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Vinda International Holdings Limited
維 達 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3331)

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

"Healthy lifestyle starts from Vinda"

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014
FINANCIAL HIGHLIGHTS

	2014	2013	**Changes**
Revenue *(HK$)*	**7,985,222,304**	6,797,959,594	**+17.5%**
Gross profit *(HK$)*	**2,408,713,586**	1,971,681,554	**+22.2%**
Profit attributable to equity holders of the Company *(HK$)*	**593,467,132**	542,907,689	**+9.3%**
Gross profit margin	**30.2%**	29.0%	
Net profit margin	**7.4%**	8.0%	
Earnings per share *(HK$)* — basic	**59.4 cents**	54.3 cents	**+9.4%**
Dividend per share *(HK$)*	**16.0 cents**	15.6 cents	**+2.6%**
— interim dividend (paid) *(HK$)*	**4.0 cents**	4.8 cents	
— final dividend (proposed) *(HK$)*	**12.0 cents**	10.8 cents	
Stock turnover	**119 days**	115 days	
Finished goods turnover	**40 days**	37 days	
Debtors turnover	**47 days**	48 days	

CONSOLIDATED BALANCE SHEET

		Audited	
		As at 31 December	
		2014	2013
	Note	***HK$***	*HK$*
ASSETS			
Non-current assets			
Property, plant and equipment		**5,901,730,851**	5,101,881,171
Leasehold land and land use rights		**297,758,758**	290,468,442
Intangible assets	16	**1,400,041,901**	21,235,148
Deferred income tax assets		**267,405,812**	204,808,552
Investment property		**—**	32,427,614
Investment in an associate	11	**—**	58,757,692
		7,866,937,322	5,709,578,619
Current assets			
Inventories		**2,029,115,081**	1,642,844,200
Trade receivables, other receivables and prepayments	10	**1,523,602,317**	1,286,276,545
Prepayments to and receivables from related parties		**61,753,224**	40,961,155
Restricted bank deposits		**1,301,535**	3,567,270
Cash and cash equivalents		**720,283,714**	689,702,649
		4,336,055,871	3,663,351,819
Total assets		**12,202,993,193**	9,372,930,438
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	13	**99,840,269**	99,836,269
Share premium	13	**1,677,023,606**	1,676,529,981
Other reserves			
— Proposed final dividend		**119,808,322**	107,823,170
— Others		**3,184,332,608**	2,762,686,977
Total equity		**5,081,004,805**	4,646,876,397

	Note	Audited As at 31 December 2014 HK$	2013 HK$
LIABILITIES			
Non-current liabilities			
Borrowings	14	**878,667,606**	1,705,003,809
Loans from a related party	14	**2,030,138,167**	—
Deferred government grants		**98,726,406**	102,873,484
Deferred income tax liabilities		**94,787,849**	7,222,427
		3,102,320,028	1,815,099,720
Current liabilities			
Trade payables, other payables and accrued expenses	12	**2,309,379,397**	1,820,064,171
Borrowings	14	**1,555,998,871**	1,032,432,973
Derivative financial instruments	15	—	12,918,422
Due to related parties		**39,899,848**	5,217,791
Current income tax liabilities		**114,390,244**	40,320,964
		4,019,668,360	2,910,954,321
Total liabilities		**7,121,988,388**	4,726,054,041
Total equity and liabilities		**12,202,993,193**	9,372,930,438
Net current assets		**316,387,511**	752,397,498
Total assets less current liabilities		**8,183,324,833**	6,461,976,117

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital HK$	Share premium HK$	Other reserves HK$	Total HK$
		Audited			
		Attributable to equity holders of the Company			
Balance at 1 January 2013		99,938,269	1,668,318,024	2,350,661,375	4,118,917,668
Profit for the year		—	—	542,907,689	542,907,689
Other comprehensive income					
— Currency translation differences		—	—	136,338,309	136,338,309
— Hedging reserve		—	—	4,588,901	4,588,901
Total comprehensive income for 2013		—	—	683,834,899	683,834,899
Transaction with owners					
Employees share option scheme					
— Value of employee services		—	—	13,857,000	13,857,000
— Exercise of share options	13	48,000	3,413,728	(897,728)	2,564,000
— Cancellation of options		—	16,059,847	(16,059,847)	—
Repurchases and cancellation of shares		(150,000)	(11,261,618)	—	(11,411,618)
Dividends	9	—	—	(160,885,552)	(160,885,552)
Transaction with owners		(102,000)	8,211,957	(163,986,127)	(155,876,170)
Balance at 31 December 2013		99,836,269	1,676,529,981	2,870,510,147	4,646,876,397
Balance at 1 January 2014		**99,836,269**	**1,676,529,981**	**2,870,510,147**	**4,646,876,397**
Profit for the year		**—**	**—**	**593,467,132**	**593,467,132**
Other comprehensive income					
— Currency translation differences		**—**	**—**	**(13,756,533)**	**(13,756,533)**
— Hedging reserve		**—**	**—**	**1,805,786**	**1,805,786**
Total comprehensive income for 2014		**—**	**—**	**581,516,385**	**581,516,385**
Transaction with owners					
Employees share option scheme					
— Exercise of share options	13	**4,000**	**493,625**	**(126,325)**	**371,300**
Dividends	9	**—**	**—**	**(147,759,277)**	**(147,759,277)**
Transaction with owners		**4,000**	**493,625**	**(147,885,602)**	**(147,387,977)**
Balance at 31 December 2014		**99,840,269**	**1,677,023,606**	**3,304,140,930**	**5,081,004,805**

