



維達30周年 為家加滿FUN

# Vinda International Holdings Limited

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

## Interim Report 2015

HEALTHY LIFESTYLE  
STARTS FROM

# VINDA

商界展關懷

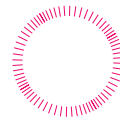
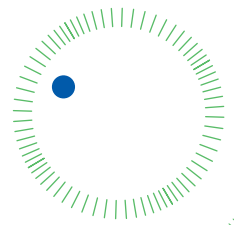
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維達30周年  
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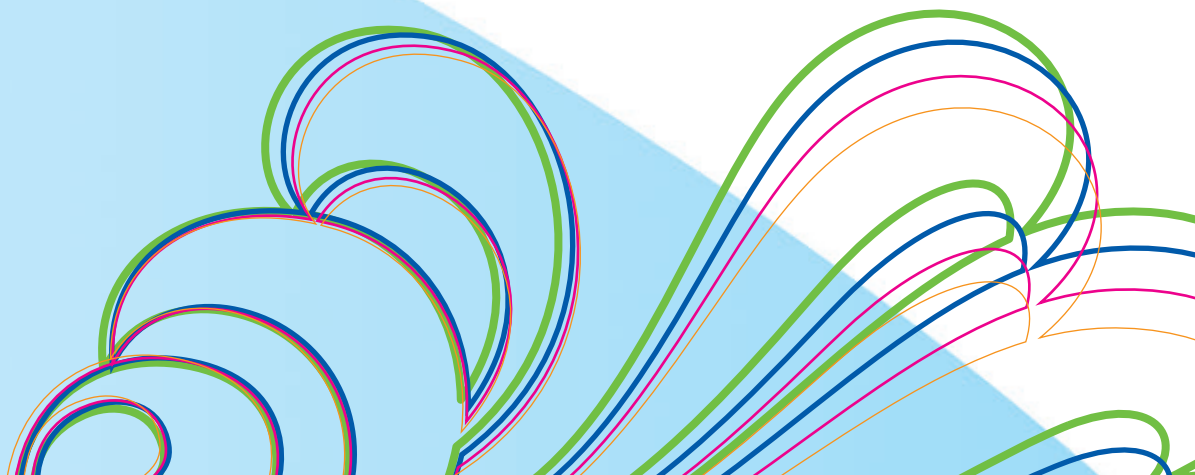
30<sup>th</sup>





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## Directors

### Executive Directors

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

### Non-Executive Directors

Mr. Jan Christer JOHANSSON (Vice Chairman)  
Mr. Jan Lennart PERSSON (resigned on 30 June 2015)  
Mr. Johann Christoph MICHALSKI  
Mr. Carl Magnus GROTH (appointed on 1 July 2015)  
Mr. Ulf Olof Lennart SODERSTROM

### Independent Non-Executive Directors

Mr. KAM Robert  
Mr. HUI Chin Tong, Godfrey  
Mr. TSUI King Fai  
Mr. WONG Kwai Huen, Albert

### Alternate Directors

Ms. LI Jielin (alternate to Mr. LI, Ms. YU and Mr. DONG)  
Mr. CHIU Bun (alternate to Mr. MICHALSKI and Mr. SODERSTROM)  
Mr. Gert Mikael SCHMIDT (alternate to Mr. JOHANSSON and Mr. GROTH)

### Audit Committee

Mr. KAM Robert (Committee Chairman)  
Mr. Ulf Olof Lennart SODERSTROM  
Mr. TSUI King Fai  
Mr. WONG Kwai Huen, Albert

### Remuneration Committee

Mr. TSUI King Fai (Committee Chairman)  
Mr. Johann Christoph MICHALSKI  
Mr. HUI Chin Tong, Godfrey

## Nomination Committee

Mr. HUI Chin Tong, Godfrey (Committee Chairman)  
Mr. LI Chao Wang  
Mr. Jan Christer JOHANSSON  
Mr. KAM Robert  
Mr. WONG Kwai Huen, Albert

## Risk Management Committee

Mr. Jan Christer JOHANSSON (Committee Chairman)  
Ms. YU Yi Fang  
Ms. ZHANG Dong Fang  
Mr. Ulf Olof Lennart SODERSTROM  
Mr. TSUI King Fai

## Authorised Representatives

Ms. ZHANG Dong Fang  
Ms. TAN Yi Yi

## Company Secretary

Ms. TAN Yi Yi, ACCA

## 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

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

### Place of Listing and Stock Code

The Stock Exchange of Hong Kong Limited  
Stock Code: 3331

### Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company  
(Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
Cayman Islands

### Hong Kong 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

Australia and New Zealand Banking Group Limited  
Bank of China (Hong Kong) Limited  
China Construction Bank Corporation  
China Construction Bank (Asia) Corporation Limited  
Hang Seng Bank Limited  
The Hong Kong and Shanghai Banking  
Corporation Limited  
Svenska Handelsbanken AB (publ), Hong Kong Branch  
Skandinaviska Enskilda Banken AB, Hong Kong Branch  
Standard Chartered Bank (Hong Kong) Limited

### Website

<http://www.vinda.com>  
<http://www.hkexnews.hk>





# INTERIM RESULTS AND FINANCIAL HIGHLIGHTS

## Interim Results

The Board of Directors (the "Board") of Vinda International Holdings Limited ("Vinda International" or the "Company") is pleased to present the unaudited interim condensed consolidated balance sheet as at 30 June 2015 and the unaudited interim condensed consolidated statement of comprehensive income, unaudited interim condensed consolidated statement of cash flows and unaudited interim condensed consolidated statement of changes in equity of the Company and its subsidiaries (the "Group") for the period ended 30 June 2015 (the "Period"), together with the comparative figures and selected explanatory notes. The unaudited interim financial statements have been reviewed by the Company's independent auditors and audit committee.

## Financial Highlights

### Interim Results for the Six Months Ended 30 June 2015

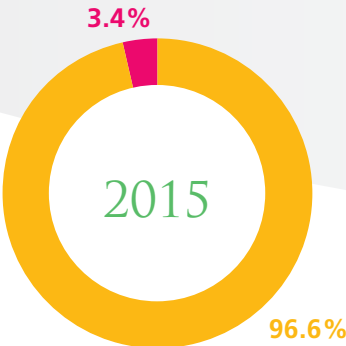
	2015	2014
Gross profit margin (%)	<b>31.6%</b>	29.5%
Net profit margin (%)	<b>7.0%</b>	6.0%
Earnings per share (HK\$) — basic	<b>33.1 cents</b>	22.3 cents
Interim dividend declared (HK\$)	<b>5.0 cents</b>	4.0 cents
Stock turnover	<b>108 days</b>	109 days
Debtors turnover	<b>45 days</b>	47 days
Creditors turnover	<b>71 days</b>	70 days
Current ratio (times)	<b>1.62</b>	1.04
Gearing ratio (%) <sup>1</sup>	<b>85.4%</b>	65.7%
Net gearing ratio (%) <sup>2</sup>	<b>75.7%</b>	53.4%

#### 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 bank balances and cash as a percentage of the total shareholders' equity.

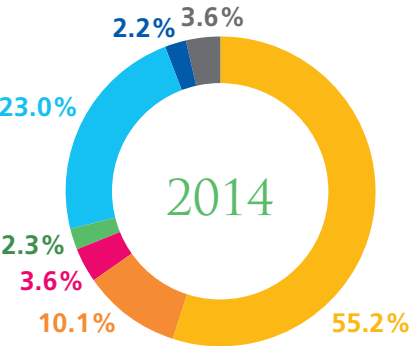
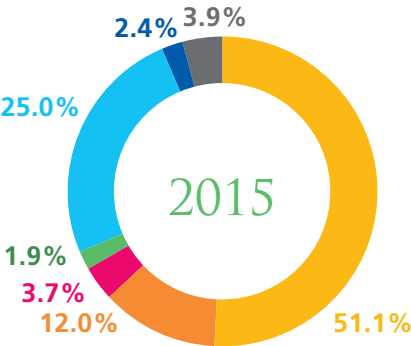


Turnover by Categories



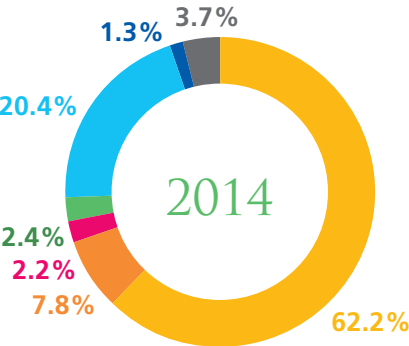
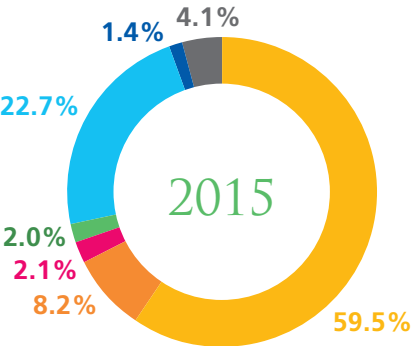
- Household paper ("Tissue")
- Personal care ("Incontinence Care", "Feminine Care", and "Baby Care")

Sales Turnover by Household Paper Categories



- Toilet Roll
- Hanky
- Box Tissue
- Paper Napkin
- Softpack
- Wet wipe
- Others

Sales Volume by Household Paper Categories



- Toilet Roll
- Hanky
- Box Tissue
- Paper Napkin
- Softpack
- Wet wipe
- Others



Tempo  
得宝

TORK



Vinda  
维达





## Interim Results Highlights

China's economy was facing downward pressure during the first half of 2015. The fast-moving consumer goods market in China remained weak and the household paper ("Tissue") market was impacted by continuing overcapacity. However, the central government has been steering the country to what it terms the "New Normal" condition by restructuring the economy with an emphasis on quality development and the stimulation of domestic consumption. The initiatives have boosted urbanization and encouraged businesses to upgrade and improve product quality. The internet development also presented both challenges and opportunities for the traditional sales model. For the hygiene product industry, the "New Normal" condition presents new opportunities because the government adopts policies that favour enterprises that deliver growth in consumption and quality products. Meanwhile, the demand for quality hygiene products will continue to grow steadily in tandem with the country's per capita income. This will certainly facilitate the development of each of Vinda International's four business segments.

