

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015**

**HIGHLIGHTS**

**Strong revenue growth**

- Total revenue up by 21.4% to HK\$9,696.0 million with organic growth at 15.3%
- Revenue from Tissue business up by 18.9% to HK\$9,357.2 million
- Revenue from Personal Care business up by 194.0% to HK\$338.8 million
- Revenue from E-commerce up by 124.0% to HK\$1,248.0 million

**Sustainable growth in underlying profits (excluding items affect comparability\*)**

- Underlying operating profit up by 8.8% to HK\$891.6 million
- Underlying profit before income tax up by 6.6% to HK\$788.7 million

**Working capital**

- 43 days of debtors turnover days (2014: 47 days)
- 79 days of creditors turnover days (2014: 83 days)
- 43 days of finished goods turnover days (2014: 40 days)

**\* Items affect comparability**

- HK\$308.6 million of foreign exchange loss in 2015 (2014: HK\$17.9 million)
  - HK\$107.8 million in operating items (2014: HK\$16.9 million)
  - HK\$200.8 million in financing items (2014: HK\$1.0 million)
- HK\$31.2 million of transaction costs related to the acquisition events in 2015 (2014: HK\$21.4 million)
- HK\$4.8 million of share of post-tax loss of V-Care reported in 2014 (2015: nil).
- HK\$40.9 million of one-off gain reported in 2014 from the revaluation of pre-existing holding in V-Care (2015: nil)

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results Overview

The business environment in 2015 was challenging due to a number of factors such as uncertainty over the global economy, the Chinese economy entering a “new normal”, the depreciation of Renminbi and the competition in all markets for fast-moving consumer goods. In the hygiene product industry, the supply and demand imbalance situation of the tissue industry capacity abated but this upside was somewhat reduced by the consistently keen competition and the rising price of wood pulp that weighed on the profitability. Nevertheless, the Group succeeded in overcoming these difficulties and delivered a good performance in gaining market share and improving product mix as well as significant progress in overseas market expansion.

During the year under review, revenue of the Group rose by 21.4% to HK\$9,696.0 million. Excluding the effect of the acquisition of SCA’s operations in mainland China, Hong Kong and Macau in 2014, revenue increased by 13.5% (of which 15.3% was organic growth and -1.8% was from the exchange rate effects), outperforming the average growth of the industry. A breakdown of revenue by business segments showed that, Tissue, being the Group’s core business, accounted for 96.5%, while the incontinence care, feminine care and baby care (“Personal Care”) businesses together accounted for 3.5%. By sales channel, revenue from traditional distributors, modern supermarkets and hypermarkets, B2B clients and e-commerce accounted for 45.8%, 29.2%, 12.1% and 12.9% respectively. The revenue growth rate of e-commerce was the highest.

Gross profit expanded by 22.8% to HK\$2,958.7 million. Gross profit margin rose by 0.3 percentage points to 30.5%, with the optimisation of the Tissue product mix and improvement in production efficiency offset by the rising wood pulp cost during the year.

Profit however was negatively impacted by the depreciation of the renminbi (as explained below). Operating profit dropped by 8.5% to HK\$752.6 million. Profit before income tax decreased by 39.1% to HK\$448.9 million. Profit attributable to the shareholders decreased by 47.0% to HK\$314.4 million. Basic earnings per share amounted to 31.5 HK cents.

Most of the Group’s transactions are denominated and settled in Renminbi while a significant part of the borrowings and accounts payable are denominated in HK dollars and US dollars. As a result, the depreciation of Renminbi has caused the Group a foreign exchange loss and affected its profitability. In order to mitigate the foreign exchange risk, the Group has gradually increased the proportion of Renminbi borrowings during the year. Nonetheless, the Group still recorded a foreign exchange loss of HK\$308.6 million, of which HK\$107.8 million was reported in operating activities and HK\$200.8 million in financing items (2014: foreign exchange loss of HK\$17.9 million, of which HK\$16.9 million was reported in operating and HK\$1.0 million in financing items). Such foreign exchange loss was not caused by any speculative foreign exchange transaction and the Group prohibits any speculative transaction which is not related to its business operations.

Excluding the items affect comparability, which are the foreign exchange loss, the share of post-tax loss of V-Care in 2014, the one-off gain reported in 2014 from the revaluation of pre-existing holding in V-Care and the transaction costs related to the acquisitions of V-Care, SCA business (see below) and Sanjiang, the Group’s underlying operating profit and profit before income tax would have grown by 8.8% and 6.6% to HK\$891.6 million and HK\$788.7 million, respectively, in 2015. Underlying operating margin and profit before tax margin would be 9.2% and 8.1% respectively.