CONSOLIDATED CASH FLOW STATEMENT

	Audited For the year ended 31 December **2014** ***HK$***	 2013 *HK$*
Cash flows from operating activities		
Cash generated from operations	**996,980,445**	1,159,819,779
Interest paid	**(99,664,759)**	(99,608,419)
Income tax paid	**(58,812,368)**	(240,600,119)
Net cash generated from operating activities	**838,503,318**	819,611,241
Cash flows used in investing activities		
Acquisition of subsidiaries, net of cash acquired	**(1,349,904,431)**	—
Additional investment in an unlisted associate	**—**	(20,500,000)
Purchase of property, plant and equipment	**(1,018,343,271)**	(1,269,410,002)
Proceeds from disposal of property, plant and equipment	**24,064,234**	2,205,121
Payment for leasehold land and land use rights	**(14,888,647)**	(103,571,890)
Purchase of intangible assets	**(16,219,799)**	(13,493,666)
Interest received	**3,220,911**	3,792,450
Net cash used in investing activities	**(2,372,071,003)**	(1,400,977,987)
Cash flows generated from financing activities		
Proceeds from shares issued	**371,300**	2,564,000
Proceeds from borrowings	**2,497,891,060**	2,615,235,041
Loans from a related party	**2,028,661,199**	—
Repayments of borrowings	**(2,810,395,962)**	(1,939,632,724)
Repurchase and cancellation of shares	**—**	(11,411,618)
Dividends paid	**(147,759,277)**	(160,885,552)
Net cash generated from financing activities	**1,568,768,320**	505,869,147
Net increase/(decrease) in cash and cash equivalents	**35,200,635**	(75,497,599)
Effect of foreign exchange rate changes	**(4,619,570)**	11,613,597
Cash and cash equivalents, beginning of the year	**689,702,649**	753,586,651
Cash and cash equivalents, end of the year	**720,283,714**	689,702,649

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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

These consolidated financial statements are presented in Hong Kong dollar ("HK$") unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 29 January 2015.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial liabilities (including derivative instruments) at fair value through profit or loss.

3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(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 2014:

HKAS 36 (Amendment) "Impairment of assets" is effective for annual periods beginning on or after 1 January 2014. The amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

HK (IFRIC) Interpretation 21 "Levies" is effective for annual periods beginning on or after 1 January 2014. This is an interpretation of HKAS 37 "Provisions, contingent liabilities and contingent assets". HKAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

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.

(b) Standards, amendments and interpretations to existing standards effective in 2014 but not relevant to the Group.

		Effective for annual periods beginning on or after
HKAS 32 (Amendment)	Financial instruments: Presentation — Offsetting financial assets and financial liabilities	1 January 2014
Amendment to HKAS 39	Financial instruments: Recognition and measurement, on novation of derivatives	1 January 2014
HKFRS 10, 12 and HKAS 27 (Amendment)	Consolidation for investment entities	1 January 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 2014 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendment to HKAS 19	Defined benefits	1 July 2014
Amendments to HKFRS 10	Consolidated financial statements	1 January 2016
Amendment to HKFRS 11	Joint arrangements	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to HKAS 16	Property, plant and equipment	1 January 2016
Amendment to HKAS 27	Consolidated and separate financial statements	1 January 2016
Amendments to HKAS 28	Investment in associates	1 January 2016
Amendments to HKAS 38	Intangible assets	1 January 2016
Amendments to HKAS 41	Agriculture	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018

Apart from the above, the Hong Kong Institute of Certified Public Accountants has issued the annual improvements project which addresses several issues in the 2010–2012 reporting cycle, 2011–2013 reporting cycle, 2012–2014 reporting cycle, and includes changes to the following standards. The Group has not applied the following revised HKFRSs published in the annual improvements project.

		Effective for annual periods beginning on or after
HKFRS 3	Business combinations	1 July 2014
HKFRS 8	Operating segments	1 July 2014
HKFRS 13	Fair value measurement	1 July 2014
HKAS 16	Property, plant and equipment	1 July 2014
HKAS 24	Related Party Disclosures	1 July 2014
HKAS 38	Intangible assets	1 July 2014
HKAS 40	Investment property	1 July 2014
HKFRS 5	Non-current assets held for sale and discontinued operations	1 July 2016
HKFRS 7	Financial instruments: Disclosures	1 July 2016
HKAS 19	Employee benefits	1 July 2016
HKAS 34	Interim financial reporting	1 July 2016

The Group is assessing the full impact of the amendments and standards, and according to the preliminary assessment, there is no significant impact on the consolidated financial statements. The Group intends to adopt the amendments no later than the respective effective dates of the amendments.

4 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:

	For the year ended 31 December	
	2014	2013
	HK$	*HK$*
Sales of household paper products	**7,869,996,440**	6,772,035,041
Sales of personal care products	**115,225,864**	25,924,553
Total revenue (turnover)	**7,985,222,304**	6,797,959,594

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 98% 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 is HK$7,261,519,290 (2013: HK$6,248,262,580), HK$684,684,457 (2013: HK$531,361,704), HK$39,018,557 (2013: HK$18,335,310) respectively.