The year 2015 marks the Group's 30th anniversary and the transition between its "Sixth Five-year Plan" and "Seventh Five-year Plan". During the period under review, the Group's total revenue increased by 28.9% year on year to HK\$4,743.2 million. A breakdown of income by sales channels shows that revenues from traditional distributors, modern supermarkets and hypermarkets, corporate clients and E-commerce accounted for 48.2%, 30.6%, 11.4% and 9.8% respectively of the total. By business segments, Tissue, being the Group's core business, accounted for 96.6% of the total revenue, while the incontinence care, feminine care and baby care ("Personal Care") businesses together accounted for 3.4%. Excluding the effect of the acquisition of the Svenska Cellulosa Aktiebolaget ("SCA") business, the Group recorded a year-on-year organic growth of 18.7% in total revenue, which was above the industry average growth rate.



During the period, gross profit expanded by 37.9% to HK\$1,496.5 million. Gross profit margin rose by 2.1 percentage points to 31.6%, which was attributable to the optimization of the Tissue product mix and the slight decline in wood pulp cost. Operating profit grew by 35.4% year on year to HK\$468.2 million. Operating profit margin was up by 0.5 percentage point to 9.9%.

To further enhance our paper making technique and develop the Personal Care business, the Group has stepped up investment in research and development and obtained hi-tech enterprise qualification for Vinda Paper (China) Co., Ltd. during the first half of the year. Therefore, the effective tax rate decreased by 1.0 percentage point to 20.23%.

Profit attributable to shareholders grew by 48.9% to HK\$330.8 million compared to the corresponding period of the previous year. Basic earnings per share for the period were 33.1 HK cents (first half of 2014: 22.3 HK cents). In recognition of the shareholders' continued support to the Company, the Board proposed the payment of an interim dividend of 5.0 HK cents (first half of 2014: 4.0 HK cents) per share for the six months ended 30 June 2015.

## Business Review

### Tissue

Tissue business is the Group's core business. During the first half of the year, the Group used *Tempo* and *Vinda* respectively to target the individual professional and the family consumer, while using the away-from-home brand *Tork* to address the high-end corporate clients. Despite intense market competition, the Group successfully enlarged its market share by leveraging its brand power and employing effective marketing strategies. During the period, Tissue revenue jumped by 25.5% to HK\$4,583.5 million. Sales volume of Tissue was 320,348.4 tons, up by 25.0%. The optimization of the product mix has yielded outstanding results with roll and non-roll products accounting for 51.1% and 48.9% respectively, of total sales. In particular, sales of higher-margin products such as softpack, box tissue, hanky and wet wipe grew significantly with year-on-year growth in revenue of 36.6%, 29.0%, 48.3% and 38.3%, respectively.

The Group took a consumer-oriented approach to winning market share instead of price competition, by carrying out innovative marketing initiatives and providing excellent product quality. During the second quarter, we conducted a marketing campaign titled "Ultra Strong National Bus Tour — The Third Season" (《維達30年韌享家滿FUN — 中國行第三季》), in which a bus toured 22 first-tier cities across China such as Beijing, Shanghai, Guangzhou and Chengdu in order to interact directly with the consumers. In another promotional activity, the Group made wedding gowns from its tissue paper and displayed them inside a number of hypermarkets. Such campaigns not only aroused consumer interest but also tightened the cooperation with the hypermarkets. To further strengthen Vinda's brand image among families with children, the Group jointly conducted a parental research with Guangdong Academy of Social Sciences and a popular parenting website named Babytree. It also sponsored a CCTV reality show named "Grow Up With You" (《等你長大》) featuring the behavior of growing children.

*Tempo* is a premium brand focused on high quality, personalization and stylish non-roll products with a higher average profit margin than that of similar offerings in the market. After acquiring the business from SCA it is of top priority for the Group to roll out the *Tempo* product to the whole country by expanding the number of point-of-sales.

## Personal Care Products

The Group has had the operating rights over SCA's various internationally renowned brands for personal care products since the fourth quarter of 2014. The Group's personal care and hygiene product business has yet to reach a normal level of profitability because it is still in the incubation stage with a relatively small business scale and it therefore requires substantial initial investment in brand building as well as enlarging the sales network. It is the intention of Group to step up the sales and earnings in the long run by capitalizing on SCA's strong R&D and technological capability combined with the extensive distribution capability of Vinda.

### *Incontinence Care*

Chinese society is aging. Chinese consumers have shown increasing concern about hygiene standards and we are detecting a more positive perception of incontinence care products which has stimulated demand in incontinence care products. Although the incontinence care market has huge potential, there has not been any dominant brand in the marketplace. SCA, the parent company of the Group, is a leading player in the global incontinence care market. The Group has been able to add the sales from *TENA*, the no. 1 incontinence care brand in the world, and *Dr. P*, a renowned brand in China, to its business following its acquisition of SCA's incontinence care operations in mainland China and Hong Kong.

Compared to the domestic and foreign brands available in the Chinese market, *TENA*, the number one incontinence care brand in the world, differentiates itself not by price but product quality and services. Having professional healthcare qualifications, our incontinence care sales team is able to provide a total solution of service, first by evaluating the needs of elderly, and next offering products for trial as well as regular follow-up. We also co-organize healthcare seminars regularly so as to educate people in incontinence care. In the second half of the year, we will fortify our proposition in elderly homes and hospitals, and expand sales via the Vinda network.

### *Feminine Care*

The China feminine care market size has been expanding rapidly while the penetration rate of sanitary napkins has been increasing year by year. Consumers now long for a safe and premium quality product. This, coupled with the growing popularity of online shopping among younger women, presents a golden opportunity for the Group to enter the mid-to high-end feminine care segment.

During the period, the Group has set a positioning and a development plan for *Libresse*, the international brand, for the China market. The single-store sales of *VIA* also increased. The Group attracted more teenage girls and student fans via internet and regular weekend promotional campaigns.

### *Baby Care*

In the first half of the year, the Group conducted consumer research and defined the market positions and strategies for three baby care brands. Riding on the two-child policy and excessive demand for imported baby diapers among the new generation of mothers, the Group has established a dual-brand strategy. *Libero*, the Scandinavian brand, targets the high-end segment and is sold through e-commerce and maternity stores. After a series of R&D projects and technology upgrades, *Sealer* will offer new products in the second half of the year so as to attract mid-to low-end consumers and compete with the domestic brands.

## Rapid Expansion of Online Sales and Development of Specialty Channel

As at 30 June 2015, the Group had 263 sales offices and 1,287 distributors. During the period under review, the Group has strengthened its cooperation with hypermarkets to improve the shelf-space performance. It has also enhanced the support to distributors so as to penetrate into the third- and fourth-tier cities and enhance the control of the points of sales. The sales performance in e-commerce channels was also remarkable. The Group topped the charts in terms of market share at the major e-commerce platforms. In the future, the Group will tighten its strategic cooperation with e-commerce platform operators so that it can extend the sales coverage and reach new markets through the boundless opportunities presented by the internet.

In addition, the Group will not only boost its personal care sales by using the existing sales and distribution network, but also expand the specialty channels such as maternity shops, elderly homes and hospitals.

## Arrangement of Production Capacity

As at 30 June 2015, the Group had 890,000 tons of annual designed paper production capacity. In consideration of the long-term demand for tissue in China, the Group originally planned to add 90,000 tons of capacity in Shandong and Sichuan. Due to the delay in equipment supply, it is anticipated that 30,000 tons of such capacity has been postponed and will now be put into operation in 2016. According to the current construction progress, it is expected to reach 950,000 tons of annual designed paper production capacity by the end of 2015.

As to the supply chain of the personal care product, the Group will build its own production facilities for incontinence care product so as to meet the future market demand with lower cost and higher efficiency of production. Such facilities are expected to commence production in the second half of next year. The Group has three first-class baby diaper production lines in central China. Leveraging the technical support from SCA, the Group could produce all of its baby brands' products. Nonetheless, the Group will make use of the brand positioning and consumer preference to decide on whether to import the baby diapers from SCA or to do its own production. In the meantime, the Group will continue to adopt an asset-light model to develop its sanitary napkin business and will only establish its own production line when the business has achieved a sufficient scale.

