, at cost	**86,277,310**	76,178,686
Due from subsidiaries (Note (i))	**1,141,602,292**	967,800,628
	1,227,879,602	1,043,979,314

(i) Amounts due from subsidiaries represent equity fundings provided by the Company to its subsidiaries and are measured in accordance with the Company's accounting policy for investments in subsidiaries. They are unsecured and non-interest bearing.

9 Investments in and balances with subsidiaries — Company *(continued)*

(b) Details of subsidiaries

As at 31 December 2010, the Company had direct and indirect interests in the following subsidiaries:

Name	Place of incorporation and kind of legal entity	Principal activities	Issued and fully paid capital	Interest held (directly)	Interest held (indirectly)
Vinda Household Paper (China) Limited ("Vinda Household Paper (China)")	British Virgin Islands, limited liability company	Investment holding and trading of wood pulp and machinery	US$1	100%	—
Vinda Household Paper (Hong Kong) Limited	British Virgin Islands, limited liability company	Investment holding	US$10,002	100%	—
Vinda Household Paper (U.S.A.) Limited	British Virgin Islands, limited liability company	Investment holding	US$1	100%	—
Vinda Household Paper (Australia) Limited	British Virgin Islands, limited liability company	Investment holding	US$1	100%	—
Vinda Paper (U.S.A.) Inc.	United States of America, limited liability company	Trading of wood pulps	US$1	—	100%
Vinda Paper (Australia) Pty Limited	Australia, limited liability company	Manufacturing and sale of household consumable paper	Australian dollar 100,000	—	100%
Forton Enterprises Limited ("Forton Enterprises")	Hong Kong, limited liability company	Trading of household consumable paper	HK$10,100	—	100%
Vinda Paper Industrial (H.K.) Company Limited	Hong Kong, limited liability company	Property investments and trading of household consumable paper	HK$10,000	—	100%
Vinda Investment (China) Limited ("Vinda Investment")	Hong Kong, limited liability company	Investment holding	HK$1	—	100%
Vinda Paper (Guangdong) Company Limited ("Vinda Paper (Guangdong)")	PRC, limited liability company	Manufacturing and sale of household consumable paper	US$34,550,000	—	100%
Vinda Paper (Sichuan) Company Limited ("Vinda Paper (Sichuan)")	PRC, limited liability company	Manufacturing and sale of household consumable paper	HK$183,900,000	—	100%
Vinda Paper (Hubei) Company Limited ("Vinda Paper (Hubei)")	PRC, limited liability company	Manufacturing and sale of household consumable paper	HK$53,030,000	—	100%

9 Investments in and balances with subsidiaries — Company *(continued)*

(b) Details of subsidiaries *(continued)*

Name	Place of incorporation and kind of legal entity	Principal activities	Issued and fully paid capital	Interest held (directly)	Interest held (indirectly)
Vinda Paper (Beijing) Company Limited ("Vinda Paper (Beijing)")	PRC, limited liability company	Trading of household consumable paper	US$350,000	—	100%
Vinda North Paper (Beijing) Company Limited ("Vinda Northern Paper")	PRC, limited liability company	Manufacturing and sale of household consumable paper	HK$75,000,000	—	100%
Vinda Paper (Jiangmen) Company Limited ("Vinda Paper (Jiangmen)")	PRC, limited liability company	Manufacturing and sale of household consumable paper	US$75,000,000	—	100%
Vinda Paper (Xiaogan) Company Limited ("Vinda Paper (Xiaogan)")	PRC, limited liability company	Manufacturing and sale of household consumable paper	US$38,410,000	—	100%
Vinda Paper (Zhejiang) Company Limited ("Vinda Paper (Zhejiang)")	PRC, limited liability company	Manufacturing and sale of household consumable paper	HK$350,000,000 (Note (i))	—	100%
Vinda Personal Care (Hong Kong) Limited ("Vinda Personal Care")	Hong Kong, limited liability company	Investment holding and trading of household consumable paper	HK$1	100%	—
Vinda Trading Company Limited ("Vinda Trading")	PRC, limited liability company	Trading of household consumable paper	RMB50,000,000	—	100%
Vinda Paper (Liaoning) Company Limited ("Vinda Paper (Liaoning)")	PRC, limited liability company	Manufacturing and sale of household consumable paper	HK$80,000,000	—	100%
Green Lane Investment Limited ("Green Lane Investment")	Hong Kong, limited liability company	Investment holding and trading of household consumable paper	HK$1	—	100%
Green Lane (China) Limited ("Green Lane (China)")	PRC, limited liability company	Trading of household consumable paper	HK$50,000,000	—	100%
Sparkle Sunshine Limited	British Virgin Islands, limited liability company	Investment holding company	US$1 (Note (ii))	—	100%

(i) The registered capital of Vinda Paper (Zhejiang) was increased to HK$350,000,000 on 13 December 2010.

(ii) Sparkle Sunshine Limited was incorporated in British Virgin Islands on 13 May 2010. As at 31 December 2010, the authorized capital of Sparkle Sunshine Limited is US$50,000. Vinda Paper Industrial (H.K.) Company Limited holds 100% interests in Sparkle Sunshine Limited.

10 Inventories — Group

	As at 31 December	
	2010	2009
	HK$	HK$
Raw materials	**1,039,719,010**	722,270,758
Work in progress	**12,894,934**	8,679,654
Finished goods	**269,075,525**	181,118,533
	1,321,689,469	912,068,945

The cost of inventories recognised as expenses and included in cost of sales amounted to HK$2,054,048,057 (2009: HK$1,437,698,791) for the year ended 31 December 2010.

11 Trade receivables, other receivables and prepayments — Group

	As at 31 December	
	2010	2009
	HK$	HK$
Trade receivables	**495,091,581**	363,034,124
Less: Provision for impairment of trade receivables	**(8,646,148)**	(5,192,658)
Trade receivables, net	**486,445,433**	357,841,466
Other receivables		
— deductible input VAT	**107,164,616**	9,336,763
— purchase rebates	**25,174,909**	17,404,733
— others	**11,637,873**	10,552,730
Other receivables	**143,977,398**	37,294,226
Trade and other receivables, net	**630,422,831**	395,135,692
Notes receivable	**1,714,439**	454,287
Prepayments		
— for purchase of raw materials	**5,331,184**	6,070,148
— prepaid income tax recoverable	**4,854,976**	3,190,924
— others	**4,688,483**	4,461,745
	647,011,913	409,312,796

11 Trade receivables, other receivables and prepayments — Group *(continued)*

The carrying amounts of trade receivables, other receivables and prepayments are denominated in the following currencies:

	As at 31 December	
	2010	2009
	HK$	HK$
RMB	**550,386,384**	327,211,382
HK$	**66,910,275**	56,752,934
US$	**25,823,892**	20,000,860
Other currencies	**3,891,362**	5,347,620
	647,011,913	409,312,796

As at 31 December 2010 and 2009, the carrying amounts of the Group's trade and other receivables approximated their fair values due to short duration.