The total non-current assets are analysed as follows:

	As at 31 December	
	2014	2013
	HK$	*HK$*
Total non-current assets other than deferred tax assets and investment in an associate		
— Mainland China	**6,531,909,600**	5,416,066,216
— Hong Kong and overseas	**1,067,621,910**	29,946,159
Deferred tax assets	**267,405,812**	204,808,552
Investment in an associate	**—**	58,757,692
Total non-current assets	**7,866,937,322**	5,709,578,619

5 EXPENSES BY NATURE

	For the year ended 31 December 2014 HK$	2013 HK$
Material costs	**4,061,273,718**	3,530,486,506
Staff costs	**806,865,523**	685,144,390
Utilities	**633,216,010**	544,255,207
Transportation expenses	**325,279,871**	271,224,897
Promotion expenses	**466,404,791**	375,612,850
Depreciation of property, plant and equipment	**356,186,170**	262,605,791
Operating lease rent	**105,445,428**	89,244,727
Advertising costs	**45,775,700**	39,035,271
Travel and office expenses	**51,797,411**	40,391,608
Real estate tax, stamp duty and other taxes	**35,503,162**	25,887,012
Bank charges	**8,509,273**	12,882,381
Reversal of impairment of receivables *(Note 10)*	**(2,275,228)**	(1,882,453)
Auditor's remuneration	**7,450,393**	6,266,384
Amortisation of leasehold land and land use rights	**6,665,224**	5,548,596
Amortisation of intangible assets *(Note 16)*	**15,906,265**	5,610,447
Provision for/(reversal of) write-down of inventories	**28,973**	(153,726)
Impairment charges of property, plant and equipment	**5,927,718**	—
Other expenses	**307,321,634**	251,432,977
Total cost of sales, selling and marketing costs and administrative expenses	**7,237,282,036**	6,143,592,865

6 FINANCE INCOME AND COSTS

	For the year ended 31 December 2014 HK$	2013 HK$
Interest expense		
— bank borrowings *(a)*	**(82,701,752)**	(60,762,712)
Foreign exchange (loss)/gain, net	**(1,022,634)**	43,978,603
Interest income		
— bank deposits	**3,220,911**	3,792,450
Net finance costs	**(80,503,475)**	(12,991,659)

(a) During the year, the Group has capitalised borrowing costs amounting to HK$17,544,837 (2013: HK$11,430,280) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of its general borrowings of 3.30% (2013: 1.05%).

7 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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.

	For the year ended 31 December	
	2014	2013
	HK$	*HK$*
Current income tax		
— Hong Kong and overseas profits tax	**40,246,062**	37,416,323
— PRC enterprise income tax	**120,892,908**	113,477,625
— Under/(over) provision of income tax for prior year	**1,431,993**	(347,016)
Deferred income tax	**(19,034,706)**	(20,965,000)
	143,536,257	129,581,932

8 EARNINGS PER SHARE

(a) Basic

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

	For the year ended 31 December	
	2014	2013
Profit attributable to equity holders of the Company *(HK$)*	**593,467,132**	542,907,689
Weighted average number of ordinary shares in issue	**998,379,563**	999,024,220
Basic earnings per share *(HK$ per share)*	**0.594**	0.543

(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.

	For the year ended 31 December	
	2014	2013
Profit attributable to equity holders of the Company *(HK$)*	**593,467,132**	542,907,689
Weighted average number of ordinary shares in issue	**998,379,563**	999,024,220
Adjustments for share options	**949,953**	3,386,050
Weighted average number of ordinary shares for diluted earnings per share	**999,329,516**	1,002,410,270
Diluted earnings per share *(HK$ per share)*	**0.594**	0.542

9 DIVIDENDS

	2014	2013
	HK$	*HK$*
Interim dividend paid of HK$0.040 (2013: HK$0.048) per ordinary share	**39,936,107**	47,921,409
Proposed final dividend of HK$0.120 (2013: HK$0.108) per ordinary share	**119,808,322**	107,823,170
	159,744,429	155,744,579

On 29 January 2015, the Board of Directors 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. Such dividend is to be approved by the shareholders at the Annual General Meeting of the Company. These financial statements do not reflect this dividend payable.

The 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.

The dividends actually paid in 2014 and 2013 were HK$147,759,277 and HK$160,885,552 respectively based on the number of issued shares outstanding at relevant time.

10 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2014	2013
	HK$	*HK$*
Trade receivables	**1,146,726,943**	915,812,348
Less: Provision for impairment of trade receivables	**(6,870,426)**	(9,617,461)
Trade receivables, net	**1,139,856,517**	906,194,887
Other receivables		
— creditable input VAT	**265,180,999**	264,427,416
— prepaid income tax recoverable	**12,042,311**	41,190,955
— purchase rebates	**21,457,155**	21,129,484
— others	**29,475,236**	19,759,089
Other receivables	**328,155,701**	346,506,944
Trade and other receivables, net	**1,468,012,218**	1,252,701,831
Notes receivable	**20,147,076**	6,382,988
Prepayments		
— purchase of raw materials	**10,359,705**	6,274,931
— prepayment of utility fee	**5,022,630**	7,156,360
— others		

Ageing analysis of trade receivables of the Group based on invoice date as at 31 December 2014 and 2013 is as below:

	As at 31 December	
	2014	2013
	HK$	*HK$*
Within 3 months	**1,079,877,776**	854,781,509
4 months to 6 months	**55,929,423**	46,992,878
7 months to 12 months	**8,179,147**	8,841,000
Over 1 year	**2,740,597**	5,196,961
	1,146,726,943	915,812,348