Expanding into Asia is one of the key priorities of the Group's next "Five-year Plan". Subsequent to the successful integration of SCA's Tissue and Personal Care businesses in mainland China, Hong Kong and Macau in 2014, the Group obtained independent shareholders' approval in January 2016 to acquire SCA's hygiene business in Asia, including Malaysia, Taiwan and South Korea. This acquisition will open the door to more opportunities in Asia and provide a new growth impetus for the Group.

The conditions precedent related to the proposed transaction are yet to be wholly satisfied, we target to close the transaction in the first quarter of 2016.

The Board recommended the payment of a final dividend of 5.0 HK cents per share for the year ended 31 December 2015. Together with the interim dividend, total dividend for the year ended 31 December 2015 would be 10.0 HK cents. Dividend payout ratio for the year would be 31.7% (2014: 26.9%).

## **Business Review**

### *Tissue Business*

Tissue is our core business. In 2015, revenue from Tissue increased by 18.9% to HK\$9,357.2 million. The sales volume of Tissue was approximately 657,000 tons, up by 19.6%. Its product mix improved further, roll and non-roll Tissue products accounted for 49.9% and 50.1%, respectively. Notably, higher-margin products such as softpack, box tissue, hanky and wet wipe posted significant sales growths of 34.1%, 29.0%, 34.6% and 32.1%, respectively.

*Vinda* successfully captured additional market share with innovative marketing strategies and a consistent promise of quality in the face of intense competition. During the year, we conducted an integrated 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 our branded bus toured 22 cities across China such as Beijing, Shanghai, Guangzhou and Chengdu, and we sponsored a children's show "Grow with you" on CCTV. This campaign won the "Golden Wheat Award", the Oscar of e-commerce. In another promotional art show in collaboration with a top designer, we show-cased wedding gowns made from our tissue paper and stimulated considerable consumer interest. To further strengthen the *Vinda* brand image among families with children, we jointly conducted a parental research project with the Guangdong Academy of Social Sciences and a popular parenting website named Babytree.

*Tempo* targets the premium segment. We expanded the sales through 360 degree marketing, including title-sponsoring an online campaign on the influential online media platform rayli.com, promoting trials in store and encouraging online purchase. *Tempo* is quickly gaining popularity in upper tier and coastal cities in China. We believe that our sales and profitability will rise with an increasing contribution from *Tempo*. Together with *Tork*, the away-from-home brand focused on corporate clients, it will drive the sustainable growth of the Group's Tissue business for the long term.

### **Personal Care Business**

The Group has had the operating rights for China over SCA's various internationally renowned brands for Personal Care products since the fourth quarter of 2014. In 2015, its revenue from the Personal Care business increased by 194.0%. However, the Personal Care business is still in the incubation stage and requires continued investment in brand building as well as enlarging the sales network to achieve long-term profit growth.

### *Incontinence Care*

Chinese society is aging and has shown an increasing demand for premium incontinence care products. During the year, we expanded the sales network and enhanced the penetration of *TENA*, the no. 1 incontinence care brand in the world, and *Dr. P*, a renowned brand in China, amongst elderly homes with the support from the government and the community. We worked with professional bodies to hold the ‘TENA Care Academy’ with an aim to improve the management and service of nursing homes. We also joined hands with experts in the field from Sweden and Taiwan to develop the best solutions for the Chinese elderly on incontinence care.

### *Feminine Care*

Demand for high quality feminine hygiene products remains strong in China. This, coupled with the growing popularity of online shopping among young women, creates an opportunity for new brands. During the year, *VIA* attracted a large number of young female fans and boosted sales with its innovative offline marketing and online advertising efforts.

### *Baby Care*

More young Chinese parents now seek out the premium baby diapers from imported brands. This has increased the demand for quality baby care products.

Our brand portfolio enables us to cover a full spectrum of consumers. During the year, *Sealer* launched a pull-up diaper to meet the increasing demand. *Libero* also launched an online marketing campaign named “Sweet Dream Mammy 為媽媽請睡”, which has been granted the “Golden Wheat Award” and “2015 Best Marketing Award”.