## Improvement in Internal Control and Efficiency

The Group recognizes that sound corporate governance is the cornerstone to a company's success, business development and shareholder value. Therefore the Group endeavors to enhance the corporate governance, business process management, risk management, internal compliance, quality control management, safety measures management, environmental management and crisis management. The Group also regularly reviews and enhances its internal control policies.

High-caliber staff are the key to the Group's competitiveness and value creation. The Group consistently optimises its human resources management such as carrying out performance evaluation and career planning for each employee, restructuring the organization and providing professional training and educational subsidies for employees, in a view of matching itself to international standards. Employee remuneration packages are reviewed regularly to benchmark with local market condition and employees' experience and performance. Furthermore, the Group adopts a share option scheme to retain talents.



As at 30 June 2015, the Group had 7,982 employees with a balanced gender mix, in which associate degree or above holders accounted for approximately 43.9%.

## Care for Environment and Society

The Group advocates environmental friendly and sustainable development in its operations. It pursues less energy consumption and emissions below the limits set in the national standards. The Group also keeps track of its carbon footprint and establishes measures to effectively reduce its emissions of waste gases, greenhouse gases and waste products.

In the first half of 2015, the Group's average overall energy consumption was 0.38 ton of standard coal per ton of paper, representing a year-on-year decrease of 7.6%. The number was also 28.3% lower than the threshold of 0.53 tons for 2015 required by the Twelfth Five-Year Plan for the Papermaking Industry published by the central government. The Group's carbon dioxide emission per ton for products was 0.94 tons, 31.2% lower than the limit of 1.38 tons stipulated by the State. The Group's water consumption for the first half of 2015 totalled was 3.88 million cubic meters with a recycling rate of over 95%. Water intake per ton for products was 11.2 cubic meters, significantly lower than the national threshold of 30 cubic meters required by GB/T18916.5 "Norm of Water Intake — Part 5: Pulp, Paper and Paper Board Production".

## Total pollutant emissions at the production bases of the Group

Emissions in production	Type of emissions	Emissions volume per 10,000 tons of products (tons)		Decrease (%)
		First half of 2014	First half of 2015	
<b>Waste Gases</b>	Sulfur dioxide (SO <sub>2</sub> )	3.02	2.40	20.5
<b>Greenhouse Gases</b>	Carbon dioxide (CO <sub>2</sub> )	11,606	9,442	18.6
<b>Waste Water</b>	Chemical oxygen demand (COD)	4.84	3.99	17.6
	Biochemical oxygen demand (BOD)	0.85	0.76	10.6
	Suspended solids (SS)	1.65	1.18	28.5
<b>Note</b>	All production plants comply with the pollutant emissions concentration thresholds set by local environmental protection authorities.			

All production sites are also now certified by Forest Stewardship Council ("FSC"), an independent, global organization, for FSC-COC Chain of Custody, demonstrating that the Group's production is up to international standards for environmental sustainability.

## Care for Society

In the first half of the year, the Group was actively involved in charity work. Services provided through Vinda Charity Foundation (the "Foundation") include educational service, elderly service, housing and medical service for people suffering from vital diseases.

Service Area	Particulars
Educational Service	Under a program called "Warm Spring", the Foundation provided financial assistance and study materials for fifteen students from poverty-stricken families. A Chinese New Year Gala, trips and birthday celebrations were organized for orphans in welfare centers.
Elderly Service	The Foundation continued to subsidize six "Vinda Centres" — canteens for the elderly in Xinhui. The Group's volunteers also visited 131 over 70-year old elderly who were with minimal social security support. Volunteers also visited 10 Xinhui elderly homes, and delivered warm clothing to 9 elderly homes in Shanghai and Longyou during the Chinese New Year.
Medical Care for People with Vital Diseases	The Foundation gave donations to children who suffer from vital disease. It also provided five-year insurances against breast cancer and cervical cancer for 1,000 women in Xinhui.

Furthermore, the Group teamed up with SCA to organize tree planting in Ningxia. In a view raising the hygiene awareness among the children, the Group also collaborated with Shenzhen Center for Disease Control and Prevention and Erasmus University of the Netherlands to conduct a hygiene research program where *Tork* and *Vinda* wet wipes were sponsored to kindergartens in Shenzhen.

## Outlook

2015 marks its 30th anniversary of the Group. While China undergoes an adjustment to the "New Normal" stage of development, the Group also maps out its "Seventh Five-Year Plan", a new blueprint for internationalization. In the future, Tissue will remain as the Group's core business. Sales from Tissue is expected to grow steadily while Tissue's product mix will be optimized to continuously gain higher market share and profitability. The Group will seize every opportunity to grow demand in high quality hygiene products by using its international brands to tap into incontinence care, feminine care and baby care markets in China. The Group aims to have 20% of total revenue contributing by personal care business in the medium to long term. In view of the "One Belt One Road" initiative advocated by the central government, the Group has also started to study the opportunity for expanding its overseas business.

Looking ahead to the second half of 2015, it is expected that the competition in Tissue will continue but will not necessarily intensify. The wood pulp price is anticipated to continue to face fluctuations. The Group will also allocate more resources to R&D and the personal care business. As a result, marketing expense is expected to rise moderately as it is geared up to support long-term growth.

We have set the following priorities for the second half of 2015:

1. To ensure stable and healthy growth in the core business of Tissue;
2. To enhance the awareness and reputation of personal care brands;
3. To further broaden the penetration of sales channels, expand the sales from e-commerce and specialized distribution channels; and
4. To achieve better synergies from the integration with SCA's businesses.

In the next three decades, China market faces lots of opportunities and challenges. The Group will work as a cohesive team, persevering in innovation, adhering to a high quality standard and differentiating itself from competitors. It aspires to become consumers preferred household and hygiene product brand and will continue to aim for the best returns to shareholders and investors.

### Liquidity, Financial Resources and Loans

The Group's financial position remained healthy. As at 30 June 2015, the Group's bank and cash balances (including restricted bank deposits of HK\$330,327 (31 December 2014: HK\$1,301,535)) amounted to HK\$513,995,889 (31 December 2014: HK\$721,585,249), and short-term and long-term loans amounted to HK\$4,527,680,418 (31 December 2014: HK\$4,464,804,644), including the loans from a related party amounting to HK\$2,570,420,999 (31 December 2014: HK\$2,030,138,167). 91.8% of the borrowings are medium- to long-term (2014: 65.1%). The annual interest rates of loans ranged from 0.80% to 6.51%.

As at 30 June 2015, the gearing ratio was 85.4% (31 December 2014: 87.9%), 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 and restricted bank deposits as a percentage of the total shareholders' equity, was 75.7% (31 December 2014: 73.7%).

As at 30 June 2015, unutilized credit facilities amounted to approximately HK\$7.34 billion (2014: HK\$9.71 billion).

### Charges on Group Assets

As at 30 June 2015, the Group did not have any charges on assets (31 December 2014: nil).

### Contingent Liabilities

As at 30 June 2015, the Group had no material contingent liabilities (31 December 2014: nil).

## Foreign Exchange and Fair Value Interest Rate 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 Renminbi while most of the key raw materials are imported from overseas and denominated and paid in US dollar. The Group also borrows most of the long term loans and the short term loans denominated in HKD or USD.

As at 30 June 2015, the Group had no interest rate swaps. During the year of 2014, the Group managed its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps had the economic effect of converting borrowings from floating rates to fixed rates, but they were all expired on 29 July 2014 concurrently with the borrowings.

## Capital Commitments

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2015</b>	2014
	<b>Unaudited</b>	Audited
	<b>HK\$</b>	HK\$
Property, plant and equipment and intangible assets	<b>882,241,227</b>	312,047,942

## Interim Dividend

The Board has resolved to declare an interim dividend of HK\$0.05 per share for the period ended 30 June 2015 (2014: HK\$0.04 per share) totaling approximately HK\$49,944,884, based on the 998,897,686 issued shares outstanding as at 30 June 2015. The interim dividend will be paid on or about 11 September 2015 to shareholders whose names appear on the register of members of the Company on 28 August 2015.

## Closure of Register of Members

The register of members of the Company will be closed from 26 August 2015 to 28 August 2015, both days inclusive, during which period no transfer of shares will be registered. In order to establish entitlement to the interim dividend, 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 25 August 2015 for registration of transfer.



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

As at 30 June 2015, 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 Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (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 <sup>(4)</sup>	Aggregate interest	Approximate percentage of interest
LI Chao Wang <sup>(1)</sup>	The Company	Interest of controlled company	216,341,581 Shares	1,998,000	218,339,581	21.86%
	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%
YU Yi Fang <sup>(2)</sup>	The Company	Interest of controlled company	216,341,581 Shares	240,000	216,631,581	21.69%
		Personal	50,000 Shares			
	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%
DONG Yi Ping <sup>(3)</sup>	The Company	Interest of controlled company	216,341,581 Shares	240,000	216,581,581	21.68%
	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%

Name	Company/name of associated corporations	Nature of interest	Number of Shares	Number of underlying Shares <sup>(4)</sup>	Aggregate interest	Approximate percentage of interest
ZHANG Dong Fang	The Company	Personal	—	1,998,000	1,998,000	0.20%
Johann Christoph MICHALSKI	The Company	Personal	—	220,000	220,000	0.02%
Ulf Olof Lennart SODERSTROM	The Company	Personal	—	220,000	220,000	0.02%
KAM Robert	The Company	Personal	—	220,000	220,000	0.02%
HUI Chin Tong, Godfrey	The Company	Personal	100,000	220,000	320,000	0.03%
TSUI King Fai	The Company	Personal	—	140,000	140,000	0.01%

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 LI Chao Wang.
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 YU Yi Fang.
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 DONG Yi Ping.
4. Details of share options held by the directors are shown in the section of "Share Option Scheme".