As at 31 December 2014, trade receivables of HK$59,978,741 (2013: HK$51,413,378) were past due but not impaired. These balances relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables based on invoice date is as follows:

	As at 31 December	
	2014	2013
	HK$	*HK$*
4 months to 6 months	**55,929,423**	46,992,878
7 months to 12 months	**4,049,318**	4,420,500
	59,978,741	51,413,378

As at 31 December 2014, trade receivables of HK$6,870,426 (2013: HK$9,617,461) were impaired and fully provided for. The individually impaired receivables mainly relate to customers with financial difficulty. The ageing of these receivables is as follows:

	As at 31 December	
	2014	2013
	HK$	*HK$*
7 months to 12 months	**4,129,829**	4,420,500
Over 1 year	**2,740,597**	5,196,961
	6,870,426	9,617,461

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

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

	For the year ended 31 December	
	2014	2013
	HK$	*HK$*
As at 1 January	**(9,617,461)**	(11,321,967)
Acquisition of subsidiaries	**(1,207,468)**	—
Reversal of impairment of receivables *(Note 5)*	**2,275,228**	1,882,453
Receivables written off	**1,639,552**	—
Exchange differences	**39,723**	(177,947)
As at 31 December	**(6,870,426)**	(9,617,461)

The maximum exposure to credit risk at the reporting date is the carrying amounts of each category of receivable mentioned above.

11 INVESTMENT IN AN ASSOCIATE

	2014	2013
	HK$	*HK$*
1 January	**58,757,692**	64,357,657
Share of post-tax loss of an associate	**(4,805,242)**	(26,976,817)
Additional investment in an unlisted associate	**—**	20,500,000
Associate to subsidiary through step acquisition *(i)*	**(53,810,354)**	—
Exchange differences	**(142,096)**	876,852
31 December	**—**	58,757,692

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

12 TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	As at 31 December	
	2014	2013
	HK$	*HK$*
Trade payables	**1,401,419,316**	1,113,007,617
Notes payable	**26,649,646**	3,412,027
Other payables		
— salaries payable	**103,072,206**	67,386,956
— taxes payable other than income tax	**31,373,273**	35,755,149
— advances from customers	**55,315,977**	45,350,343
— payables for property, plant and equipment	**180,723,695**	123,684,552
— others	**152,760,690**	167,597,855
Accrued expenses		
— promotion fees	**185,288,444**	151,992,207
— utility charges	**43,864,344**	35,257,652
— transportation fees	**65,765,432**	47,387,787
— advertising fee	**19,426,153**	4,778,931
— accrued interest	**2,821,666**	4,249,666
— professional services	**7,084,865**	—
— others	**33,813,690**	20,203,429
	2,309,379,397	1,820,064,171

As at 31 December 2014 and 2013, the carrying amounts of the Group's trade payables, notes payable and other payables approximated their fair values.

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

	As at 31 December	
	2014	2013
	HK$	*HK$*
RMB	**950,927,668**	983,368,591
US$	**967,225,334**	571,243,174
HK$	**26,628,238**	61,170
Other currencies	**6,533,563**	1,521,564
	1,951,314,803	1,556,194,499

The credit period granted by the creditors generally ranged from 30 to 90 days. Ageing analysis of trade and notes payables as at 31 December 2014 and 2013 is as follows:

	As at 31 December	
	2014	2013
	HK$	*HK$*
Within 3 months	**1,405,501,710**	1,066,381,206
4 months to 6 months	**15,759,732**	21,918,953
7 months to 12 months	**1,290,280**	26,850,535
Over 1 years	**5,517,240**	1,268,950
	1,428,068,962	1,116,419,644

13 SHARE CAPITAL AND SHARE PREMIUM

	Group & Company				
			Amount		
	Number of authorised shares	**Number of issued and fully paid shares**	**Ordinary shares**	**Share premium**	**Total**
			HK$	*HK$*	*HK$*
At 1 January 2013	80,000,000,000	999,382,686	99,938,269	1,668,318,024	1,768,256,293
Employee share option scheme					
— Exercise of share options	—	480,000	48,000	3,413,728	3,461,728
— Options cancelled	—	—	—	16,059,847	16,059,847
Repurchased and cancelled *(i)*	—	(1,500,000)	(150,000)	(11,261,618)	(11,411,618)
At 31 December 2013	80,000,000,000	998,362,686	99,836,269	1,676,529,981	1,776,366,250
Employee share option scheme					
— Exercise of share options	**—**	**40,000**	**4,000**	**493,625**	**497,625**
At 31 December 2014	**80,000,000,000**	**998,402,686**	**99,840,269**	**1,677,023,606**	**1,776,863,875**

(i) During the year ended 31 December 2013, the Company repurchased its own shares of 1,500,000 shares in aggregate with the price range from HK$7.36 to HK$7.77 per share, together with related expenses, the total consideration was HK$11,411,618. These repurchased shares were subsequently cancelled and the issued share capital of the Company was reduced by nominal value of these shares accordingly.

(ii) As at 31 December 2014 and 2013, the par value of authorised and issued ordinary shares is HK$0.1 per share.