### **Rapid Online Sales Growth**

As at 31 December 2015, the Group had 269 sales offices and 1,656 distributors. Our e-commerce channel recorded an exceptional sales performance with a revenue growth of 124.0%. Furthermore, the market share of our e-commerce channels solidly topped the chart of the major e-commerce platforms. Looking forward, we will capitalise on the fast developing character of the internet to market our brands. It is believed that such a move will continue to deliver sustainable overall sales growth in an effective manner.

### **Production Capacity Plan**

We expand our production capacity after taking into consideration the long-term market demand and our own business development pace.

As at 31 December 2015, the Group had 9 production centres and 950,000 tons of annual designed production capacity for tissue paper in China. The ground-breaking ceremony for the tenth domestic production base in Yangjiang City, Guangdong Province was also held in the third quarter of 2015. This new base will meet the market demand in southern China. We expect to add 30,000 tons and 60,000 tons of production capacity in Shandong and Sanjiang, respectively, in the second half of 2016, thereby bringing the annual designed paper production capacity to 1,040,000 tons by the end of the year. Furthermore, the Group’s independent shareholders have approved the acquisition of the production site in Sanjiang, Guangdong Province, which will secure the Group’s asset base for the long term.

We continue to build our personal care production facilities in China that we will further expand in 2016. In addition, through the acquisition of SCA's Asian operations, we will secure two production plants in Malaysia and one in Taiwan. These plants will provide strong production support for our Personal Care business development and create synergies in terms of research and development, purchasing and production costs.

## **Outlook**

Looking ahead to 2016, the Chinese economy is expected to grow more moderately and competition in the hygiene product market will remain intense. Coupled with the fluctuations in foreign exchange rates and pulp prices, the operating environment in the year ahead will be challenging. To enlarge the sales and market share, we have to seek breakthrough innovations while ensuring stability and continue to invest in research & development and marketing activities.

In the middle of these challenges lies opportunity. In the mid- to long-run, the Chinese hygiene products market will continue to present opportunities. Urbanisation, the emergence of e-commerce and internet shopping, the surge in disposable income and rising consumers' awareness about product quality will boost demand for premium products. The aging population will consistently drive the demand for incontinence care products. Stringent environmental regulations will accelerate market integration. Last but not least, the "One Belt, One Road" initiative will certainly boost the demand for quality lifestyle hygiene products for Chinese and Asian consumers.

Our ambition is to become a leading hygiene company in Asia. To achieve this objective we have set ourselves 3 priorities:

- I. Drive Tissue business in China
- II. To broaden our Personal Care presence in China
- III. Drive Personal Care growth in Asia and roll out our Tissue business

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Audited For the year ended 31 December	
		2015	2014
	<i>Note</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Revenue</b>	4	<b>9,695,997,657</b>	7,985,222,304
Cost of sales	5	<b>(6,737,327,688)</b>	(5,576,508,718)
<b>Gross profit</b>		<b>2,958,669,969</b>	2,408,713,586
Selling and marketing costs	5	<b>(1,565,457,775)</b>	(1,188,369,898)
Administrative expenses	5	<b>(577,688,065)</b>	(472,403,420)
Other income and (losses)/gains — net		<b>(62,896,404)</b>	74,371,838
<b>Operating profit</b>		<b>752,627,725</b>	822,312,106
Interest income	6	<b>4,629,445</b>	3,220,911
Foreign exchange loss — net	6	<b>(200,789,370)</b>	(1,022,634)
Finance costs	6	<b>(107,591,408)</b>	(82,701,752)
Finance income and costs — net	6	<b>(303,751,333)</b>	(80,503,475)
Share of post-tax loss of an associate		—	(4,805,242)
<b>Profit before income tax</b>		<b>448,876,392</b>	737,003,389
Income tax expense	7	<b>(134,435,280)</b>	(143,536,257)
<b>Profit attributable to equity holders of the Company</b>		<b>314,441,112</b>	593,467,132
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		<b>(285,983,288)</b>	(13,756,533)
Hedging reserve		—	1,805,786
<b>Total comprehensive income attributable to equity holders of the Company</b>		<b>28,457,824</b>	581,516,385
<b>Earnings per share for profit attributable to equity holders of the Company for the year (expressed in HK\$ per share)</b>			
— basic earnings per share	8(a)	<b>0.315</b>	0.594
— diluted earnings per share	8(b)	<b>0.314</b>	0.594
<b>Dividends</b>	9	<b>99,908,768</b>	159,744,429