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 for the six months ended 30 June 2015 are as follows:

	Date of Grant	Exercise price per Share HK\$	as at 01/01/2015	Number of Shares issuable under the options				as at 30/06/2015	Exercise period
				granted during the period	exercised during the period	forfeited during the period	cancelled during the period		
<b>Directors</b>									
LI Chao Wang	02/05/2012	14.06	999,000	—	—	—	—	999,000	(Note 2)
	02/05/2013	10.34	999,000	—	—	—	—	999,000	02/05/2013 to 01/05/2023
YU Yi Fang	02/05/2012	14.06	240,000	—	—	—	—	240,000	(Note 2)
ZHANG Dong Fang	02/05/2012	14.06	1,998,000	—	—	—	—	1,998,000	(Note 2)
DONG Yi Ping	02/05/2012	14.06	240,000	—	—	—	—	240,000	(Note 2)
Johann Christoph MICHALSKI	15/04/2011	8.648	80,000	—	—	—	—	80,000	15/04/2011 to 14/04/2021
	02/05/2012	14.06	140,000	—	—	—	—	140,000	(Note 2)
Ulf Olof Lennart SODERSTROM	15/04/2011	8.648	80,000	—	—	—	—	80,000	15/04/2011 to 14/04/2021
	02/05/2012	14.06	140,000	—	—	—	—	140,000	(Note 2)
KAM Robert	15/04/2011	8.648	80,000	—	—	—	—	80,000	15/04/2011 to 14/04/2021
	02/05/2012	14.06	140,000	—	—	—	—	140,000	(Note 2)
HUI Chin Tong, Godfrey	15/04/2011	8.648	80,000	—	—	—	—	80,000	15/04/2011 to 14/04/2021
	02/05/2012	14.06	140,000	—	—	—	—	140,000	(Note 2)
TSUI King Fai	02/05/2012	14.06	140,000	—	—	—	—	140,000	(Note 2)
<b>Employees of the Group</b>									
In aggregate	24/02/2009	2.98	460,000	—	—	—	—	460,000	(Note 1)
	15/04/2011	8.648	1,380,000	—	(120,000)	—	—	1,260,000	15/04/2011 to 14/04/2021
	02/05/2012	14.06	5,510,000	—	(375,000)	(90,000)	—	5,045,000	(Note 2)
	02/05/2013	10.34	120,000	—	—	—	—	120,000	02/05/2013 to 01/05/2023
			12,966,000	—	(495,000)	(90,000)	—	12,381,000	

Note 1. (i) 20% of the option are exercisable on the expiry of 1 year of the date of grant, i.e. on/after 24 February 2010.  
(ii) 30% of the option are exercisable on the expiry of 2 years of the date of grant, i.e. on/after 24 February 2011.  
(iii) 50% of the option are exercisable on the expiry of 3 years of the date of grant, i.e. on/after 24 February 2012.

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

Note 2. (i) up to 32% on or after 2 May 2012.  
(ii) up to 66% on or after 2 May 2013.  
(iii) all the remaining options on or after 2 May 2014.

and in each case, not later than 1 May 2022.

Vesting condition for (ii) — on condition that the Board of Directors has confirmed that the Company has met the 2012 (or combined 2012 and 2013) income and profit performance benchmarks as set by the Board and that the performance appraisal of the grantee has satisfied the requirements of the management of the Company.

Vesting condition for (iii) — on condition that the Board of Directors has confirmed that the Company has met the 2013 income and profit performance benchmarks as set by the Board and that the performance appraisal of the grantee has satisfied the requirements of the management of the Company.



## Arrangement to Purchase Shares or Debentures

Save as disclosed above, at no time during the six months ended 30 June 2015 were there any rights to acquire benefits by means of the acquisition of securities of the Company granted to any Director or their respective spouse or children under 18 years of age, or were there any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

As at 30 June 2015, 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	Interest in underlying shares <sup>(4)</sup>	Aggregate interest	Percentage of issued share capital
<b>Long position</b>					
SCA Group Holding BV	Beneficial owner	513,200,425	—	513,200,425	51.38%
Svenska Cellulosa Aktiebolaget <sup>(1)</sup>	Interest of controlled company	513,200,425	—	513,200,425	51.38%
Fu An International Company Limited	Beneficial owner	216,341,581	—	216,341,581	21.66%
Sentential Holdings Limited <sup>(2)</sup>	Interest of controlled company	216,341,581	—	216,341,581	21.66%
LI Chao Wang <sup>(2)</sup>	Interest of controlled company	216,341,581	1,998,000	218,339,581	21.86%
	Personal				
Nordinvest AB	Beneficial owner	97,000,000	—	97,000,000	9.71%
Floras Kulle AB <sup>(3)</sup>	Interest of controlled company	97,000,000	—	97,000,000	9.71%
AB Industrivarden (publ) <sup>(3)</sup>	Interest of controlled company	97,000,000	—	97,000,000	9.71%

### Notes:

- These Shares are registered in the name of SCA Group Holding BV which is 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 Group Holding BV.
- 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 LI Chao Wang. Under the SFO, Sentential Holdings Limited and LI Chao Wang are all deemed to be interested in the Shares held by Fu An International Company Limited.
- These Shares are registered in the name of Nordinvest AB which is indirectly wholly-owned by AB Industrivarden (publ). Under the SFO, Floras Kulle AB and AB Industrivarden (publ) are deemed to be interested in the Shares held by Nordinvest AB.
- Details of share options held by the directors are shown in the section of "Share Option Scheme".

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.

## Corporate Governance

The Company is committed to maintaining a high standard of corporate governance practices by emphasizing a quality board of directors, sound internal control, transparency and accountability to all the shareholders of the Company. For the six months ended 30 June 2015, the Company has complied with all the code provisions set out in the Corporate Governance Code, as set out in Appendix 14 of the Listing Rules.

In order to comply with a new code provision under the Listing Rules which became effective on 1 September 2013, the Board has adopted a policy on board diversity (“Board Diversity Policy”). Pursuant to the Board Diversity Policy, the Board shall consider the benefits of diversity when it reviews the Board composition, in addition to examining whether it has a balance of skills, experience and independence.

## Updates on Directors’ Information under Rule 13.51B(1) of the Listing Rules

With effect from 30 June 2015, Mr. Jan Lennart PERSSON resigned as Non-Executive Director, chairman and member of the risk management committee and member of audit committee of the Company. Mr. Carl Magnus GROTH was appointed as Non-Executive Director of the Company with effect from 1 July 2015. Details of the above changes are set out in the announcement of the Company dated 30 June 2015.

## 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. 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 six months ended 30 June 2015.

## Audit Committee

The Company’s audit committee has four members comprising three Independent Non-Executive Directors, namely, Mr. KAM Robert, Mr. WONG Kwai Huen, Albert and Mr. TSUI King Fai and a Non-Executive Director, Mr. Jan Lennart PERSSON (resigned as member of the audit committee on 30 June 2015). Mr. Ulf Olof Lennart SODERSTROM was appointed as member of the audit committee on 1 July 2015. The chairman of the audit committee is Mr. KAM Robert. The audit committee is accountable to the Board and the principal duties of the audit committee include the review and supervision of the financial reporting process. It also reviews the effectiveness of internal audit, internal controls and risk evaluation, including the interim results and interim report for the six months ended 30 June 2015.

## Remuneration Committee

The Company's remuneration committee has three members comprising two Independent Non-Executive Directors, namely, Mr. TSUI King Fai and Mr. HUI Chin Tong, Godfrey and a Non-Executive Director, Mr. Ulf Olof Lennart SODERSTROM (resigned as a member of the remuneration committee on 1 July 2015). Mr. Johann Christoph MICHALSKI was appointed as a member of the remuneration committee on 1 July 2015. The chairman of the remuneration committee is Mr. TSUI King Fai. The principal duty of the remuneration committee is to regularly monitor the remuneration and other benefits of all the directors and senior management to ensure that levels of their remuneration and compensation are appropriate.

## Nomination Committee

The Company's nomination committee has five members comprising three Independent Non-Executive Directors, namely, Mr. KAM Robert, Mr. HUI Chin Tong, Godfrey and Mr. WONG Kwai Huen, Albert, an Executive Director, Mr. LI Chao Wang and a Non-Executive Director, Mr. Jan Christer JOHANSSON. The chairman of the nomination committee is Mr. HUI Chin Tong, Godfrey. The principal duty of the nomination committee is to consider and recommend to the Board suitably qualified persons to be appointed directors and is responsible for reviewing the structure, size and composition of the Board on a regular basis.