Customers are generally granted with credit terms ranging from 30 to 90 days.

Ageing analyses of trade receivables of the Group based on invoice date as at 31 December 2010 and 2009 are as below:

	As at 31 December	
	2010	2009
	HK$	HK$
Within 3 months	**453,144,930**	343,945,639
4 months to 6 months	**32,171,746**	14,014,678
7 months to 12 months	**7,605,866**	1,165,507
Over 1 year	**2,169,039**	3,908,300
	495,091,581	363,034,124

11 Trade receivables, other receivables and prepayments — Group *(continued)*

As of 31 December 2010, trade receivables of HK$33,300,503 (2009: HK$13,895,827) were past due but not impaired. These balances relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 31 December	
	2010	2009
	HK$	HK$
4 months to 6 months	**29,045,165**	13,189,459
7 months to 12 months	**4,255,338**	706,368
	33,300,503	13,895,827

As at 31 December 2010, trade receivables of HK$8,646,148 (2009: HK$5,192,658) were impaired and fully provided for. The individually impaired receivables mainly relate to customers with different credit ratings. The ageing of these receivables is as follows:

	As at 31 December	
	2010	2009
	HK$	HK$
4 months to 6 months	**3,126,581**	825,219
7 months to 12 months	**3,350,528**	459,139
Over 1 year	**2,169,039**	3,908,300
	8,646,148	5,192,658

The Group recognised provision for impairment of trade and other receivables in the administrative expenses in the consolidated statement of comprehensive income.

11 Trade receivables, other receivables and prepayments — Group *(continued)*

Movements on the provision for impairment of trade receivables are as follows:

	For the year ended 31 December	
	2010	2009
	HK$	HK$
As at 1 January	**(5,192,658)**	(4,788,288)
Provision for impairment of receivables	**(6,025,451)**	(761,257)
Receivables written off as uncollectible during the year	**2,827,390**	364,833
Exchange differences	**(255,429)**	(7,946)
As at 31 December	**(8,646,148)**	(5,192,658)

The maximum exposure to credit risk at the reporting date is the carrying amounts of each category of receivable mentioned above. The Group does not hold any collateral as security.

12 Pledged bank deposits — Group

	As at 31 December	
	2010	2009
	HK$	HK$
Pledged bank deposits	**45,689**	760,931

As at 31 December 2010, bank deposits of HK$45,689 (2009: HK$193,072) were pledged as securities for the issuance of letters of credit.

As at 31 December 2009, bank deposits of HK$567,859 were pledged as securities for the issuance of bank acceptance bills.

The effective annual interest rates on pledged bank deposits were 0.36% (2009: 0.36% to 1.71%) as at 31 December 2010. These deposits mainly have a maturity ranging from 0 to 90 days.

The carrying amounts of all the pledged bank deposits are denominated in RMB.

13 Cash and cash equivalents

	Group As at 31 December 2010 HK$	2009 HK$
Cash in hand	**60,904**	99,615
Cash at bank	**389,490,878**	346,849,492
	389,551,782	346,949,107

The effective weighted average annual interest rates on cash at bank were 0.35% (2009: 0.35%) for the year ended 31 December 2010.

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	Group As at 31 December 2010 HK$	2009 HK$
RMB	**352,992,149**	270,090,626
US$	**8,889,603**	37,342,852
HK$	**26,660,079**	36,244,212
Other currencies	**1,009,951**	3,271,417
	389,551,782	346,949,107

	Company As at 31 December 2010 HK$	2009 HK$
Cash at bank — denominated in HK$	**843,937**	227,352

14 Share capital and share premium

	Group & Company				
			Amount		
	Number of authorised shares	Number of issued and fully paid shares	Ordinary shares HK$	Share premium HK$	Total HK$
At 1 January 2009	80,000,000,000	903,841,686	90,384,169	834,834,579	925,218,748
Employee share option scheme (Note 15)					
— Exercise of share options	—	800,000	80,000	3,184,000	3,264,000
At 31 December 2009	80,000,000,000	904,641,686	90,464,169	838,018,579	928,482,748
Employee share option scheme (Note 15)					
— Exercise of share options	—	3,590,000	359,000	14,182,340	14,541,340
Allotment of shares	—	28,500,000	2,850,000	261,064,956	263,914,956
At 31 December 2010	**80,000,000,000**	**936,731,686**	**93,673,169**	**1,113,265,875**	**1,206,939,044**

On 27 September 2010, the Company, Fu An International Company Limited (a substantial shareholder of the Company, "Fu An") and Li Chao Wang (a director of the Company) (together, "the Vendors") and the Placing Agent entered into an agreement. Pursuant to which, the Placing Agent agreed to place 32,500,000 existing shares, at the placing price of HK$9.50 per share owned by the Vendors, to independent investors.

After the placing was completed, the Company issued 28,500,000 new shares on 8 October 2010 (3.0% of the total share capital issued then outstanding) to Fu An. The shares issued have the same rights as the other shares in issue. The fair value of the shares issued amounted to HK$270,750,000 (HK$9.50 per share). The related transaction costs of HK$6,835,044 have been netted off with the actual proceeds.

As at 31 December 2010 and 2009, the par value of authorised and issued ordinary shares is HK$0.1 per share.

15 Share-based payment

As approved by the Board meeting on 24 February 2009, 27,546,000 share options were granted to the directors and certain employees at an exercise price of HK$2.98 per share. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options are exercisable during the following periods:

(i) in respect of the options granted to directors, on or after 24 February 2009;

(ii) in respect of the options granted to employees,

  (a) up to 20% on or after 24 February 2010;

  (b) up to 50% on or after 24 February 2011;

  (c) all the remaining options on or after 24 February 2012;

and in each case, not later than 23 February 2019.

In February 2009, all the directors and employees accepted the share options.

On 15 April 2010, 3,000,000 share options were granted to a director at an exercise price of HK$5.42 per share. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options are exercisable during the following periods:

(a) up to 33% on or after 15 April 2010;

(b) up to 67% on or after 15 April 2011;

(c) all the remaining options on or after 15 April 2012;

and in each case, not later than 14 April 2020.

In April 2010, the director accepted the share options.

15 Share-based payment *(continued)*

Movements in the number of share options outstanding and their related weighted average exercise prices for the year ended 31 December 2010 and 2009 were as follows:

	For the year ended 31 December			
	2010		2009	
	Average exercise price in HK$	**Number of options**	Average exercise price in HK$	Number of options
At 1 January	**2.98**	**26,686,000**	—	—
Granted	**5.42**	**3,000,000**	2.98	27,546,000
Exercised (Note (a))	**2.98**	**(3,590,000)**	2.98	(800,000)
Forfeited (Note (b))	**2.98**	**(54,000)**	2.98	(60,000)
At 31 December	**3.26**	**26,042,000**	2.98	26,686,000

(a) Options exercised during the year ended 31 December 2010 resulted in 3,590,000 shares (2009: 800,000) being issued with net proceeds of HK$10,698,200 (2009: HK$2,384,000). The related weighted average share price at the time of exercise was HK$7.93 (2009: HK$4.75) per share.