## CONSOLIDATED BALANCE SHEET

		<b>Audited</b>	
		<b>As at 31 December</b>	
		<b>2015</b>	<b>2014</b>
	<i>Note</i>	<i>HK\$</i>	<i>HK\$</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>6,261,216,698</b>	5,901,730,851
Leasehold land and land use rights		<b>387,818,653</b>	297,758,758
Intangible assets		<b>1,306,968,419</b>	1,400,041,901
Deferred income tax assets		<b>259,511,539</b>	267,405,812
		<b>8,215,515,309</b>	7,866,937,322
<b>Current assets</b>			
Inventories		<b>2,367,407,631</b>	2,029,115,081
Trade receivables, other receivables and prepayments	10	<b>1,463,321,731</b>	1,523,602,317
Prepayments to and receivables from related parties		<b>64,444,039</b>	61,753,224
Restricted bank deposits		—	1,301,535
Cash and cash equivalents		<b>393,247,986</b>	720,283,714
		<b>4,288,421,387</b>	4,336,055,871
<b>Total assets</b>		<b>12,503,936,696</b>	12,202,993,193
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	12	<b>99,908,769</b>	99,840,269
Share premium	12	<b>1,688,013,706</b>	1,677,023,606
Other reserves		<b>3,159,837,388</b>	3,304,140,930
<b>Total equity</b>		<b>4,947,759,863</b>	5,081,004,805
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	13	<b>2,177,485,991</b>	878,667,606
Loans from a related party	13	<b>1,308,080,688</b>	2,030,138,167
Deferred government grants		<b>92,493,668</b>	98,726,406
Deferred income tax liabilities		<b>96,248,856</b>	94,787,849
		<b>3,674,309,203</b>	3,102,320,028

		<b>Audited</b>	
		<b>As at 31 December</b>	
		<b>2015</b>	2014
	<i>Note</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Current liabilities</b>			
Trade payables, other payables and accrued expenses	11	<b>2,516,294,366</b>	2,309,379,397
Borrowings	13	<b>1,252,972,123</b>	1,555,998,871
Due to related parties		<b>60,202,591</b>	39,899,848
Current income tax liabilities		<b>52,398,550</b>	114,390,244
		<u><b>3,881,867,630</b></u>	<u>4,019,668,360</u>
<b>Total liabilities</b>		<u><b>7,556,176,833</b></u>	<u>7,121,988,388</u>
<b>Total equity and liabilities</b>		<u><b>12,503,936,696</b></u>	<u>12,202,993,193</u>
<b>Net current assets</b>		<u><b>406,553,757</b></u>	<u>316,387,511</u>
<b>Total assets less current liabilities</b>		<u><b>8,622,069,066</b></u>	<u>8,183,324,833</u>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Note</i>	Audited			Total <i>HK\$</i>
		Attributable to equity holders of the Company			
		Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Other reserves <i>HK\$</i>	
<b>Balance at 1 January 2014</b>		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
<b>Total comprehensive income for 2014</b>		—	—	581,516,385	581,516,385
<b>Transactions with owners</b>					
Employees share option scheme					
— Exercise of share options	12	4,000	493,625	(126,325)	371,300
Dividends	9	—	—	(147,759,277)	(147,759,277)
<b>Transactions with owners</b>		4,000	493,625	(147,885,602)	(147,387,977)
<b>Balance at 31 December 2014</b>		<u>99,840,269</u>	<u>1,677,023,606</u>	<u>3,304,140,930</u>	<u>5,081,004,805</u>
<b>Balance 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 year		—	—	314,441,112	314,441,112
Other comprehensive income					
— Currency translation differences		—	—	(285,983,288)	(285,983,288)
<b>Total comprehensive income for 2015</b>		—	—	28,457,824	28,457,824
<b>Transactions with owners</b>					
Employees share option scheme					
— Exercise of share options	12	68,500	10,990,100	(2,942,860)	8,115,740
Dividends	9	—	—	(169,818,506)	(169,818,506)
<b>Transactions with owners</b>		68,500	10,990,100	(172,761,366)	(161,702,766)
<b>Balance at 31 December 2015</b>		<u>99,908,769</u>	<u>1,688,013,706</u>	<u>3,159,837,388</u>	<u>4,947,759,863</u>