14 BORROWINGS

	As at 31 December	
	2014	2013
	HK$	*HK$*
Non-current		
Unsecured bank borrowings	**878,667,606**	1,697,713,043
Loans from a related party	**2,030,138,167**	—
Unsecured other borrowings *(Note (a))*	**—**	7,290,766
Total non-current borrowings	**2,908,805,773**	1,705,003,809
Current		
Portion of loans from banks due for repayment within one year		
— Unsecured	**1,244,253,403**	853,563,179
Portion of loans from banks due for repayment after one year which contain a repayment on demand clause		
— Unsecured	**311,745,468**	178,869,794
Total current borrowings	**1,555,998,871**	1,032,432,973
Total borrowings	**4,464,804,644**	2,737,436,782

(a) Other borrowings were granted by PRC local governments and are unsecured and interest-free. These borrowings were repaid in advance in 2014.

(b) The maturity of borrowings is as follows:

	Bank borrowings		Loans from a related party	Other borrowings
	As at 31 December		As at 31 December	As at 31 December
	2014	2013	**2014**	2013
	HK$	*HK$*	***HK$***	*HK$*
Portion of loans due for repayment within 1 year	**1,244,253,403**	853,563,179	**—**	—
Loans due for repayment after 1 year *(Note 1)*				
Between 1 and 2 years	**939,761,910**	1,113,903,226	**—**	7,290,766
Between 2 and 5 years	**250,651,164**	762,679,611	**2,030,138,167**	—
	2,434,666,477	2,730,146,016	**2,030,138,167**	7,290,766

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

As at 31 December 2014 and 2013, all of the borrowings of the Group are wholly repayable within 5 years.

(c) The effective interest rates during the year were as follows:

	Bank borrowings		Loans from a related party	Other borrowings
	2014	2013	**2014**	2013
HK$	**1.52%~3.32%**	1.40%~3.35%	**1.48%~2.29%**	—
US$	**1.03%~2.27%**	1.20%~3.57%	**—**	—
RMB	**4.50%~6.90%**	4.50%~6.90%	**3.39%**	—
AU$	**—**	2.88%~3.35%	**—**	—

(d) The carrying values of the borrowings approximate their fair values, as the market interest rates are relatively stable. The effective interest rates (per annum) at the balance sheet date were as follows:

	Bank borrowings As at 31 December	
	2014	2013
HK$	**2.32%**	2.64%
US$	**2.27%**	2.91%
RMB	**5.06%**	5.86%
AU$	**—**	2.89%

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

	As at 31 December	
	2014	2013
	HK$	*HK$*
HK$	**3,824,977,098**	2,154,245,161
US$	**265,973,656**	153,022,262
RMB	**373,853,890**	385,028,972
AU$	**—**	45,140,387
	4,464,804,644	2,737,436,782

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

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

15 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December 2014 HK$	2013 HK$
Cross currency swap	—	11,112,636
Interest rate swap		
— cash flow hedge	—	1,805,786
	—	12,918,422

16 INTANGIBLE ASSETS

	Goodwill HK$	Trademarks and licences HK$	Contractual customer relationships HK$	Computer software HK$	Total HK$
At 1 January 2013					
Cost	2,293,653	—	—	23,262,247	25,555,900
Accumulated amortisation and impairment	(2,293,653)	—	—	(10,307,523)	(12,601,176)
Net book amount	—	—	—	12,954,724	12,954,724
Year ended 31 December 2013					
Opening net book amount	—	—	—	12,954,724	12,954,724
Additions	—	—	—	13,493,666	13,493,666
Amortisation expense *(Note 5)*	—	—	—	(5,610,447)	(5,610,447)
Exchange differences	—	—	—	397,205	397,205
Closing net book amount	—	—	—	21,235,148	21,235,148
At 31 December 2013					
Cost	2,293,653	—	—	36,755,913	39,049,566
Accumulated amortisation and impairment	(2,293,653)	—	—	(15,520,765)	(17,814,418)
Net book amount	—	—	—	21,235,148	21,235,148
Year ended 31 December 2014					
Opening net book amount	—	—	—	21,235,148	21,235,148
Additions	—	—	—	16,219,799	16,219,799
Acquisition of subsidiaries	807,221,393	405,900,000	156,200,000	158,934	1,369,480,327
Disposal	—	—	—	(28,081)	(28,081)
Amortisation expense *(Note 5)*	—	(3,534,260)	(2,753,677)	(9,618,328)	(15,906,265)
Exchange differences	5,632,110	2,512,815	938,170	(42,122)	9,040,973
Closing net book amount	812,853,503	404,878,555	154,384,493	27,925,350	1,400,041,901
At 31 December 2014					
Cost	815,650,064	408,428,495	157,150,387	55,487,359	1,418,304,673
Accumulated amortisation and impairment	(2,796,561)	(3,549,940)	(2,765,894)	(27,562,009)	(18,262,772)
Net book amount	812,853,503	404,878,555	154,384,493	27,925,350	1,400,041,901

During the year ended 31 December 2014, amortisation of intangible assets charged to the consolidated statement of comprehensive income is as follow:

	For the year ended 31 December	
	2014	2013
	HK$	*HK$*
Administrative expenses	**13,152,588**	5,610,447
Selling expenses	**2,753,677**	—
	15,906,265	5,610,447

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquirees and the acquisition-date fair value of any previous equity interest in the acquirees over the fair value of the identified net assets acquired.

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Certain trademarks and licenses that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 3 to 10.5 years.

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method from 8 to 15 years over the expected life of the customer relationship.

Management reviews the business performance based on type of business. It has identified household paper products and personal care products segments. Goodwill is monitored by the management at the operating segment level.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2014 (the "Year"), China's retail sales slowed down as the central government adopted measures to rebalance the economy by promoting prudence and encouraging private consumption. The market for fast-moving consumer goods remained weak and the growth rate in the household paper ("Tissue") market decelerated somewhat. Nevertheless the Group achieved good results in increasing market share, optimizing product portfolio and diversifying its businesses despite intense competition.