## Risk Management Committee

The Company's risk management committee has five members comprising two Executive Directors, Ms. YU Yi Fang and Ms. ZHANG Dong Fang; two Non-Executive Directors, namely, Mr. Ulf Olof Lennart SODERSTROM and Mr. Jan Lennart PERSSON (resigned as chairman and member of the risk management committee on 30 June 2015); and one Independent Non-Executive Director, Mr. TSUI King Fai. Mr. Jan Christer JOHANSSON was appointed as chairman and member of the risk management committee on 1 July 2015. The principal duty of the risk management committee is to assist the Board in deciding the Group's risk level and risk appetite, and considering the Company's risk management strategies and gives directions where appropriate.

## Purchase, Sale or Redemption of the Securities

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF VINDA INTERNATIONAL HOLDINGS LIMITED

(incorporated in Cayman Islands with limited liability)

### Introduction

We have reviewed the interim financial information set out on pages 23 to 48, which comprises the interim condensed consolidated balance sheet of Vinda International Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2015 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

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

### Conclusion

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

#### **PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, 16 July 2015

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# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2015

	Note	<b>30 June 2015 Unaudited HK\$</b>	31 December 2014 Audited HK\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	<b>6,150,283,382</b>	5,901,730,851
Leasehold land and land use rights	7	<b>320,227,436</b>	297,758,758
Intangible assets	7	<b>1,392,712,163</b>	1,400,041,901
Deferred income tax assets		<b>277,092,294</b>	267,405,812
<b>Total non-current assets</b>		<b>8,140,315,275</b>	7,866,937,322
<b>Current assets</b>			
Inventories		<b>1,880,332,300</b>	2,029,115,081
Trade receivables, other receivables and prepayments	8	<b>1,471,577,451</b>	1,523,602,317
Prepayments to and receivables from related parties	19	<b>71,816,874</b>	61,753,224
Restricted bank deposits		<b>330,327</b>	1,301,535
Cash and cash equivalents		<b>513,665,562</b>	720,283,714
<b>Total current assets</b>		<b>3,937,722,514</b>	4,336,055,871
<b>Total assets</b>		<b>12,078,037,789</b>	12,202,993,193
<b>EQUITY</b>			
Share capital	9	<b>99,889,769</b>	99,840,269
Share premium	9	<b>1,685,582,546</b>	1,677,023,606
Other reserves			
— Proposed dividend		<b>49,944,884</b>	119,808,322
— Others		<b>3,465,830,502</b>	3,184,332,608
<b>Total equity</b>		<b>5,301,247,701</b>	5,081,004,805

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2015

	Note	30 June 2015 Unaudited HK\$	31 December 2014 Audited HK\$
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	11	1,586,299,392	878,667,606
Loans from a related party	11	2,570,420,999	2,030,138,167
Deferred government grants		97,024,257	98,726,406
Deferred income tax liabilities		94,108,903	94,787,849
<b>Total non-current liabilities</b>		<b>4,347,853,551</b>	3,102,320,028
<b>Current liabilities</b>			
Trade payables, other payables and accrued expenses	12	1,921,131,906	2,309,379,397
Borrowings	11	370,960,027	1,555,998,871
Due to related parties	19	50,518,053	39,899,848
Current income tax liabilities		86,326,551	114,390,244
<b>Total current liabilities</b>		<b>2,428,936,537</b>	4,019,668,360
<b>Total liabilities</b>		<b>6,776,790,088</b>	7,121,988,388
<b>Total equity and liabilities</b>		<b>12,078,037,789</b>	12,202,993,193
<b>Net current assets</b>		<b>1,508,785,977</b>	316,387,511
<b>Total assets less current liabilities</b>		<b>9,649,101,252</b>	8,183,324,833

The notes on pages 28 to 48 form an integral part of this condensed consolidated interim financial information.

**LI Chao Wang**  
Director

**ZHANG Dong Fang**  
Director



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June	
		2015 HK\$	2014 HK\$
Revenue	6	4,743,233,642	3,679,961,616
Cost of sales		(3,246,713,720)	(2,594,435,872)
<b>Gross profit</b>		<b>1,496,519,922</b>	1,085,525,744
Selling and marketing costs		(728,337,933)	(527,190,462)
Administrative expenses		(285,600,462)	(207,999,030)
Other income and (losses) — net		(14,387,099)	(4,638,352)
<b>Operating profit</b>	13	<b>468,194,428</b>	345,697,900
Interest expense		(57,947,399)	(38,655,446)
Net foreign exchange transaction gain/(loss)		2,281,804	(21,923,351)
Interest income		2,160,320	1,287,826
Finance costs, net		(53,505,275)	(59,290,971)
Share of post-tax loss of an associate		—	(4,358,121)
<b>Profit before income tax</b>		<b>414,689,153</b>	282,048,808
Income tax expense	14	(83,887,932)	(59,872,905)
<b>Profit attributable to equity holders of the Company</b>		<b>330,801,221</b>	222,175,903
<b>Other comprehensive income:</b>			
Items that may be reclassified to profit or loss			
— Currency translation differences		2,995,537	(44,732,549)
— Hedging reserve		—	1,783,470
<b>Total comprehensive income attributable to equity holders of the Company</b>		<b>333,796,758</b>	179,226,824
<b>Earnings per share for profit attributable to the equity holders of the Company</b>			
— basic	15	0.331	0.223
— diluted	15	0.331	0.222

The notes on pages 28 to 48 form an integral part of this condensed consolidated interim financial information.

		Unaudited Six months ended 30 June	
		2015 HK\$	2014 HK\$
Dividends	16	49,944,884	39,934,507

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Note	Unaudited Attributable to equity holders of the Company			Total HK\$
		Share capital HK\$	Share premium HK\$	Other reserves HK\$	
<b>Balance as at 1 January 2014</b>		99,836,269	1,676,529,981	2,870,510,147	4,646,876,397
Profit for the period		—	—	222,175,903	222,175,903
Other comprehensive income					
Items that may be reclassified to profit or loss					
— Currency translation differences		—	—	(44,732,549)	(44,732,549)
— Hedging reserve		—	—	1,783,470	1,783,470
<b>Total comprehensive income for the six months ended 30 June 2014</b>		—	—	179,226,824	179,226,824
<b>Transaction with owners</b>					
Dividends	16	—	—	(107,823,170)	(107,823,170)
<b>Transaction with owners</b>		—	—	(107,823,170)	(107,823,170)
<b>Balance as at 30 June 2014</b>		99,836,269	1,676,529,981	2,941,913,801	4,718,280,051
<b>Balance as at 1 January 2015</b>		<b>99,840,269</b>	<b>1,677,023,606</b>	<b>3,304,140,930</b>	<b>5,081,004,805</b>
Profit for the period		—	—	330,801,221	330,801,221
Other comprehensive income					
Item that may be reclassified to profit or loss					
— Currency translation differences		—	—	2,995,537	2,995,537
<b>Total comprehensive income for the six months ended 30 June 2015</b>		—	—	333,796,758	333,796,758
<b>Transaction with owners</b>					
Employees share option scheme					
— Exercise of share options	10	49,500	8,558,940	(2,298,180)	6,310,260
Dividends	16	—	—	(119,864,122)	(119,864,122)
<b>Transaction with owners</b>		<b>49,500</b>	<b>8,558,940</b>	<b>(122,162,302)</b>	<b>(113,553,862)</b>
<b>Balance as at 30 June 2015</b>		<b>99,889,769</b>	<b>1,685,582,546</b>	<b>3,515,775,386</b>	<b>5,301,247,701</b>

The notes on pages 28 to 48 form an integral part of this condensed consolidated interim financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Note	Unaudited	
		Six months ended 30 June	
		2015 HK\$	2014 HK\$
<b>Cash flows from operating activities:</b>			
— cash generated from operations		405,887,451	258,160,719
— interest paid		(62,048,345)	(47,204,316)
<b>Cash flows generated from operating activities — net</b>		<b>343,839,106</b>	210,956,403
<b>Cash flows from investing activities:</b>			
— purchases of property, plant and equipment		(470,645,242)	(556,988,936)
— purchases of intangible assets		(9,105,203)	(9,144,528)
— purchases of land use rights		(25,769,766)	—
— proceeds on disposal of property, plant and equipment		3,740,939	129,946
— interest received		2,160,320	1,287,826
<b>Cash flows used in investing activities — net</b>		<b>(499,618,952)</b>	(564,715,692)
<b>Cash flows from financing activities:</b>			
— dividends paid	16	(119,864,122)	(107,823,170)
— repayments of borrowings	11	(3,328,253,369)	(1,100,183,102)
— proceeds from borrowings	11	2,849,154,970	1,167,600,311
— loans from a related party	11, 19	541,214,421	289,646,465
— proceeds from shares issued	10	6,310,260	—
<b>Cash flows (used in)/generated from financing activities — net</b>		<b>(51,437,840)</b>	249,240,504
<b>Net decrease in cash and cash equivalents</b>		<b>(207,217,686)</b>	(104,518,785)
Cash and cash equivalents at beginning of the period		720,283,714	689,702,649
Exchange differences		599,534	(7,240,230)
<b>Cash and cash equivalents at end of the period</b>		<b>513,665,562</b>	577,943,634

The notes on pages 28 to 48 form an integral part of this condensed consolidated interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

## 1 General Information

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

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

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

On 9 September 2013, SCA Group Holding BV (“SCA BV”), a subsidiary of Svenska Cellulosa Aktiebolaget, made a voluntary conditional cash offer to acquire all outstanding shares of the Company. The cash offer was finally closed on 11 November 2013. After the close of the cash offer, Svenska Cellulosa Aktiebolaget became the ultimate holding company of the Group.