## CONSOLIDATED CASH FLOW STATEMENT

	<b>Audited</b>	
	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Cash flows generated from operating activities</b>		
Cash generated from operations	<b>1,080,834,192</b>	996,980,445
Interest paid	<b>(119,210,810)</b>	(99,664,759)
Income tax paid	<b>(215,956,110)</b>	(58,812,368)
	<hr/>	<hr/>
Net cash generated from operating activities	<b>745,667,272</b>	838,503,318
<b>Cash flows used in investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	—	(1,349,904,431)
Purchase of property, plant and equipment	<b>(1,088,140,779)</b>	(1,018,343,271)
Proceeds from disposal of property, plant and equipment	<b>5,562,339</b>	24,064,234
Proceeds from government grants	<b>2,968,944</b>	—
Payment for leasehold land and land use rights	<b>(118,712,474)</b>	(14,888,647)
Purchase of intangible assets	<b>(22,985,050)</b>	(16,219,799)
Interest received	<b>4,629,445</b>	3,220,911
	<hr/>	<hr/>
Net cash used in investing activities	<b>(1,216,677,575)</b>	(2,372,071,003)
<b>Cash flows generated from financing activities</b>		
Proceeds from shares issued	<b>8,115,740</b>	371,300
Proceeds from borrowings	<b>5,827,807,332</b>	2,497,891,060
Proceeds from loans from a related party	<b>531,465,839</b>	2,028,661,199
Repayments of borrowings	<b>(4,761,492,311)</b>	(2,810,395,962)
Repayments of loans from a related party	<b>(1,278,514,514)</b>	—
Dividends paid	<b>(169,818,506)</b>	(147,759,277)
	<hr/>	<hr/>
Net cash generated from financing activities	<b>157,563,580</b>	1,568,768,320
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(313,446,723)</b>	35,200,635
	<hr/>	<hr/>
Effect of foreign exchange rate changes	<b>(13,589,005)</b>	(4,619,570)
<b>Cash and cash equivalents, beginning of the year</b>	<b>720,283,714</b>	689,702,649
	<hr/>	<hr/>
<b>Cash and cash equivalents, end of the year</b>	<b>393,247,986</b>	720,283,714
	<hr/>	<hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 sales of household paper products and personal care products.

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

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

These consolidated financial statements are presented in Hong Kong dollar (“HK\$”) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 27 January 2016.

## 2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable 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 2015:

Amendments from annual improvements to HKFRSs — 2010–2012 Cycle, on HKFRS 8, ‘Operating segments’, HKAS 24, ‘Related party disclosures’.

Amendments from annual improvements to HKFRSs — 2011–2013 Cycle, on HKFRS 13, ‘Fair value measurement’.

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) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

- (c) 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>
Amendment to HKAS 19	Defined benefits	1 July 2014
HKFRS 3	Business combinations	1 July 2014
HKAS 16	Property, plant and equipment	1 July 2014
HKAS 38	Intangible assets	1 July 2014
HKAS 40	Investment property	1 July 2014

- (d) 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:

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 1	Disclosure initiative	1 January 2016
Amendments to HKFRS 10	Consolidated financial statements	1 January 2016
Amendment to HKFRS 11	Joint arrangements	1 January 2016
Amendments to HKFRS 12	Disclosure of interests in other entities	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 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019 or when apply HKFRS 15

Apart from the above, the HKICPA has issued the annual improvements project which addresses several issues in the 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.

		<b>Effective for annual periods beginning on or after</b>
HKFRS 5	Non-current assets held for sale and discontinued operations	1 January 2016
HKFRS 7	Financial instruments: Disclosures	1 January 2016
HKAS 19	Employee benefits	1 January 2016
HKAS 34	Interim financial reporting	1 January 2016

The Group intends to adopt these amendments, standards or interpretations, no later than the respective effective dates of the amendments. The Group is assessing the full impact of the above new standards, new interpretations and amendments to standards and interpretations.

#### 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	
	2015 HK\$	2014 HK\$
Sales of household paper products	9,357,215,975	7,869,996,440
Sales of personal care products	338,781,682	115,225,864
Total revenue (turnover)	<u>9,695,997,657</u>	<u>7,985,222,304</u>

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

The executive committee has determined that no 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 is HK\$8,599,076,041 (2014: HK\$7,261,519,290), HK\$984,229,235 (2014: HK\$684,684,457), HK\$112,692,381 (2014: HK\$39,018,557) respectively.