During the Year, the Group's turnover rose by 17.5% to HK$7,985.2 million, of which the core business of household paper ("Tissue") accounted for 98.6% while the businesses of incontinence care, feminine care and baby care ("Personal Care") accounted for a combined 1.4%. The slightly lower cost of wood pulp and optimization of product mix boosted the gross profit by 22.2% to HK$2,408.7 million and increased the gross profit margin by 1.2 percentage points to 30.2%.

The Group stepped up efforts to strengthen its market share, with increased activity and cost in sales and marketing in view of the intense competitive activity which resulted from the temporary imbalance between production and demand in the industry cycle. Together with the approximately HK$40.9 million gain on the fair value remeasurement of the pre-existing holding related to the acquisition of Vinda Personal Care, the operating profit of the Group reached HK$822.3 million, representing a 15.4% year-on-year increase. Operating margin remained stable at 10.3%.

The Group's total borrowings (including loans taken out from a connected person) grew by HK$1,727.4 million during the Year reflecting the impact of funding capital investments and acquisitions, and which resulted in an increase in the overall financing cost.

The fluctuations in the exchange rates between Renminbi and Hong Kong and US dollars resulted in a total foreign exchange loss of HK$17.9 million in 2014 (against the foreign exchange gain of HK$62.4 million in 2013), where HK$1.0 million resulted from finance loans (against the foreign exchange gain of HK$44.0 million in 2013). The Group recorded HK$593.5 million in profit attributable to the shareholders, which grew by 9.3% versus 2013.

The board of directors proposed payment of a final dividend of HK$0.12 per share for the year ended 31 December 2014.

Household Paper ("Tissue")

The Group's core business of household paper continued to gain market share during the Year. Organic growth and new revenue contribution from *Tempo* boosted the income of the Group's household paper business by 16.2% to HK$7,870.0 million, with sales volume up by 15.3% to 555,685.0 tons. By product categories, roll and non-roll products respectively accounted for 54.6% and 45.4% of the total sales. Notably, higher-margin products such as softpack, hanky and wet wipe posted significant sales growths of 39.6%, 24.6% and 63.0% respectively as a result of the optimization of the product mix.

Personal Care

For 2014, the Group's personal care business recorded turnover of HK$115.2 million. The fledgling business is still small and requires significant investment in brand-building and in making products widely available in distribution channels, and as such, it has yet to improve its overall profitability from the present level to a normal sustainable level. For example in August, the Group upgraded its Babyfit baby diaper products and marketed them with a new concept of “differentiated day and night diapers” to attract a new generation of mothers as customers.

Four Categories of Daily Hygiene Products

The Group previously focused on developing its household paper business but began diversifying into personal care two years ago. Since the start of the fourth quarter of 2014, the Group has been integrating the operations of Vinda Personal Care and SCA in mainland China, Hong Kong and Macau, laying the foundations for its diverse business portfolio that comprises household paper, incontinence care, feminine care and baby care products.

Household Paper (“Tissue”)

During the Year, Vinda kept a consistently excellent product quality and continued with a series of branding campaigns to maintain and increase the brand share in the face of increased promotional pressure caused by the weaker market situation combined with the temporary overcapacity in the industry. For instance, the Group sponsored a most viewed variety show “Fashion Kids” (《潮童天下》) produced by Dragon Television, held its creative “Vinda Tissue-made Wedding Gown Show for Families” and conducted “Ultra Strong National Bus Tour — The Second Season”, thus enhancing Vinda’s brand, reputation and customer loyalty. In international consumer panel Kantar Worldpanel’s “Brand Footprint 2014” that rates fast-moving consumer goods brands in China, Vinda improved its ranking by six places to 19th in 2013 from 2012.

In the future the Group will actively promote the high-end product *Tempo* nationwide, but particularly in Tier 1 cities, with a view to improving its product mix and profit margin significantly.

Personal Care

During the Year, the Group acquired the franchise for a number of well-known personal care and hygiene product brands of SCA and set up a working group to ensure success in integration and managing the businesses and brands. In order to manage the multi-brand business well the Group will rationalize the positioning of each brand according to its niche and market potential. It will also adopt a branding strategy for sustainable development based on consumer preferences. The Group aims to build a leading international brand for each of its personal care and hygiene product businesses by leveraging SCA’s technologies and research and development capabilities and adapting to the consumption habits in mainland China. It will also fully use its existing sales network to increase its sales and profitability.

Develop Online Sales and Specialized Distribution Channels for Niche Markets

In 2014 revenues from the traditional distributors, modern hypermarkets and supermarkets, corporate clients and E-commerce accounted for 47.8%, 33.0%, 12.2% and 7.0% respectively of the total. As at 31 December 2014, the Group had 239 sales offices and 1,380 distributors.

During the Year, the Group further developed and broadened its sales network. It teamed up with distributors in Liaoning and Zhejiang provinces to jointly distribute goods and develop downstream markets and helped the distributors in setting up sales forces, increasing sales personnel and distributing gifts with the aim of making the products widely available in the distribution channels. Moreover, the Group also conducted road shows in southern and eastern China. The booming online sales have also redefined the retail channels. The Group capitalized on the market changes by stepping up investment in E-commerce, which grew well and complemented its original sales channels. In the future, the Group will continue to establish and foster long-term partnerships with a number of major online shopping website operators. The E-commerce segment is expected to account for a higher proportion of the revenue as well as greater market share in the future.