(b) Options were forfeited during the years ended 31 December 2009 and 2010 due to employee resignation.

Share options outstanding at 31 December 2010 have the following expiry dates and exercise prices:

Expiry date	**Exercise price** HK$ per share	**Number of options**
23 February 2019	2.98	23,042,000
14 April 2020	5.42	3,000,000

The weighted average fair value of options granted in 2009 determined by using the Binomial Model was HK$1.076 per option. The significant inputs into the model were share prices at the grant date, the exercise price shown above, volatility of 40%, dividend yield of 2.0%, and annual risk-free interest rate of 1.56%. 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 the last two years and other comparable companies over the last five years.

The weighted average fair value of options granted in 2010 determined by using the Binomial Model was HK$2.147 per option. The significant inputs into the model were share prices at the grant date, the exercise price shown above, volatility of 40%, dividend yield of 2.0%, and annual risk-free interest rate of 2.62%. 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 the last two years and other comparable companies over the last five years.

16 Other reserves

	Group				
	Statutory reserves (Note (a)) HK$	Translation reserve HK$	Retained earnings HK$	Employee option reserve HK$	Total HK$
At 1 January 2009	73,511,556	196,270,890	514,085,449	—	783,867,895
Employee share options scheme:					
— Value of employee services	—	—	—	26,866,000	26,866,000
— Exercise of options	—	—	—	(880,000)	(880,000)
Profit for the year	—	—	397,799,707	—	397,799,707
Appropriation of reserves	64,254,879	—	(64,254,879)	—	—
Dividends	—	—	(68,722,369)	—	(68,722,369)
Currency translation differences	—	2,494,422	—	—	2,494,422
At 31 December 2009	137,766,435	198,765,312	778,907,908	25,986,000	1,141,425,655
At 1 January 2010	**137,766,435**	**198,765,312**	**778,907,908**	**25,986,000**	**1,141,425,655**
Employee share options scheme:					
— Value of employee services	**—**	**—**	**—**	**6,136,000**	**6,136,000**
— Exercise of options	**—**	**—**	**—**	**(3,843,140)**	**(3,843,140)**
Profit for the year	**—**	**—**	**368,946,107**	**—**	**368,946,107**
Appropriation of reserves	**48,119,141**	**—**	**(48,119,141)**	**—**	**—**
Dividends	**—**	**—**	**(112,298,218)**	**—**	**(112,298,218)**
Currency translation differences	**—**	**80,850,222**	**—**	**—**	**80,850,222**
At 31 December 2010	**185,885,576**	**279,615,534**	**987,436,656**	**28,278,860**	**1,481,216,626**

16 Other reserves *(continued)*

	Company			
	Translation reserve HK$	Retained earnings HK$	Employee option reserve HK$	Total HK$
At 1 January 2009	90,130,065	48,671,814	—	138,801,879
Employee share options scheme:				
— Value of employee services	—	—	26,866,000	26,866,000
— Exercise of options	—	—	(880,000)	(880,000)
Dividends	—	(68,722,369)	—	(68,722,369)
Profit for the year	—	138,884,379	—	138,884,379
Currency translation differences	1,633,424	—	—	1,633,424
At 31 December 2009	91,763,489	118,833,824	25,986,000	236,583,313
At 1 January 2010	**91,763,489**	**118,833,824**	**25,986,000**	**236,583,313**
Employee share options scheme:				
— Value of employee services	**—**	**—**	**6,136,000**	**6,136,000**
— Exercise of options	**—**	**—**	**(3,843,140)**	**(3,843,140)**
Dividends	**—**	**(112,298,218)**	**—**	**(112,298,218)**
Profit for the year	**—**	**90,753,397**	**—**	**90,753,397**
Currency translation differences	**49,085,790**	**—**	**—**	**49,085,790**
At 31 December 2010	**140,849,279**	**97,289,003**	**28,278,860**	**266,417,142**

(a) Statutory reserves

(i) For subsidiaries of the Company, which are wholly foreign owned enterprises in the PRC

In accordance with the "Law of the PRC on Enterprises Operated Exclusively with Foreign Capital" and the Articles of Association of those PRC subsidiaries of the Group, an appropriation to the Reserve Fund from the statutory net profit after offsetting accumulated losses of previous years in advance should be made prior to profit distribution to the shareholders. The appropriation for the Reserve Fund is no less than 10% of the statutory net profit and it can cease to accrue when the accumulated appropriation exceeds 50% of the registered capital.

16 Other reserves *(continued)*

(a) Statutory reserves *(continued)*

(ii) For subsidiaries of the Company, which are sino-foreign joint ventures in the PRC

In accordance with the "Law of the PRC on Joint Ventures Using Chinese and Foreign Investment" and the Articles of Association of those PRC subsidiaries of the Group, appropriations from the statutory net profit could be made to the Reserve Fund, the Staff and Workers' Bonus and Welfare Fund and the Enterprise Expansion Fund, after offsetting accumulated losses from prior years, and before profit distributions to the shareholders. The percentages to be appropriated to the Reserve Fund, the Staff and Workers' Bonus and Welfare Fund and the Enterprise Expansion Fund are determined by the Board of Directors of the respective enterprises. The Staff and Workers' Bonus and Welfare Fund are liabilities payable to employees and available to fund payments of special bonuses to staff and for collective welfare benefits. Upon approval from the Board of Directors, the Reserve Fund can be used to offset accumulated losses or to increase capital; the Enterprise Expansion Fund can be used to expand production or to increase capital.

No appropriation has been made as of 31 December 2010 and 2009.

17 Trade payables, other payables and accrued expenses

	Group As at 31 December	
	2010	2009
	HK$	HK$
Trade payables	**580,094,715**	367,053,331
Notes payable	**23,891,598**	25,234,441
Other payables		
— salaries payable	**34,963,157**	28,261,046
— taxes payable other than income tax	**16,444,173**	20,865,049
— advances from customers	**56,330,544**	46,740,834
— payables for property, plant and equipment	**62,868,556**	28,106,189
— others	**81,117,915**	62,706,521
Accrued expenses		
— promotion fees	**59,284,038**	41,698,863
— utility charges	**17,088,829**	14,664,440
— transportation fees	**24,820,773**	18,515,668
— advertising fee	**13,316,029**	10,571,357
— others	**10,043,107**	15,616,269
	980,263,434	680,034,008

As at 31 December 2010 and 2009, the carrying amounts of the Group's trade payables, other payables and accrued expenses approximated their fair values.