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

This condensed consolidated interim financial information is presented in Hong Kong dollar (“HK\$”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 16 July 2015.

This condensed consolidated interim financial information has not been audited.

## 2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with HKAS 34 “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

### 2.1 Going-concern basis

The Group meets its day-to-day working capital requirements through its bank facilities and loans from a related party. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial information.

### 3 Significant accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

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

#### (a) New and amended standards adopted by the Group

The following new and amended standards are mandatory for the first time for the financial year beginning 1 January 2015:

HKFRS 2 (Amendment) "Share-based payment" is effective for annual periods beginning on or after 1 July 2014. This amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

HKFRS 3 (Amendment) "Business combinations" and consequential amendments to HKFRS 9, "Financial instruments", HKAS 37, "Provisions, contingent liabilities and contingent assets", and HKAS 39, "Financial instruments — Recognition and measurement" are effective for annual periods beginning on or after 1 July 2014. This standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in HKAS 32, "Financial instruments: Presentation". All non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

HKFRS 8 (Amendment) "Operating segments" is effective for annual periods beginning on or after 1 July 2014. This standard is amended to require disclosure of the judgements made by management in aggregating operating segments and a reconciliation of segment assets to the entity's assets when segment assets are reported.

HKAS 16 (Amendment) "Property, plant and equipment" and HKAS 38 (Amendment) "Intangible assets" are effective for annual periods beginning on or after 1 July 2014. Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

HKAS 24 (Amendment) "Related party disclosures" is effective for annual periods beginning on or after 1 July 2014. This standard is amended to address that the reporting entity is not required to disclose the compensation paid by the management entity (as a related party) to the management entity's employee or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

HKFRS 3 (Amendment) "Business combinations" is effective for annual periods beginning on or after 1 July 2014. This amendment clarifies that HKFRS 3 does not apply to the accounting for the formation of any joint arrangement under HKFRS 11 in the financial statements of the joint arrangement.

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.

### 3 Significant accounting policies (*continued*)

- (b) Standards, amendments and interpretations to existing standards effective in 2015 but not relevant to the Group

		<b>Effective for annual periods beginning on or after</b>
HKAS 19 (Amendment)	Defined benefit plans	1 July 2014
HKFRS 13	Fair value measurement	1 July 2014
HKAS 40	Investment property	1 July 2014

- (c) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 11	Accounting for acquisitions of interests in joint operation	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer plants	1 January 2016
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: Applying the consolidation exception	1 January 2016
HKAS 1 (Amendments)	Disclosure initiative	1 January 2016
HKFRS 5 (Amendment)	Non-current assets held for sale and discontinued operations	1 January 2016
HKFRS 7 (Amendments)	Financial instruments: Disclosures	1 January 2016
HKAS 19 (Amendment)	Employee benefits	1 January 2016
HKAS 34 (Amendment)	Interim financial reporting	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial instruments	1 January 2018



## 4 Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

## 5 Financial risk management

### 5.1 Financial risk factors

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

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in the risk management department since year end or in any risk management policies.

## 5 Financial risk management (continued)

### 5.2 Liquidity risk

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

As at 30 June 2015, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

	On demand HK\$	Less than 1 year HK\$	Between 1 and 2 years HK\$	Between 2 and 5 years HK\$	Total Amount HK\$
As at 30 June 2015					
Bank loans (i)	—	406,585,862	122,472,512	1,526,090,893	2,055,149,267
Loans from a related party (i)	—	60,377,384	60,212,418	2,644,140,683	2,764,730,485
Trade payables	—	1,006,141,875	—	—	1,006,141,875
Other payables	—	345,051,077	—	—	345,051,077

As at 31 December 2014

Term loans subject to a repayment on demand clause (i)	328,637,908	—	—	—	328,637,908
Other bank loans (i)	—	1,244,019,575	784,758,772	104,091,927	2,132,870,274
Loans from a related party (i)	—	35,995,890	36,089,302	2,081,974,149	2,154,059,341
Trade payables	—	1,401,419,316	—	—	1,401,419,316
Other payables	—	360,134,031	—	—	360,134,031

(i) The interest on borrowings is calculated based on borrowings held as at 30 June 2015 and 31 December 2014 without taking account of future issues. Floating-rate interest is estimated using interest rate prevailing as at 30 June 2015 and 31 December 2014 respectively.

### 5.3 Fair value estimation

There were no changes on valuation techniques during the period.

In preparing the condensed consolidated interim financial statements, the significant judgements made by management in applying the valuation method for the financial instruments carried at fair value and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

For the six months ended 30 June 2015

## 6 Segment information

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
Sales of household paper products	<b>4,583,488,938</b>	3,652,512,624
Sales of personal care products	<b>159,744,704</b>	27,448,992
<b>Total revenue (turnover)</b>	<b>4,743,233,642</b>	3,679,961,616

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.

The executive committee has determined that no business segment information is presented as over 96% of the Group's sales and operating profits are derived from the sales of household paper products, which is considered one business segment with similar economic characteristics.

The executive committee has also determined that no geographical segment information is presented as management reviews the business performance based on type of business, not geographically.

The Company is domiciled in Hong Kong. The amount of its revenue from external customers in Mainland China, Hong Kong and overseas for the six months ended 30 June 2015 is HK\$4,241,378,826 (for the six months ended 30 June 2014: HK\$3,368,373,172), HK\$491,241,698 (for the six months ended 30 June 2014: HK\$284,130,444), HK\$10,613,118 (for the six months ended 30 June 2014: HK\$27,458,000) respectively.

The total non-current assets are analysed as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2015</b>	2014
	<b>Unaudited</b>	Audited
	<b>HK\$</b>	HK\$
Total non-current assets other than deferred tax assets		
— Mainland China	<b>6,804,460,310</b>	6,531,909,600
— Hong Kong and overseas	<b>1,058,762,671</b>	1,067,621,910
Deferred tax assets	<b>277,092,294</b>	267,405,812
<b>Total non-current assets</b>	<b>8,140,315,275</b>	7,866,937,322

For the six months ended 30 June 2015

## 7 Property, plant and equipment, investment property, leasehold land and land use rights and intangible assets

	<b>Property, plant and equipment</b>	<b>Unaudited</b>		<b>Intangible assets</b>
	HK\$	<b>Investment property</b>	<b>land and land use rights</b>	HK\$
	HK\$	HK\$	HK\$	HK\$
<b>Six months ended 30 June 2014</b>				
Opening net book amount				
as at 1 January 2014	5,101,881,171	32,427,614	290,468,442	21,235,148
Additions	570,397,019	—	—	9,144,528
Disposals	(295,425)	—	—	—
Reclassification	(8,268)	8,268	—	—
Depreciation and amortisation (Note 13)	(172,072,291)	(509,842)	(3,324,331)	(4,713,745)
Exchange differences	(49,432,384)	(309,331)	(2,773,466)	(213,355)
Closing net book amount				
as at 30 June 2014	5,450,469,822	31,616,709	284,370,645	25,452,576
<b>Six months ended 30 June 2015</b>				
Opening net book amount				
as at 1 January 2015	<b>5,901,730,851</b>	—	<b>297,758,758</b>	<b>1,400,041,901</b>
Additions	<b>466,170,250</b>	—	<b>25,769,766</b>	<b>9,105,203</b>
Disposals	<b>(1,234,406)</b>	—	—	—
Depreciation and amortisation (Note 13)	<b>(213,567,881)</b>	—	<b>(3,468,093)</b>	<b>(16,948,650)</b>
Impairment (Note 13)	<b>(5,409,178)</b>	—	—	—
Exchange differences	<b>2,593,746</b>	—	<b>167,005</b>	<b>513,709</b>
Closing net book amount				
as at 30 June 2015	<b>6,150,283,382</b>	—	<b>320,227,436</b>	<b>1,392,712,163</b>

During the period, the Group has capitalized borrowing costs amounting to HK\$5,197,340 (2014: HK\$11,803,449) on qualifying assets. Borrowing costs were capitalized at the weighted average rate of its general borrowings of 1.36% (2014: 2.46%).