The total non-current assets are analysed as follows:

	As at 31 December	
	2015 HK\$	2014 HK\$
Total non-current assets other than deferred tax assets		
— Mainland China	6,969,690,413	6,531,909,600
— Hong Kong and overseas	986,313,357	1,067,621,910
Deferred tax assets	259,511,539	267,405,812
Total non-current assets	<u>8,215,515,309</u>	<u>7,866,937,322</u>

## 5 EXPENSES BY NATURE

	For the year ended 31 December	
	2015	2014
	HK\$	HK\$
Raw materials and trading merchandise consumed	4,972,600,834	4,061,273,718
Staff costs	963,506,952	806,865,523
Utilities	723,937,074	633,216,010
Transportation expenses	417,125,088	325,279,871
Promotion expenses	604,991,749	466,404,791
Depreciation of property, plant and equipment	428,867,751	356,186,170
Operating lease rent	144,864,593	105,445,428
Advertising costs	65,278,978	45,775,700
Travel and office expenses	72,292,754	51,797,411
Real estate tax, stamp duty and other taxes	38,422,348	35,503,162
Bank charges	7,196,336	8,509,273
Provision for/(Reversal of) impairment of receivables ( <i>Note 10</i> )	5,460,177	(2,275,228)
Auditor's remuneration	7,703,416	7,450,393
Amortisation of leasehold land and land use rights	6,895,600	6,665,224
Amortisation of intangible assets	34,804,820	15,906,265
Provision for write-down of inventories	4,867,549	28,973
Impairment charge on property, plant and equipment	11,438,359	5,927,718
Other expenses	370,219,150	307,321,634
	<u>8,880,473,528</u>	<u>7,237,282,036</u>

## 6 FINANCE INCOME AND COSTS

	For the year ended 31 December	
	2015	2014
	HK\$	HK\$
Interest expense		
— bank borrowings (a)	(107,591,408)	(82,701,752)
Foreign exchange loss — net	(200,789,370)	(1,022,634)
Interest income		
— bank deposits	4,629,445	3,220,911
Net finance costs	<u>(303,751,333)</u>	<u>(80,503,475)</u>

- (a) During the year, the Group has capitalised borrowing costs amounting to HK\$44,492,185 (2014: HK\$17,544,837) on qualifying assets. Borrowing costs were capitalised at the weighted average proportion of its general borrowings of 7.72% (2014: 3.30%).

## 7 INCOME TAX EXPENSE

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

	For the year ended 31 December	
	2015 HK\$	2014 HK\$
Current income tax		
— Hong Kong and overseas profits tax	51,013,494	40,246,062
— PRC enterprise income tax	82,355,493	120,892,908
— Under provision of income tax for prior year	1,967,666	1,431,993
Deferred income tax	(901,373)	(19,034,706)
	<u>134,435,280</u>	<u>143,536,257</u>

## 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	
	2015	2014
Profit attributable to equity holders of the Company (HK\$)	<u>314,441,112</u>	593,467,132
Weighted average number of ordinary shares in issue	<u>998,824,774</u>	998,379,563
Basic earnings per share (HK\$ per share)	<u>0.315</u>	<u>0.594</u>

### (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	
	2015	2014
Profit attributable to equity holders of the Company (HK\$)	<u>314,441,112</u>	593,467,132
Weighted average number of ordinary shares in issue	<u>998,824,774</u>	998,379,563
Adjustments for share options	<u>1,675,708</u>	949,953
Weighted average number of ordinary shares for diluted earnings per share	<u>1,000,500,482</u>	999,329,516
Diluted earnings per share (HK\$ per share)	<u>0.314</u>	<u>0.594</u>



## 9 DIVIDENDS

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
Interim dividend paid of HK\$0.050 (2014: HK\$0.040) per ordinary share	<u>49,954,384</u>	<u>39,936,107</u>
Proposed final dividend of HK\$0.050 (2014: HK\$0.120) per ordinary share	<u>49,954,384</u>	<u>119,808,322</u>
	<u><b>99,908,768</b></u>	<u><b>159,744,429</b></u>

On 27 January 2016, the Board of Directors proposed a final dividend in respect of the year ended 31 December 2015 of HK\$49,954,384, representing HK\$0.050 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 2014 was HK\$119,864,122 based on the 998,867,686 issued shares outstanding at that time.

The dividends actually paid in 2015 and 2014 were HK\$169,818,506 and HK\$147,759,277 respectively based on the number of issued shares outstanding at relevant time.