17 Trade payables, other payables and accrued expenses *(continued)*

The carrying amounts of the trade payables, other payables and accrued expenses are denominated in the following currencies:

	Group	
	As at 31 December	
	2010	2009
	HK$	HK$
RMB	**644,263,801**	353,453,654
US$	**312,935,747**	306,065,267
HK$	**13,759,678**	15,682,313
Other currencies	**9,304,208**	4,832,774
	980,263,434	680,034,008

The credit period granted by the creditors generally ranged from 30 to 90 days. Ageing analysis of trade payables as at 31 December 2010 and 2009 are as follows:

	Group	
	As at 31 December	
	2010	2009
	HK$	HK$
Within 3 months	**562,976,372**	327,622,215
4 months to 6 months	**8,844,268**	18,188,562
7 months to 12 months	**2,462,446**	15,584,726
1 year to 2 years	**4,015,199**	3,908,939
2 years to 3 years	**1,363,730**	1,327,640
Over 3 years	**432,700**	421,249
	580,094,715	367,053,331

	Company	
	As at 31 December	
	2010	2009
	HK$	HK$
Other payables and accrued expenses — denominated in HK$	**7,671,153**	9,540,532

As at 31 December 2010 and 2009, the carrying amount of the Company's other payables and accrued expenses approximated their fair values.

18 Borrowings — Group

	As at 31 December		As at 1 January
	2010	2009	2009
	HK$	HK$	HK$
		(restated)	(restated)
Non-current			
Bank borrowings			
— Secured	**—**	—	113,853,518
— Unsecured	**501,405,338**	349,445,913	192,765,620
Unsecured other borrowings (Note (a))	**28,857,545**	948,194	1,400,255
Total non-current borrowings	**530,262,883**	350,394,107	308,019,393
Current			
Portion of loans from banks due for repayment within one year			
— Secured	**—**	—	43,347,885
— Unsecured	**471,444,398**	265,029,180	234,156,273
Portion of loans from banks due for repayment after one year which contain a repayment on demand clause			
— Unsecured	**85,500,000**	247,345,217	157,856,113
Unsecured other borrowings (Note (a))	**470,090**	454,288	907,132
Total current borrowings	**557,414,488**	512,828,685	436,267,403
Total borrowings	**1,087,677,371**	863,222,792	744,286,796

(a) Other borrowings were granted by PRC local governments and are unsecured and interest-free.

18 Borrowings — Group *(continued)*

(b) The maturity of borrowings is as follows:

	Bank borrowings As at 31 December		Other borrowings As at 31 December	
	2010	2009	**2010**	2009
	HK$	HK$	**HK$**	HK$
Portion of loans due for repayment within one year:	**471,444,398**	265,029,180	**470,090**	454,288
Loans due for repayment after one year (Note 1):				
Between 1 and 2 years	**357,655,338**	300,910,918	**511,088**	454,288
Between 2 and 5 years	**229,250,000**	295,880,212	**28,346,457**	493,906
	1,058,349,736	861,820,310	**29,327,635**	1,402,482

Note 1: The above amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

(c) The effective interest rates at the balance sheet date were as follows:

	Bank borrowings As at 31 December		Other borrowings As at 31 December	
	2010	2009	**2010**	2009
	HK$	HK$	**HK$**	HK$
HK$	**1.70%–2.11%**	1.42%–2.99%	**—**	—
US$	**1.29%–2.69%**	1.15%–2.28%	**—**	—
RMB	**4.86%–5.76%**	4.05%–5.76%	**0%**	0%

18 Borrowings — Group *(continued)*

(d) The carrying values of the borrowings approximate their fair values, as the impact of discounting is not significant.

The fair values are based on cash flows discounted using a rate based on the borrowing rate. The effective interest rates (per annum) at the balance sheet date were as follows:

	As at 31 December 2010		As at 31 December 2009	
	HK$	**RMB**	HK$	RMB
Bank borrowings	**2.05%**	**5.10%**	2.06%	5.70%

(e) The carrying amounts of the borrowings are denominated in the following currencies:

	As at 31 December	
	2010	2009
	HK$	HK$
RMB	**249,094,942**	310,317,871
HK$	**629,327,863**	390,652,778
US$	**209,254,566**	162,252,143
	1,087,677,371	863,222,792

(f) Most of the banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants the drawn down facilities would become repayable on demand. In addition, certain of the Group's term loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements.

19 Deferred income tax — Group

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes related to the same fiscal authority. The offset amounts are as follows:

	As at 31 December	
	2010	2009
	HK$	HK$
Deferred tax assets		
— Deferred income tax assets to be recovered after more than 12 months	**55,011,105**	30,524,802
— Deferred income tax assets to be recovered within 12 months	**32,677,489**	42,384,769
	87,688,594	72,909,571
Deferred tax liabilities		
— Deferred income tax liability to be settled after more than 12 months	**(1,647,219)**	(1,730,086)
— Deferred income tax liability to be settled within 12 months	**(66,417)**	(64,184)
	(1,713,636)	(1,794,270)
Deferred income tax assets, net	**85,974,958**	71,115,301

The gross movement on the deferred income tax account is as follows:

	For the year ended 31 December	
	2010	2009
	HK$	HK$
Beginning of the year	**71,115,301**	45,952,024
Credited to the consolidated statement of comprehensive income (Note 25)	**12,150,545**	25,063,135
Exchange differences	**2,709,112**	100,142
End of the year	**85,974,958**	71,115,301

19 Deferred income tax — Group *(continued)*

The movement of the deferred tax assets is as follows:

	Impairment of assets HK$	Deferred government grants HK$	Unrealised profits — sales of inventories HK$	Unrealised profits — sales of property, plant and equipment HK$	Accrual expenses HK$	Others HK$	Total HK$
1 January 2009	3,644,010	8,178,819	5,162,245	17,302,128	11,192,956	2,028,566	47,508,724
Credited /(charged) to the consolidated statement of comprehensive income	36,905	7,582,174	6,849,128	1,025,064	10,074,712	(282,363)	25,285,620
Exchange differences	5,827	19,393	13,977	28,374	41,493	6,163	115,227
At 31 December 2009	3,686,742	15,780,386	12,025,350	18,355,566	21,309,161	1,752,366	72,909,571
At 31 December 2009 and 1 January 2010	**3,686,742**	**15,780,386**	**12,025,350**	**18,355,566**	**21,309,161**	**1,752,366**	**72,909,571**
Credited/(charged) to the consolidated statement of comprehensive income	**886,186**	**1,139,226**	**2,324,298**	**(1,590,254)**	**6,817,354**	**2,386,152**	**11,962,962**
Exchange differences	**148,975**	**575,591**	**472,681**	**601,339**	**900,711**	**116,764**	**2,816,061**
At 31 December 2010	**4,721,903**	**17,495,203**	**14,822,329**	**17,366,651**	**29,027,226**	**4,255,282**	**87,688,594**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profit is probable. The Group did not recognise deferred income tax assets of HK$2,426,573 (2009: HK$2,090,181) as at 31 December 2010 in respect of unrecognised tax losses carried forward as follows:

	As at 31 December	
	2010	2009
	HK$	HK$
Expired in year 2011	**107,865**	105,236
No expiry date	**12,832,191**	10,551,101
Unrecognised tax losses carried forward	**12,940,056**	10,656,337

19 Deferred income tax — Group *(continued)*

The movement of the deferred tax liabilities is as follows:

	Accelerated depreciation HK$	Borrowing costs HK$	Total HK$
1 January 2009	1,364,453	192,247	1,556,700
Charged/(credited) to the consolidated statement of comprehensive income	286,615	(64,130)	222,485
Exchange differences	14,833	252	15,085
At 31 December 2009	1,665,901	128,369	1,794,270
At 31 December 2009 and 1 January 2010	**1,665,901**	**128,369**	**1,794,270**
Credited to the consolidated statement of comprehensive income	**(122,683)**	**(64,900)**	**(187,583)**
Exchange differences	**104,001**	**2,948**	**106,949**
At 31 December 2010	**1,647,219**	**66,417**	**1,713,636**

Deferred income tax liabilities of HK$56,412,578 (2009: HK$36,806,002) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries. Management currently has no intention to remit those earnings. Unremitted earnings totalled HK$782,596,611 at 31 December 2010 (2009: HK$507,232,248).

20 Deferred government grants — Group

	HK$
At 1 January 2009	
Cost	39,182,844
Accumulated amortisation	(6,055,765)
Net book amount	33,127,079
Year ended 31 December 2009	
Opening net book amount	33,127,079
Additions	33,237,194
Amortisation (Note 21)	(2,974,810)
Exchange differences	78,163
Closing net book amount	63,467,626
At 31 December 2009	
Cost	72,510,335
Accumulated amortisation	(9,042,709)
Net book amount	63,467,626
Year ended 31 December 2010	
Opening net book amount	**63,467,626**
Additions	**9,279,150**
Amortisation (Note 21)	**(4,754,761)**
Exchange differences	**1,988,796**
Closing net book amount	**69,980,811**
At 31 December 2010	
Cost	**84,311,880**
Accumulated amortisation	**(14,331,069)**
Net book amount	**69,980,811**

In 2009, Vinda Paper (Liaoning) received government grants from the Management Committee of Dadaowan Industry Zone in Anshan, Liaoning province of the PRC, relating to the land use right, with amounts of RMB26,580,000 (equivalent to HK$30,161,988). The government grant was recorded as deferred government grants and is credited to the consolidated statement of comprehensive income on a straight-line basis over the expected useful lives of the corresponding land use right.

20 Deferred government grants — Group *(continued)*

In 2009, Vinda Paper (Sichuan) received government grants from the Finance Bureau of Deyang Economic and Development Zone in Deyang, relating to the property, plant and equipments investing, with amounts of RMB400,000 (equivalent to HK$453,905). The government grant was recorded as deferred government grants and is credited to the consolidated statement of comprehensive income on a straight-line basis over the expected useful lives of the corresponding property, plant and equipment.

In 2009, Vinda Northern Paper received government grants from the Finance Bureau of Binghe Industry Zone in Pinggu District, Beijing, the PRC, relating to the long-term loan, with amounts of RMB2,310,000 (equivalent to HK$2,621,301). The government grant was recorded as deferred government grants and is credited to the consolidated statement of comprehensive income on a straight-line basis over the credit term of the long-term loan.

In 2010, Vinda Paper (Liaoning) received government grants from the Management Committee of Dadaowan Industry Zone in Anshan, Liaoning province of the PRC, relating to the land use right, with amount of RMB7,705,629 (equivalent to HK$9,055,857). The government grant was recorded as deferred government grants and credited to the consolidated statement of comprehensive income on a straight-line basis over the expected useful lives of the corresponding land use right.

In 2010, Vinda Paper (Sichuan) received government grants from the Finance Bureau of Deyang Economic and Development Zone in Deyang, relating to the investments in property, plant and equipments, with amount of RMB190,000 (equivalent to HK$223,293). The government grant was recorded as deferred government grants and credited to the consolidated statement of comprehensive income on a straight-line basis over the expected useful lives of the corresponding property, plant and equipment.

The balance of deferred government grants as at 31 December 2010 mainly includes the grants from local government related to the land use rights purchased:

	As at 31 December	
	2010	2009
	HK$	HK$
Land use rights		
Net book amount		
Vinda Paper (Liaoning)	**39,420,347**	30,137,081
Vinda Paper (Hubei)	**6,980,847**	7,359,459
Vinda Paper (Sichuan)	**10,534,418**	10,415,655
Vinda Paper (Xiaogan)	**8,601,656**	8,505,805
	65,537,268	56,418,000
Others	**4,443,543**	7,049,626
	69,980,811	63,467,626

21 Other income and gains, net — Group

	For the year ended 31 December	
	2010	2009
	HK$	HK$
Subsidy income received from local government (Note (a))	**17,848,961**	6,754,445
Government grants for reinvestment (Note (b))	**—**	575,858
Amortisation of deferred government grants (Note 20)	**4,754,761**	2,974,810
Loss on disposal of property, plant and equipment	**(683,507)**	(2,020,187)
Foreign exchange gains, net	**5,657,439**	1,489,514
Others	**191,830**	(1,172,705)
	27,769,484	8,601,735

(a) In 2010, certain subsidiaries of the Group in PRC have received subsidy income and tax refund from government authorities amounting to RMB15,542,875 (equivalent to HK$17,848,961) (2009: RMB5,952,298 (equivalent to HK$6,754,445)).

The Group has no further obligation for receiving these subsidies from local governments.

(b) In 2009, Vinda Household Paper (China) received tax refund of RMB507,470 (equivalent to HK$575,858) from local government for the reinvestment in Xiaogan area.

22 Expenses by nature — Group

	For the year ended 31 December 2010 HK$	2009 HK$ (restated)
Material costs	**2,054,048,057**	1,437,698,791
Staff costs (Note 23)	**247,416,104**	207,777,854
Utilities	**229,096,542**	166,045,132
Transportation expenses	**172,341,940**	111,609,034
Promotion expenses	**129,772,745**	76,082,161
Depreciation of property, plant and equipment (Note 7)	**123,094,342**	115,089,374
Other expenses	**95,300,218**	69,881,514
Advertising costs	**41,522,948**	30,887,191
Travel and office expenses	**26,213,130**	17,478,379
Real estate tax, stamp duty and other taxes	**11,378,515**	10,885,534
Operating lease rental	**11,076,360**	3,251,358
Bank charges	**6,409,086**	5,270,587
Provision for impairment of receivables (Note 11)	**6,025,451**	761,257
Auditor's remuneration	**5,627,010**	5,560,599
Amortisation of leasehold land and land use rights (Note 6)	**4,480,906**	2,835,785
Amortisation of intangible assets (Note 8)	**2,553,924**	902,001
Provision for/(reversal of) write-down of inventories (a)	**111,104**	(44,732)
Total cost of sales, selling and marketing costs and administrative expenses	**3,166,468,382**	2,261,971,819

(a) The reversal of the provision for write-down of inventories for the year ended 31 December 2009 was caused by the ultimate disposal at a realisable value in excess of the ultimate made at the time of provision.