For the six months ended 30 June 2015

## 8 Trade receivables, other receivables and prepayments

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2015</b>	2014
	<b>Unaudited</b>	Audited
	<b>HK\$</b>	HK\$
Trade receivables	<b>1,199,925,231</b>	1,146,726,943
Other receivables (Note(a))	<b>216,180,978</b>	328,155,701
Notes receivable	<b>15,469,196</b>	20,147,076
Prepayments	<b>48,670,742</b>	35,443,023
Less: Provision for impairment of trade receivables	<b>(8,668,696)</b>	(6,870,426)
	<b>1,471,577,451</b>	1,523,602,317

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

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

Ageing analysis of trade receivables of the Group based on invoice date as at 30 June 2015 and 31 December 2014 is as below:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2015</b>	2014
	<b>Unaudited</b>	Audited
	<b>HK\$</b>	HK\$
Within 3 months	<b>1,130,175,146</b>	1,079,877,776
4 months to 6 months	<b>54,824,483</b>	55,929,423
7 months to 12 months	<b>12,513,812</b>	8,179,147
Over 1 year	<b>2,411,790</b>	2,740,597
	<b>1,199,925,231</b>	1,146,726,943

For the six months ended 30 June 2015

## 9 Share capital and share premium

	Number of authorised shares	Number of issued and fully paid shares	Unaudited Amount Share capital HK\$	Share premium HK\$
<b>As at 1 January 2014 and 30 June 2014</b>	80,000,000,000	998,362,686	99,836,269	1,676,529,981
<b>Opening balance as at 1 January 2015</b>	<b>80,000,000,000</b>	<b>998,402,686</b>	<b>99,840,269</b>	<b>1,677,023,606</b>
Employee share option scheme (Note 10)				
— Exercise of options	—	495,000	49,500	8,558,940
<b>As at 30 June 2015</b>	<b>80,000,000,000</b>	<b>998,897,686</b>	<b>99,889,769</b>	<b>1,685,582,546</b>

As at 30 June 2015 and 2014, the par value of authorised and issued ordinary shares is HK\$0.1 per share.

## 10 Share-based payment

Movements in the number of share options outstanding and their related weighted average exercise prices for the six months period ended 30 June 2015 and 2014 were as follows:

	For the six months period ended 30 June 2015		2014	
	Unaudited Weighted average exercise price in HK\$	Number of options	Unaudited Weighted average exercise price in HK\$	Number of options
At 1 January	12.64	12,966,000	12.73	13,986,000
Granted	—	—	—	—
Exercised	12.75	(495,000)	—	—
Forfeited	14.06	(90,000)	14.06	(400,000)
At 30 June	12.62	12,381,000	12.69	13,586,000

Options exercised during the six months ended 30 June 2015 resulted in 495,000 shares being issued (30 June 2014: Nil), with exercise proceeds of HK\$6,310,260 (30 June 2014: Nil).



## 10 Share-based payment (continued)

Share options outstanding as at 30 June 2015 have the following expiry dates and exercise prices:

Expiry date	Exercise price HK\$ per share	Number of options
23 February 2019	2.98	460,000
14 April 2021	8.648	1,580,000
1 May 2022	14.06	9,222,000
1 May 2023	10.34	1,119,000

## 11 Borrowings

	As at	
	30 June 2015 Unaudited HK\$	31 December 2014 Audited HK\$
<b>Non-current</b>		
Unsecured bank borrowings	1,586,299,392	878,667,606
Loans from a related party (Note 19(c))	2,570,420,999	2,030,138,167
Total non-current borrowings	4,156,720,391	2,908,805,773
<b>Current</b>		
Portion of loans from banks due for repayment within one year — Unsecured	370,960,027	1,244,253,403
Portion of loans from banks due for repayment after one year which contain a repayment on demand clause — Unsecured	—	311,745,468
Total current borrowings	370,960,027	1,555,998,871
<b>Total borrowings</b>	4,527,680,418	4,464,804,644

For the six months ended 30 June 2015

## 11 Borrowings (continued)

Movements in borrowings are analysed as follows:

	<b>Unaudited</b> HK\$
<b>Six months ended 30 June 2014</b>	
Opening amount as at 1 January 2014	2,737,436,782
New borrowings	1,457,246,776
Repayments of borrowings	(1,100,183,102)
Exchange differences, net	6,419,488
Closing amount as at 30 June 2014	3,100,919,944
<b>Six months ended 30 June 2015</b>	
Opening amount as at 1 January 2015	<b>4,464,804,644</b>
New borrowings	<b>3,390,369,391</b>
Repayments of borrowings	<b>(3,328,253,369)</b>
Exchange differences, net	<b>759,752</b>
Closing amount as at 30 June 2015	<b>4,527,680,418</b>

## 12 Trade payables, other payables and accrued expenses

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2015</b>	2014
	<b>Unaudited</b>	Audited
	<b>HK\$</b>	HK\$
Trade payables	<b>1,006,141,875</b>	1,401,419,316
Notes payable	<b>41,052,998</b>	26,649,646
Other payables	<b>485,135,798</b>	523,245,841
Accrued expenses	<b>388,801,235</b>	358,064,594
	<b>1,921,131,906</b>	2,309,379,397

## 12 Trade payables, other payables and accrued expenses (continued)

The credit period granted by the creditors generally ranged from 30 to 90 days. Ageing analysis of trade payables and notes payable as at 30 June 2015 and 31 December 2014 is as follows:

	As at	
	30 June 2015 Unaudited HK\$	31 December 2014 Audited HK\$
Within 3 months	1,038,289,303	1,405,501,710
4 months to 6 months	2,848,789	15,759,732
7 months to 12 months	1,493,441	1,290,280
Over 1 year	4,563,340	5,517,240
	<b>1,047,194,873</b>	1,428,068,962

## 13 Operating profit

The following items have been (credited)/charged to the operating profit during the six months ended 30 June 2015 and 2014:

	Unaudited Six months ended 30 June	
	2015 HK\$	2014 HK\$
Amortisation of deferred government grants	(1,735,525)	(2,047,902)
Foreign exchange loss, net	30,121,800	33,388,693
Provision for impairment of receivables	1,918,211	3,642,389
Provision for impairment of inventories	6,295,505	309,922
Impairment charges of property, plant and equipment (Note 7)	5,409,178	—
Depreciation of property, plant and equipment (Note 7)	213,567,881	172,072,291
Depreciation of investment property (Note 7)	—	509,842
Amortisation of intangible assets (Note 7)	16,948,650	4,713,745
Amortisation of leasehold land and land use rights (Note 7)	3,468,093	3,324,331
(Gain)/loss on disposal of property, plant and equipment	(2,506,533)	165,479

For the six months ended 30 June 2015

## 14 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2014: 16.5%) on the estimated assessable profit for the year. The applicable corporate income tax rate for Mainland China subsidiaries is 25% except for subsidiaries which are qualified as High and New Technology Enterprises (“HNTE”) and would be entitled to enjoy a beneficial tax rate of 15%. The subsidiaries which are qualified as HNTE can additionally deduct 50% of qualified research and development expenses when calculating the taxable income. Taxation on profits outside Mainland China and 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.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
Current income tax		
— Hong Kong profits tax	<b>26,812,329</b>	25,603,562
— PRC enterprise income tax	<b>67,501,508</b>	27,558,399
Deferred income tax	<b>(10,425,905)</b>	6,710,944
	<b>83,887,932</b>	59,872,905

Income tax expense is recognised based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended 30 June 2015 is 20.23% (the estimated tax rate for the six months ended 30 June 2014 was 21.23%).

## 15 Earnings per share

### (a) Basic

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
Profit attributable to equity holders of the Company (HK\$)	<b>330,801,221</b>	222,175,903
Weighted average number of ordinary shares in issue	<b>998,580,266</b>	998,362,686
Basic earnings per share (HK\$ per share)	<b>0.331</b>	0.223

## 15 Earnings per share *(continued)*

### (b) Diluted

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
Profit attributable to equity holders of the Company (HK\$)	<b>330,801,221</b>	222,175,903
Weighted average number of ordinary shares in issue	<b>998,580,266</b>	998,362,686
Adjustments for share options	<b>801,609</b>	954,590
Weighted average number of ordinary shares for diluted earnings per share	<b>999,381,875</b>	999,317,276
Diluted earnings per share (HK\$ per share)	<b>0.331</b>	0.222

## 16 Dividends

On 27 March 2014, the Board proposed a final dividend in respect of the year ended 31 December 2013 of HK\$0.108 per ordinary share. The actual final dividends paid for the year ended 31 December 2013 was HK\$107,823,170 based on the 998,362,686 issued shares outstanding at that time.

On 29 January 2015, the Board proposed a final dividend in respect of the year ended 31 December 2014 of HK\$119,808,322, representing HK\$0.120 per ordinary share. The final dividend of HK\$119,864,122 was paid in June 2015 based on the 998,867,686 issued shares outstanding at that time.

On 16 July 2015, the Board has resolved to declare an interim dividend of HK\$0.05 per share (2014: HK\$0.04 per share). This interim dividend, amounting to HK\$49,944,884 (2014: HK\$39,934,507) based on the 998,897,686 issued shares outstanding as at 30 June 2015, has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2015.

## 17 Commitments

### (a) Capital Commitments

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2015</b>	2014
	<b>Unaudited</b>	Audited
	<b>HK\$</b>	HK\$
Property, plant and equipment and intangible assets	<b>882,241,227</b>	312,047,942

### (b) Commitments under operating leases

As at 30 June 2015, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2015</b>	2014
	<b>Unaudited</b>	Audited
	<b>HK\$</b>	HK\$
Not later than one year	<b>95,712,774</b>	94,493,719
Later than one year but not later than two years	<b>89,527,144</b>	89,393,706
Later than two years but not later than five years	<b>238,760,972</b>	236,915,727
Later than five years	<b>443,352,135</b>	481,089,183
	<b>867,353,025</b>	901,892,335



## 18 Contingent liabilities

As at 30 June 2015 and 31 December 2014, the Group had no material contingent liabilities.