## 10 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2015 <i>HK\$</i>	2014 <i>HK\$</i>
Trade receivables	<u>1,104,926,703</u>	<u>1,146,726,943</u>
Less: Provision for impairment of trade receivables	<u>(11,590,775)</u>	<u>(6,870,426)</u>
Trade receivables, net	<u><b>1,093,335,928</b></u>	<u><b>1,139,856,517</b></u>
Other receivables		
— creditable input VAT	238,383,291	265,180,999
— prepaid income tax recoverable	33,297,611	12,042,311
— purchase rebates	20,435,225	21,457,155
— others	<u>35,906,440</u>	<u>29,475,236</u>
Other receivables	<u><b>328,022,567</b></u>	<u><b>328,155,701</b></u>
Trade and other receivables, net	<u><b>1,421,358,495</b></u>	<u><b>1,468,012,218</b></u>
Notes receivable	7,399,603	20,147,076
Prepayments		
— purchase of raw materials	4,796,795	10,359,705
— prepayment of utility fee	9,661,431	5,022,630
— others	<u>4,738,966</u>	<u>9,373,375</u>
	<u><b>19,197,192</b></u>	<u><b>24,755,710</b></u>
Prepaid expenses	<u><b>15,366,441</b></u>	<u><b>10,687,313</b></u>
	<u><b>1,463,321,731</b></u>	<u><b>1,523,602,317</b></u>

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

	<b>As at 31 December</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	<b>HK\$</b>
RMB	<b>1,273,313,363</b>	1,314,792,804
HK\$	<b>147,154,781</b>	152,546,323
US\$	<b>39,046,184</b>	50,217,134
Other currencies	<b>3,807,403</b>	6,046,056
	<b><u>1,463,321,731</u></b>	<b><u>1,523,602,317</u></b>

As at 31 December 2015 and 2014, the carrying amounts of the Group's trade and other receivables approximated their fair values due to short duration.

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 31 December 2015 and 2014 is as below:

	<b>As at 31 December</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	<b>HK\$</b>
Within 3 months	<b>1,038,377,768</b>	1,079,877,776
4 months to 6 months	<b>47,821,077</b>	55,929,423
7 months to 12 months	<b>14,258,476</b>	8,179,147
Over 1 year	<b>4,469,382</b>	2,740,597
	<b><u>1,104,926,703</u></b>	<b><u>1,146,726,943</u></b>

As at 31 December 2015, trade receivables of HK\$54,958,160 (2014: HK\$59,978,741) 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:

	<b>As at 31 December</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	<b>HK\$</b>
4 months to 6 months	<b>47,821,077</b>	55,929,423
7 months to 12 months	<b>7,137,083</b>	4,049,318
	<b><u>54,958,160</u></b>	<b><u>59,978,741</u></b>

As at 31 December 2015, trade receivables of HK\$11,590,775 (2014: HK\$6,870,426) 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	
	2015 HK\$	2014 HK\$
7 months to 12 months	7,121,393	4,129,829
Over 1 year	4,469,382	2,740,597
	<u>11,590,775</u>	<u>6,870,426</u>

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	
	2015 HK\$	2014 HK\$
As at 1 January	(6,870,426)	(9,617,461)
Acquisition of subsidiaries	—	(1,207,468)
(Provision for)/reversal of impairment of receivables (Note 5)	(5,460,177)	2,275,228
Receivables written off	130,150	1,639,552
Exchange differences	609,678	39,723
As at 31 December	<u>(11,590,775)</u>	<u>(6,870,426)</u>

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

## 11 TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	As at 31 December	
	2015 HK\$	2014 HK\$
Trade payables	1,346,392,715	1,401,419,316
Notes payable	97,893,888	26,649,646
Other payables		
— salaries payable	102,314,474	103,072,206
— taxes payable other than income tax	39,978,667	31,373,273
— advances from customers	68,453,553	55,315,977
— payables for property, plant and equipment	215,975,201	180,723,695
— others	152,669,502	152,760,690
Accrued expenses		
— promotion fees	265,710,823	185,288,444
— utility charges	42,825,253	43,864,344
— transportation fees	80,390,362	65,765,432
— advertising fee	21,902,951	19,426,153
— accrued interest	3,259,190	2,821,666
— professional services	28,681,429	7,084,865
— others	49,846,358	33,813,690
	<u>2,516,294,366</u>	<u>2,309,379,397</u>