23 Employee benefit expenses — Group

The aggregate amounts of staff costs including directors' emoluments are as follows:

	For the year ended 31 December	
	2010	2009
	HK$	HK$
Pension for Hong Kong employees		
— MPF	**504,456**	457,618
Social security and benefits for the PRC employees	**36,696,311**	21,903,800
	37,200,767	22,361,418
Share options granted to directors and employees	**6,136,000**	26,866,000
Wages, salaries and bonus	**190,944,870**	144,980,953
Staff welfare	**13,134,467**	13,569,483
	247,416,104	207,777,854

(a) Directors' emoluments

	For the year ended 31 December	
	2010	2009
	HK$	HK$
Directors		
— Fees	**—**	—
— Basic salaries, housing allowances, other allowances and benefits-in-kind	**9,339,311**	12,040,902
— Contributions to pension plans	**51,862**	40,579
— Fair value of employee share options granted	**4,424,000**	24,724,000
	13,815,173	36,805,481

23 Employee benefit expenses — Group *(continued)*

(a) Directors' emoluments *(continued)*

The emoluments received by individual directors are as follows:

(i) For the year ended 31 December 2010:

	Basic salaries, housing allowances, other allowances, and benefits-in-kind HK$	Contributions to pension plans HK$	Fair value of employee share options granted HK$	Total HK$
Directors				
— Mr. Li Chao Wang	2,488,631	12,000	—	2,500,631
— Ms. Zhang Dong fang (a)	2,126,350	11,000	4,424,000	6,561,350
— Ms. Yu Yi Fang	1,923,268	12,000	—	1,935,268
— Mr. Dong Yi Ping	1,964,370	16,862	—	1,981,232
— Mr. Kam Ting To, Robert	240,000	—	—	240,000
— Dr. Cao Zhen Lei	180,000	—	—	180,000
— Mr. Hui Chin Tong, Godfrey	180,000	—	—	180,000
— Mr. Tsui King Fai	180,000	—	—	180,000
— Mr. Leung Ping Chung, Hermann (b)	16,676	—	—	16,676
— Mr. Chiu Bun	20,008	—	—	20,008
— Mr. Johann Christoph Michalski	20,008	—	—	20,008
	9,339,311	51,862	4,424,000	13,815,173

(a) Appointed as director on 22 February 2010.

(b) Resigned on 21 October 2010.

23 Employee benefit expenses — Group *(continued)*

(a) Directors' emoluments *(continued)*

(ii) For the year ended 31 December 2009:

	Basic salaries, housing allowances, other allowances, and benefits-in-kind HK$	Contributions to pension plans HK$	Fair value of employee share options granted HK$	Total HK$
Directors				
— Mr. Li Chao Wang	8,000,000	12,000	1,760,029	9,772,029
— Ms. Yu Yi Fang	1,599,988	12,000	9,941,961	11,553,949
— Mr. Dong Yi Ping	1,600,938	16,579	9,941,961	11,559,478
— Mr. Kam Ting To, Robert	240,000	—	440,007	680,007
— Dr. Cao Zhen Lei	180,000	—	440,007	620,007
— Mr. Hui Chin Tong, Godfrey	180,000	—	440,007	620,007
— Mr. Tsui King Fai	180,000	—	440,007	620,007
— Mr. Leung Ping Chung, Hermann	19,992	—	440,007	459,999
— Mr. Chiu Bun	19,992	—	440,007	459,999
— Mr. Johann Christoph Michalski	19,992	—	440,007	459,999
	12,040,902	40,579	24,724,000	36,805,481

For the year ended 31 December 2010 and 2009, no directors of the Company waived any emoluments and no emoluments were paid by the Company to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

23 Employee benefit expenses — Group *(continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2010 include four directors (2009: three directors) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one individual (2009: two individuals) for the year ended 31 December 2010 is as follows:

	For the year ended 31 December	
	2010	2009
	HK$	HK$
— Basic salaries, housing allowances, other allowances and benefits-in-kind	**1,940,744**	2,491,970
— Contributions to pension plans	**12,000**	12,000
— Fair value of employee share options granted	**128,316**	405,586
	2,081,060	2,909,556

The emoluments fell within the following bands:

	Number of individuals	
	2010	2009
— HK$1,000,000 to HK$1,500,000	**—**	1
— HK$1,500,000 to HK$2,000,000	**—**	1
— Above HK$2,000,000	**1**	—

No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2010 and 2009.

24 Finance income and costs — Group

	For the year ended 31 December 2010 HK$	2009 HK$
Interest expense		
— bank borrowings	**(27,653,957)**	(29,468,838)
Net foreign exchange gain (Note 26)	**21,664,322**	137,137
Finance costs	**(5,989,635)**	(29,331,701)
Finance income		
— interest income on bank deposits	**2,700,957**	1,829,438
Net finance costs	**(3,288,678)**	(27,502,263)

25 Taxation — Group

(a) Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the year. Taxation on profits outside Hong Kong has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries or cities in which the Group operates.

	For the year ended 31 December 2010 HK$	2009 HK$
Current income tax		
— Hong Kong profits tax	**22,743,200**	19,887,094
— PRC enterprise income tax	**80,642,432**	102,620,516
Deferred income tax (Note 19)	**(12,150,545)**	(25,063,135)
	91,235,087	97,444,475

25 Taxation — Group *(continued)*

(a) Income tax expense *(continued)*

The tax on the Group's profit before tax differs from the theoretical amount that would arise using weighted average tax rate applicable to profits of the consolidated companies as follows:

	For the year ended 31 December	
	2010	2009
	HK$	HK$
Profit before income tax	**460,181,194**	495,244,182
Tax calculated at weighted average tax rate of 22.8% (2009: 24.3%)	**105,003,360**	120,449,900
Effect of different tax rates due to tax holidays	**(10,906,970)**	(31,320,655)
Effect of different tax rates in recognition of deferred taxation	**(4,461,387)**	—
Income not subject to tax	**(4,315,957)**	(435,599)
Expenses not deductible for tax purposes	**5,592,721**	9,420,896
Utilisation of previously unrecognised tax losses	**—**	(683,823)
Unrecognised tax losses	**323,320**	13,756
Income tax expense	**91,235,087**	97,444,475

The effective tax rates of the Company's PRC subsidiaries are as follows:

	2010	2009
Vinda Paper (Guangdong)	**25%**	25%
Vinda Paper (Jiangmen)	**12.5%**	12.5%
Vinda Paper (Hubei)	**25%**	25%
Vinda Paper (Xiaogan)	**25%**	12.5%
Vinda Paper (Beijing)	**25%**	25%
Vinda Northern Paper	**25%**	25%
Vinda Paper (Sichuan)	**12.5%**	0%
Vinda Paper (Zhejiang)	**25%**	25%
Vinda Paper (Liaoning)	**25%**	25%

As the subsidiaries of the Company, established in the PRC, qualify as foreign investment production enterprises, which are entitled to two years' exemption from income taxes followed by three years of a 50% tax reduction, commencing from the first cumulative profit-making year net of losses carried forward (at most five years). According to the "New CIT Law" enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires.