## 19 Related-party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

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

Name of related party	Relationship
SCA BV	Shareholder
Asaleo Care Australasia Pty Ltd ("SCA HA", formerly known as SCA Hygiene Australasia Pty Limited)	An associate of Svenska Cellulosa Aktiebolaget
SCA (China) Holding Co., Ltd. ("SCA (China)", formerly known as SCA Trading (Shanghai) Co. Ltd.)	Subsidiary of Svenska Cellulosa Aktiebolaget
Everbeauty Industry (Shanghai) Ltd. ("EB Shanghai")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Malaysia Sdn. Bhd. ("SCA HM")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Korea Co., Ltd. ("SCA Korea")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Tissue Hong Kong Limited ("SCA HK")	Subsidiary of Svenska Cellulosa Aktiebolaget
Vinda Personal Care (China) Limited ("VPC (China)")	Subsidiary of Vinda Personal Care Holdings Limited ("Vinda Personal Care")
SCA Taiwan Ltd. ("SCA TW")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products AB ("SCA HP")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products Gennep B.V. ("SCA HP B.V.")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products sp. Z o.o ("SCA HP sp. Z o.o")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products GMBH ("SCA GMBH")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products Slovakia, S.R.O. ("SCA HPS, S.R.O.")	Subsidiary of Svenska Cellulosa Aktiebolaget
Fu An International Company Limited ("Fu An")	Shareholder
Jiangmen Taiyuan Paper Limited ("Taiyuan Paper")	A subsidiary of Fu An
AB SCA Finans (Publ) ("SCA Finans")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Logistics AB	Subsidiary of Svenska Cellulosa Aktiebolaget

## 19 Related-party transactions (continued)

### (b) Significant related party transactions

In the opinion of the Company's directors, the related party transactions were conducted in the ordinary course of business and based on terms mutually agreed by the underlying parties. Significant related party transactions of the Group during the six months ended 30 June 2015 include:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
(1) Sales of products to related parties:		
— SCA HA	<b>5,423,024</b>	22,390,873
— SCA (China)	<b>4,492,051</b>	684,773
— EB Shanghai	<b>3,034,578</b>	—
— SCA HM	<b>925,622</b>	—
— SCA Korea	<b>82,844</b>	—
— VPC (China) (Note(a))	<b>—</b>	304,979
	<b>13,958,119</b>	23,380,625

(a) On 10 July 2014, the Group acquired further 59% equity interests in Vinda Personal Care and from the start of the following month, i.e. 1 August 2014, Vinda Personal Care was consolidated in the accounts of the Group as a wholly-owned subsidiary of the Group.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
(2) Processing service to a related party:		
— SCA HK (Note(b))	<b>—</b>	8,435,990

(b) On 1 October 2014, the Group acquired 100% equity interests in SCA HK. After the acquisition, SCA HK became a wholly-owned subsidiary of the Group.

For the six months ended 30 June 2015

**19 Related-party transactions (continued)**

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
(3) Purchase of products from related parties:		
— SCA TW	<b>26,647,398</b>	—
— SCA HP	<b>9,119,995</b>	—
— SCA HM	<b>5,308,606</b>	—
— SCA (China)	<b>4,723,151</b>	—
— SCA HP B.V.	<b>4,378,325</b>	—
— SCA HP sp. Z o.o	<b>3,340,521</b>	—
— SCA GMBH	<b>2,908,769</b>	—
— SCA Logistics AB	<b>1,172,818</b>	—
— EB Shanghai	<b>982,297</b>	—
— SCA HPS, S.R.O.	<b>134,205</b>	—
— VPC (China) (Note(a))	—	29,413,769
	<b>58,716,085</b>	29,413,769
	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
(4) Rental income from a related party:		
— VPC (China) (Note(a))	—	1,045,455
	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
(5) Rental expenses paid and prepaid to related parties:		
— Taiyuan Paper (Note(c))	<b>38,893,366</b>	30,329,195
— SCA (China)	<b>2,277,040</b>	—
	<b>41,170,406</b>	30,329,195

## 19 Related-party transactions (continued)

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

- (c) On 22 November 2011, 27 March 2012 and 10 April 2014, Vinda Paper (China) Company Limited (“Vinda Paper (China)”), entered into 3 lease agreements with Taiyuan Paper, whereby Taiyuan Paper had agreed to lease Vinda Paper (China) 2 pieces of land located in Xinhui District, Guangdong, the PRC, together with a factory, buildings and relevant ancillary infrastructures erected thereon for a term commencing on the date of 22 November 2011, 27 March 2012 and 10 April 2014 respectively and ending on an initial term of 15 years from 22 November 2011 with a fixed annual rent of RMB29,000,000 (approximately HK\$36,616,162), RMB16,800,000 (approximately HK\$21,212,121) and RMB16,200,000 (approximately HK\$20,454,545), respectively.

	Unaudited Six months ended 30 June	
	2015 HK\$	2014 HK\$
(6) Loans from a related party: — SCA Finans (Note(d))	541,214,421	289,646,465

	Unaudited Six months ended 30 June	
	2015 HK\$	2014 HK\$
(7) Interest expenses accrued to a related party: — SCA Finans (Note(d))	27,628,135	628,995

- (d) On 29 April 2014, 22 August 2014, and 19 December 2014, the Group entered into a loan agreement and two term facility agreements with SCA Finans, in relation to term loans of an aggregate amount not exceeding HK\$1,500,000,000, HK\$1,200,000,000, HK\$3,000,000,000 (or an equivalent amount) respectively.

The Group disbursed four loans under the loan agreement with SCA Finans dated 29 April 2014, with principal amounts of HK\$100,000,000, HK\$150,000,000, HK\$90,000,000 and RMB150,000,000, and maturity dates of 8 February 2015, 10 April 2015, 10 June 2015 and 11 March 2015 respectively. According to the addendum agreement signed on 19 December 2014, the Group was entitled to extend the maturity dates for an additional four years.

The Group disbursed two loans under the term facility agreements dated 22 August 2014 and 19 December 2014 with principal amounts of HK\$1,200,000,000 and HK\$300,000,000, and maturity dates of 29 September 2017 and 28 December 2018 respectively.

On 19 January 2015 and 11 March 2015, the Group disbursed two loans under the term facility agreement dated 19 December 2014 with principal amounts of RMB150,000,000 and HK\$350,000,000, and maturity dates of 19 January 2019 and 11 March 2019 respectively.

The loan balance as at 30 June 2015 represented long term loans with principal of RMB300,000,000 and HK\$2,190,000,000 (approximately HK\$2,570,420,999) respectively and the weighted average interest rate is 2.16%.

For the six months ended 30 June 2015

## 19 Related-party transactions (continued)

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

	Unaudited	
	Six months ended 30 June	
	2015 HK\$	2014 HK\$
(8) Key management compensation:		
Directors		
— Basic salaries, housing allowances, other allowances, benefits-in-kind and other benefits	11,834,825	5,776,951
Senior management		
— Basic salaries, housing allowances, other allowances, benefits-in-kind and other benefits	6,410,269	4,257,439
	<b>18,245,094</b>	10,034,390

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

	As at	
	30 June 2015 Unaudited HK\$	31 December 2014 Audited HK\$
	(1) Trade receivables from related parties:	
— SCA (China)	5,676,140	497,843
— SCA HA	2,358,061	2,181,957
— EB Shanghai	3,996,720	—
— SCA HM	563,341	196,307
	<b>12,594,262</b>	2,876,107

All the above receivables are aged within 3 months as at 30 June 2015 and 31 December 2014.

	As at	
	30 June 2015 Unaudited HK\$	31 December 2014 Audited HK\$
	(2) Rental prepayments to a related party:	
— Taiyuan Paper	59,222,612	58,877,117

For the six months ended 30 June 2015

## 19 Related-party transactions (continued)

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

	As at	
	30 June 2015 Unaudited HK\$	31 December 2014 Audited HK\$
(3) Trade payables to related parties:		
— SCA (China)	16,585,572	21,359,223
— SCA HP	8,106,040	1,200,854
— EB Shanghai	7,563,231	1,970,005
— SCA TW	6,828,224	10,014,946
— SCA HP sp. Z o.o	2,049,036	754,118
— SCA HP B.V.	1,664,211	861,062
— SCA HM	1,581,126	2,066,204
— SCA HP GMBH	1,058,630	166,615
— SCA Logistics AB	719,078	82,090
— SCA HPS, S.R.O.	135,106	—
	<b>46,290,254</b>	38,475,117

All the above payables are aged within 3 months based on invoice date as at 30 June 2015 and 31 December 2014.

	As at	
	30 June 2015 Unaudited HK\$	31 December 2014 Audited HK\$
(4) Loans from a related party:		
— SCA Finans (Note(e))	2,570,420,999	2,030,138,167
(5) Interest payable to a related party:		
— SCA Finans (Note(e))	4,227,799	1,424,731

(e) The loan balance as at 30 June 2015 represented long term loans with principal of RMB300,000,000 and HK\$2,190,000,000 (approximately HK\$2,570,420,999) respectively and the weighted average interest rate is 2.16%.