The Group will also diversify its personal care businesses by building specialized distribution channels for niche markets in maternity and child care shops, hospitals and care homes for the elderly.

Plan to Expand and Localize Production

As at the end of 2014, the Group's aggregate annual household paper production (design) capacity was 890,000 tons. In order to satisfy China's demand for household paper in the long term and to further the Group's development and to enhance quality control, the Group has decided to add an annual production capacity of 60,000 tons in Shandong and 30,000 tons in Sichuan. The added production capacities will become operational in the fourth quarter of 2015 bringing the Group's total annual designed production capacity to 980,000 tons by the end of the year. The Group is also evaluating new areas in Southern and Central China for further production capacity expansion in the future.

As to the supply chain of the personal care businesses, the Group already has three first-class baby diaper production lines in central China capable of producing all of its baby diaper brands which are positioned to target different market segments for quality products. In the short term the Group will continue to adopt the asset light model to develop its sanitary napkin business and will establish its own production lines when the business achieves a sufficient scale. It is also planning the adaptation of its supply chain to the future demand for incontinence products, and will make the operation highly efficient, low-cost and responsive to meet the wants and needs of the market.

Improving Management Performance and Enhancing Human Resources Management

The Group recognizes the importance of sound corporate governance to a company's success, its business development and shareholder value. Training in corporate governance is organized for the directors and senior management from time to time, and the disclosure system is regularly reviewed so as to improve transparency. The Group has also established a mechanism to monitor and review the internal control of its departments and operational procedure. During the Year, the Group set up a risk management committee with an aim of raising the standard of its risk management.

High-caliber staff are the key to the Group's competitiveness and value creation. The Group consistently enhances its personnel by carrying out performance management reform and organizational restructuring, reorganizing job positions and duties, as well as providing professional training and education subsidies for employees, thus raising the Group's practices to international standards. As at 31 December 2014, the Group had a total of 7,818 employees. Employee remuneration packages are reviewed regularly and benchmarked to local market conditions as well as based on the staff's experience and performance to ensure the competitiveness of the Group's remuneration package. Furthermore, the Group operates a share option scheme to attract and retain talents.

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.

Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. 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 with the borrowings. As at 31 December 2014, the Group had no outstanding interest rate swaps.

Share-Based Payment

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

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

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

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

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

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

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

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

On 15 April 2011, 4,837,000 share options were granted to the directors and certain employees at an exercise price of HK$8.648 per share. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options are exercisable on or after 15 April 2011 and no later than 14 April 2021.

On 2 May 2012, 16,771,000 share options were granted to the directors and certain employees at an exercise price of HK$14.06 per share. The Group has no legal or constructive obligation to repurchase or settle the options in cash. All the directors and employees accepted the share options.

The options are exercisable during the following period if the Company meets certain performance conditions as set by the board of directors.

(a) The first tranche of 5,313,000 options are exercisable during the period from 2 May 2012 to 1 May 2022;

(b) The second tranche of 5,729,000 options are exercisable during the period from 2 May 2013 to 1 May 2022;

(c) The third tranche of 5,729,000 options are exercisable during the period from 2 May 2014 to 1 May 2022.

On 2 May 2013, 1,359,000 share options were granted to a director and certain employees at an exercise price of HK$10.34 per share. The Group has no legal or constructive obligation to repurchase or settle the options in cash. All the director and employees accepted the share options.

The options are exercisable during the following periods if the Company meets certain performance conditions as set by the board of directors:

(a) The first tranche of 1,134,000 options are exercisable during the period from 2 May 2013 to 1 May 2023;

(b) The second tranche of 225,000 options are exercisable during the period from 2 May 2014 to 1 May 2023.

In 2013, 6,902,000 share options were cancelled due to the voluntary conditional cash offer by SCA BV.

All of the outstanding options are excisable. Options exercised during the year ended 31 December 2014 resulted in 40,000 shares (2013: 480,000 shares) being issued with net proceeds of HK$371,300 (2013: HK$2,564,000). The related weighted average share price at the time of exercise was HK$13.14 (2013: HK$10.27) per share.

980,000 options (2013: 380,000 options) were forfeited during the year ended 31 December 2014 due to employee resignation. 5,454,000 options were forfeited due to unfulfilled vesting conditions in relation to the financial results for the year ended 31 December 2013.

Prospects

For the past thirty years Vinda has been breaking new ground and persevering in innovation to cope with market changes, thus transforming itself from a household paper maker with a single brand into a multi-brand household and personal care enterprise. We anticipate that the household paper market will remain intensely competitive in 2015 and that the wood pulp prices will fluctuate. In addition, the Group will need to make some significant initial market investments in the personal care businesses and will thus increase the sales and marketing expenses in this area. However, with its existing wide sales and distribution network and increasing brand recognition, the Group has set a medium- to long-term goal that revenue contribution from the personal care business would achieve 20% of total revenue. Such investment is considered worthwhile because the Group's long-term development will benefit from such factors as a more diverse product portfolio, increasingly urbanization, growth in disposable income, stringent environmental regulations and consumer spending, aging population and the government policy of allowing a couple to have two children if either member of the couple is the only offspring. All these factors are expected to stimulate China's demand for quality everyday hygiene products and would be beneficial to the long-term growth of the Group. We are determined to achieve the leading position in the categories of household paper and incontinence care and become a first tier brand in the categories of feminine sanitary napkins and baby diapers.