The effective tax rates from 2011 of the Company's PRC subsidiaries are all 25%.

25 Taxation — Group *(continued)*

(b) VAT

Sales of self-manufactured products of the Company's PRC subsidiaries are subject to VAT. The applicable tax rate for domestic sales is 17%. Vinda Paper (Guangdong) and Vinda Paper (Jiangmen) have been received approval to use the "exempt, credit, refund" method on goods exported. The tax refund rate is 5%.

Input VAT on purchases of raw materials, fuel, utilities, certain fixed assets and other production materials (merchandise, transportation costs) are deductible from output VAT. VAT payable is the net difference between output VAT and deductible input VAT.

26 Net foreign exchange gains

	For the year ended 31 December	
	2010	2009
	HK$	HK$
Other income and gains — net (Note 21)	**5,657,439**	1,489,514
Net finance income (Note 24)	**21,664,322**	137,137
	27,321,761	1,626,651

27 Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$90,753,397 (2009: HK$138,884,379).

28 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 year.

	For the year ended 31 December	
	2010	2009
	HK$	HK$
Profit attributable to equity holders of the Company (HK$)	**368,946,107**	397,799,707
Weighted average number of ordinary shares in issue	**912,749,023**	904,114,563
Basic earnings per share (HK$ per share)	**0.404**	0.440

(b) Diluted

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

	For the year ended 31 December	
	2010	2009
	HK$	HK$
Profit attributable to equity holders of the Company (HK$)	**368,946,107**	397,799,707
Weighted average number of ordinary shares in issue	**912,749,023**	904,114,563
Adjustments for share options	**14,283,848**	6,074,884
Weighted average number of ordinary shares for diluted earnings per share	**927,032,871**	910,189,447
Diluted earnings per share (HK$ per share)	**0.398**	0.437

29 Dividend

	2010 **HK$**	2009 HK$
Interim dividend paid of HK$0.033 (2009: HK$0.030) per ordinary share	**30,880,466**	27,127,251
Proposed final dividend of HK$0.087 (2009: HK$0.090) per ordinary share	**81,495,657**	81,417,752

At a meeting held on 30 March 2011, the Board of Directors proposed a final dividend in respect of the year ended 31 December 2010 of HK$0.087 per ordinary share, totalling HK$81,495,657. Such dividend is to be approved by the shareholders at the Annual General Meeting of the Company. These financial statements do not reflect this dividend payable.

The dividends paid in 2010 and 2009 were HK$112,298,218 and HK$68,722,369 respectively.

30 Cash generated from operations

(a) Reconciliation of profit before income tax to cash generated from operations

	For the year ended 31 December	
	2010	2009
	HK$	HK$
Profit before income tax	**460,181,194**	495,244,182
Adjustments for:		
— Depreciation of property, plant and equipment	**123,094,342**	115,089,374
— Amortisation of intangible assets	**2,553,924**	902,001
— Amortisation of leasehold land and land use rights	**4,480,906**	2,835,785
— Amortisation of deferred government grants	**(4,754,761)**	(2,974,810)
— Loss on disposals of property, plant and equipment	**683,507**	2,020,187
— Share-based payment	**6,136,000**	26,866,000
— Provision for impairment of receivables	**6,025,451**	761,257
— Provision for/(write-back of) impairment of inventories	**111,104**	(44,732)
— Net finance costs	**3,288,678**	27,502,263
	601,800,345	668,201,507
Changes in working capital (excluding the effect of exchange differences on consolidation):		
— Increase in inventories	**(409,832,738)**	(420,332,278)
— Increase in trade receivables, other receivables and prepayments	**(242,315,945)**	(151,642,386)
— Decrease/(increase) in amount due from related parties	**4,357,513**	(157,700)
— Increase in trade payables, other payables and accrued expenses	**295,234,505**	304,421,926
— (Decrease)/increase in due to a related party	**(1,054,572)**	486,367
Cash generated from operations	**248,189,108**	400,977,436

(b) Reconciliation of proceeds from disposal of property, plant and equipment

In the cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	For the year ended 31 December	
	2010	2009
	HK$	HK$
Net book amount (Note 7)	**1,570,150**	2,950,545
Loss on disposal of property, plant and equipment	**(683,507)**	(2,020,187)
Proceeds from disposal of property, plant and equipment	**886,643**	930,358

31 Commitments

(a) Capital commitments

	As at 31 December	
	2010	2009
	HK$	HK$
Property, plant and equipment and intangible assets	**226,840,451**	43,989,206
Investment in an associate (Note 33)	**123,000,000**	—
	349,840,451	43,989,206

(b) Commitments under operating leases

As at 31 December 2010, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	As at 31 December	
	2010	2009
	HK$	HK$
Not later than one year	**2,065,712**	2,462,757
Later than one year but not later than two years	**211,870**	949,331
Later than two years but not later than five years	**8,990**	—
	2,286,572	3,412,088

32 Related party transactions

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

Name of related party	Relationship
SCA Hygiene Holdings AB ("SCA Hygiene")	Shareholder
SCA Hygiene Australasia Pty Limited ("SCA HA")	Subsidiary of Svenska Cellulosa Aktiebolaget AB (the ultimate holding company of SCA Hygiene)
SCA Tissue Hong Kong Limited ("SCA (Hong Kong)")	Subsidiary of Svenska Cellulosa Aktiebolaget AB
SCA (Tianjin) Packaging Products Co., Ltd. ("SCA (Tianjin)")	Subsidiary of Svenska Cellulosa Aktiebolaget AB before 30 June 2010
SCA Trading (Shanghai) Co., Ltd. ("SCA (Shanghai)")	Subsidiary of Svenska Cellulosa Aktiebolaget AB

(b) Significant related party transactions

In the opinion of the Company's directors, the related party transactions were conducted in the ordinary and usual course of business. Other than the related party transactions disclosed elsewhere in the consolidated financial statements, significant related party transactions of the Group during the year ended 31 December 2010 also include:

	For the year ended 31 December	
	2010	2009
	HK$	HK$
(1) Sales of products to related parties:		
— SCA (Hong Kong)	**286,478**	—
— SCA HA	**19,450,860**	16,353,666
— SCA (Shanghai)	**1,200,790**	822,120
	20,938,128	17,175,786
(2) Purchase of packages from a related party:		
— SCA (Tianjin)	**1,508,119**	2,288,197

32 Related party transactions *(continued)*

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

On 30 June 2010, Svenska Cellulosa Aktiebolaget AB divested its Asian packaging operation including SCA (Tianjin). Thereafter, SCA (Tianjin) ceased to be a related party of the Group. The related party transactions with SCA (Tianjin) only include those transactions during the period from 1 January 2010 to 30 June 2010.

	For the year ended 31 December	
	2010	2009
	HK$	HK$
(3) Key management compensation:		
Directors		
— Basic salaries, housing allowances, other allowances, benefits-in-kind, pensions and other benefits	**9,391,173**	12,081,481
— Share-based payments	**4,424,000**	24,724,000
Senior management		
— Basic salaries, housing allowances, other allowances, benefits-in-kind, pensions and other benefits	**3,402,449**	5,609,773
— Share-based payments	**449,105**	3,902,651
	17,666,727	46,317,905

(c) Year-end balances with related parties

	As at 31 December	
	2010	2009
	HK$	HK$
(1) Trade receivables from related parties		
— SCA HA	**890,620**	5,382,583
— SCA (Hong Kong)	**103,264**	—
— SCA (Shanghai)	**106,946**	75,760
	1,100,830	5,458,343

	As at 31 December	
	2010	2009
	HK$	HK$
(2) Trade payables to a related party		
— SCA (Tianjin)	**—**	1,054,572

Since 30 June 2010, SCA (Tianjin) ceased to be a related party of the Group, the corresponding balance due to SCA (Tianjin) as at 31 December 2010 was included in trade payables, other payables and accrued expenses, and is not presented as trade payables to a related party.

32 Related party transactions *(continued)*

(c) Year-end balances with related parties *(continued)*

Trade receivables/payables from/to related parties of the Group are all due within 3 months as at 31 December 2010 and 2009 based on invoice date.

33 Events after the balance sheet date

On 16 December 2010, the Company entered into the Investment and Shareholders' Agreement with Fu An, Dynasty Fortune Partners, L.P. ("Dynasty Fortune"), a related party on which a director of the Company has significant influence, Cathay Capital Holdings II, L.P. ("Cathay Capital"), an independent third party and V-Care Holdings Limited ("V-Care"), pursuant to which, the Company, Fu An, Dynasty Fortune and Cathay Capital have agreed to invest an aggregate sum of HK$300,000,000 into V-Care by way of subscription of new shares of V-Care. Upon completion of the subscription, V-Care will be held as to 41% by the Company, 39% by Fu An, 7% by Dynasty Fortune and 13% by Cathay Capital.

Subsequent to the balance sheet date, the Group has paid HK$61,500,000 in cash for the subscription for new shares issued by V-Care, representing 41% of its issued share capital then outstanding.

Five Year Financial Summary

Consolidated Statement of Comprehensive Income

	For the year ended 31 December				
	2006 HK$	2007 HK$	2008 HK$	2009 HK$	**2010** **HK$**
Revenue	1,358,171,643	1,777,721,432	2,424,044,090	2,776,116,529	**3,602,168,770**
Cost of sales	(1,018,006,538)	(1,411,775,105)	(1,910,939,233)	(1,825,317,921)	**(2,540,131,315)**
Gross profit	340,165,105	365,946,327	513,104,857	950,798,608	**1,062,037,455**
Selling and marketing costs	(130,277,419)	(175,162,720)	(181,765,469)	(281,002,421)	**(444,985,005)**
Administrative expenses	(62,029,113)	(78,647,307)	(115,367,807)	(155,651,477)	**(181,352,062)**
Other income and gains — net	11,182,467	10,854,268	4,041,388	8,601,735	**27,769,484**
Operating profit	159,041,040	122,990,568	220,012,969	522,746,445	**463,469,872**
Finance costs, net	(45,346,407)	(28,091,321)	(25,197,726)	(27,502,263)	**(3,288,678)**
Profit before income tax	113,694,633	94,899,247	194,815,243	495,244,182	**460,181,194**
Income tax expense	(6,881,099)	(16,542,188)	(28,903,675)	(97,444,475)	**(91,235,087)**
Profit attributable to equity holders of the Company	106,813,534	78,357,059	165,911,568	397,799,707	**368,946,107**

Five Year Financial Summary

Consolidated Balance Sheet

	As at 31 December				
	2006	2007	2008	2009	**2010**
	HK$	HK$	HK$	HK$	**HK$**
			(restated)	(restated)	
ASSETS					
Property, plant and equipment	985,395,491	1,391,200,294	1,866,288,172	1,838,591,852	**2,272,640,034**
Leasehold land and land use right	83,744,799	95,396,490	103,381,135	145,408,286	**160,496,665**
Intangible assets	2,912,265	2,966,002	740,895	6,881,218	**11,085,320**
Deferred income tax assets	23,243,478	31,592,589	47,508,724	72,909,571	**87,688,594**
Inventories	330,180,962	501,295,002	491,755,387	912,068,945	**1,321,689,469**
Trade receivables, other receivables and prepayments	204,816,564	245,497,749	259,669,018	409,312,796	**647,011,913**
Due from related parties	—	4,272,969	5,300,643	5,458,343	**1,100,830**
Pledged bank deposits	43,112,857	6,706,535	884,454	760,931	**45,689**
Derivative financial instruments	341,487	131,890	—	—	**—**
Cash and cash equivalents	61,557,237	252,081,481	172,189,258	346,949,107	**389,551,782**
Total Assets	1,735,305,140	2,531,141,001	2,947,717,686	3,738,341,049	**4,891,310,296**
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	4,250,811	90,384,169	90,384,169	90,464,169	**93,673,169**
Share premium	69,260,002	834,834,579	834,834,579	838,018,579	**1,113,265,875**
Other reserves	389,585,378	541,373,559	783,867,895	1,141,425,655	**1,481,158,626**
Total equity	463,096,191	1,466,592,307	1,709,086,643	2,069,908,403	**2,688,155,670**
LIABILITIES					
Long-term borrowings	192,413,474	308,639,527	308,019,393	350,394,107	**530,262,883**
Deferred government grants	27,165,895	28,223,836	33,127,079	63,467,626	**69,980,811**
Deferred income tax liabilities	787,601	869,655	1,556,700	1,794,270	**1,713,636**
Current liabilities	1,051,841,979	726,815,676	895,927,871	1,252,776,643	**1,601,197,296**
Total Liabilities	1,272,208,949	1,064,548,694	1,238,631,043	1,668,432,646	**2,203,154,626**
Total equity and liabilities	1,735,305,140	2,531,141,001	2,947,717,686	3,738,341,049	**4,891,310,296**
Net current assets/(liabilities)	(411,832,872)	283,169,950	33,870,889	421,773,479	**758,202,387**
Total assets less current liabilities	683,463,161	1,804,325,325	2,051,789,815	2,485,564,406	**3,290,113,000**