To capture the opportunities, we have set the following priorities for 2015:

1. To ensure stable growth in the core business of household paper;

2. To enhance the awareness and reputation of the brands of the personal care and hygiene product businesses;

3. To further develop and broaden the sales channels, including growing the specialized distribution channels, such as for niche markets; and

4. To achieve synergies by integrating SCA's businesses into those of the Group, by including a range of high quality brands and products in the sales portfolio, by adopting more advanced technologies, by localizing production in mainland China and through joint global procurement of raw materials with SCA.

In the next three decades, China's market will ⊠VilU0l ⊠Vil⊠Uvi⊠⊠Ruoeo,z⊠A.

On 1 October 2014, the Group acquired 100% capital interests of certain companies and China distribution business and associated intellectual property rights to brand names and designs etc from Svenska Cellulosa Aktiebolaget. These subsidiaries and business are mainly engaged in distribution of household paper products and personal care products to extend the market share and business diversity of the Group. The subsidiaries and business acquired are as follows:

Subsidiaries and business acquired	Acquisition date	Acquired interests %
SCA Tissue Hong Kong Limited	1 October 2014	100%
SCA Healthcare Management Pte. Ltd	1 October 2014	100%
Everbeauty Industry (Fujian) Company Limited	1 October 2014	100%
SCA China distribution business	1 October 2014	

Details of the above acquisition are set out in the announcement of the Company dated 18 July 2014. As a result of the acquisition, the Group is expected to increase its presence in the household paper products and personal care markets both in Hong Kong and Mainland China. It also expects to gain market share through the acquisition. The goodwill of HK$567,551,401 arising from the acquisition is attributable to acquired customer base and the synergies are expected from combining the operations of the Group, together with these companies and business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Final Dividend

The Board has resolved to propose to shareholders the distribution of a final dividend for the year ended 31 December 2014 at HK$0.12 (2013: HK$0.108) per share totaling HK$119,808,322, subject to approval by shareholders at the annual general meeting (the "AGM") on 26 May 2015. If so approved by shareholders, it is expected that the final dividend will be paid on or about 30 June 2015 to shareholders whose names appear on the register of member of the Company on 10 June 2015.

Closure of Register of Members

The register of members of the Company will be closed from 20 May 2015 to 26 May 2015, both dates inclusive, during which period no transfer of shares will be registered in order to ascertain shareholders' eligibility to attend and vote at the AGM, all transfers documents 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 for registration not later than 4:30 p.m. on 19 May 2015.

In addition, the register of members of the Company will be closed from 8 June 2015 to 10 June 2015, both dates inclusive, during which period no transfer of shares will be registered in order to ascertain shareholders' entitlement to the proposed final dividend, all transfer documents 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 for registration not later than 4:30 p.m. on 5 June 2015.

Purchase, Sale or Redemption of the Company's Listed Securities

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

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 year ended 31 December 2014, the Company has complied with all the code provisions set out in the Corporate Governance Code, as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

With effect from 20 June 2014, Dr. CAO Zhen Lei resigned as an independent non-executive director and a member of the remuneration committee of the Company. With effect from 1 September 2014, Mr. WONG Kwai Huen, Albert was appointed as independent non-executive director of the Company. Mr. WONG was appointed as a member of the audit committee and nomination committee on 1 November 2014. Details of the above changes are set out in the announcements of the Company dated 20 June 2014, 1 September 2014 and 3 November 2014.

Directors' Securities Transactions

The Company has adopted a code for securities transactions by directors of the Company (the "Code of Conduct") on terms no less exacting than the required standard of the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules on the Stock Exchange. Having made specific enquiry with all the directors of the Company (the "Directors" or individually the "Director"), all of them confirmed that they have complied with the required standard set out in the Model Code and the Code of Conduct regarding securities transactions by the Directors during the year ended 31 December 2014.

Audit Committee

The audit committee of the Company has four members comprising three independent non-executive directors, namely, Mr. KAM Robert, Mr. TSUI King Fai and Mr. WONG Kwai Huen, Albert and a non-executive director, Mr. Jan Lennart PERSSON. 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 reviews and supervision of the financial reporting process. It also reviews the effectiveness of internal audit, internal controls and risk evaluation, including the annual results and annual report for the year ended 31 December 2014.

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. 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, Mr. Jan Lennart PERSSON and Mr. Ulf Olof Lennart SODERSTROM and an independent non-executive director, Mr. TSUI King Fai. The chairman of the risk management committee is Mr. Jan Lennart PERSSON. 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.

Publication of Results Announcement and Annual Report

This announcement is published on the websites of the Company (www.vindapaper.com) and the Stock Exchange (www.hkexnews.hk). The 2014 annual report of the Company will be dispatched to the shareholders and available on the same websites in due course.

Acknowledgement

On behalf of the Board, I extend my gratitude to all our staff for their hard work and dedication.

By Order of the Board
Vinda International Holdings Limited
Li Chao Wang
Chairman

Hong Kong, 29 January 2015

As at the date of this announcement, the Board of the Company comprises:

Executive Directors
Mr. LI Chao Wang
Ms. YU Yi Fang
Ms. ZHANG Dong Fang
Mr. DONG Yi Ping

Non-Executive Directors
Mr. Jan Christer JOHANSSON
Mr. Jan Lennart PERSSON
Mr. Johann Christoph MICHALSKI
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. PERSSON)