As at 31 December 2015 and 2014, 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	
	2015 HK\$	2014 HK\$
RMB	1,009,093,855	950,927,668
US\$	983,382,932	967,225,334
HK\$	14,559,393	26,628,238
Other currencies	16,641,820	6,533,563
	<u>2,023,678,000</u>	<u>1,951,314,803</u>

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 2015 and 2014 is as follows:

	As at 31 December	
	2015 HK\$	2014 HK\$
Within 3 months	1,419,247,007	1,405,501,710
4 months to 6 months	18,695,795	15,759,732
7 months to 12 months	921,616	1,290,280
Over 1 years	5,422,185	5,517,240
	<u>1,444,286,603</u>	<u>1,428,068,962</u>

## 12 SHARE CAPITAL AND SHARE PREMIUM

	Number of authorised shares	Number of issued and fully paid shares	Ordinary shares HK\$	Amount Share premium HK\$	Total HK\$
<b>At 1 January 2014</b>	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
<b>At 31 December 2014</b>	<u>80,000,000,000</u>	<u>998,402,686</u>	<u>99,840,269</u>	<u>1,677,023,606</u>	<u>1,776,863,875</u>
Employee share option scheme — Exercise of share options	—	685,000	68,500	10,990,100	11,058,600
<b>At 31 December 2015</b>	<u>80,000,000,000</u>	<u>999,087,686</u>	<u>99,908,769</u>	<u>1,688,013,706</u>	<u>1,787,922,475</u>

As at 31 December 2015 and 2014, the par value of authorised and issued ordinary shares is HK\$0.1 per share.

### 13 BORROWINGS

As at 31 December  
2015                      2014  
HK\$                        HK\$

#### Non-current

Unsecured bank borrowings	2,177,485,991	878,667,606
Loans from a related party	1,308,080,688	2,030,138,167
	<b>3,485,566,679</b>	<b>2,908,805,773</b>

#### Current

Portion of loans from banks due for repayment within one year — Unsecured	1,241,036,100	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
Other borrowings due for repayment within one year — Unsecured ( <i>Note(a)</i> )	11,936,023	—
	<b>1,252,972,123</b>	<b>1,555,998,871</b>
Total current borrowings	<b>1,252,972,123</b>	<b>1,555,998,871</b>
Total borrowings	<b>4,738,538,802</b>	<b>4,464,804,644</b>

(a) Other borrowings of RMB10,000,000 were granted by PRC local governments during the year and are unsecured and interest-free.

(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	
	2015	2014	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Portion of loans due for repayment within 1 year	1,241,036,100	1,244,253,403	—	—	11,936,023	—
Loans due for repayment after 1 year ( <i>Note 1</i> )						
Between 1 and 2 years	83,552,160	939,761,910	650,000,000	—	—	—
Between 2 and 5 years	2,093,933,831	250,651,164	658,080,688	2,030,138,167	—	—
	<b>3,418,522,091</b>	<b>2,434,666,477</b>	<b>1,308,080,688</b>	<b>2,030,138,167</b>	<b>11,936,023</b>	<b>—</b>

*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 2015 and 2014, 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	
	2015	2014	2015	2014
HK\$	<b>1.08% ~ 2.94%</b>	1.52% ~ 3.32%	<b>1.50% ~ 2.29%</b>	1.48% ~ 2.29%
US\$	<b>0.93% ~ 2.28%</b>	1.03% ~ 2.27%	—	—
RMB	<b>3.70% ~ 5.54%</b>	4.50% ~ 6.90%	<b>3.39% ~ 6.65%</b>	3.39%
EUR	<b>0.80%</b>	—	—	—

(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 2015	2014
HK\$	<b>2.03%</b>	2.32%
US\$	<b>2.13%</b>	2.27%
RMB	<b>4.56%</b>	5.07%
EUR	<b>0.80%</b>	—

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

	As at 31 December	
	2015	2014
	HK\$	HK\$
HK\$	<b>1,947,936,378</b>	3,824,977,098
US\$	<b>786,469,222</b>	265,973,656
RMB	<b>2,003,817,738</b>	373,853,890
EUR	<b>315,464</b>	—
	<b><u>4,738,538,802</u></b>	<b><u>4,464,804,644</u></b>

## **Internal Control and Human Resources Management**

The Group consistently enhances its governance structure and strengthens risk management. The Group's internal control unit regularly update internal control policies which reflects latest regulatory requirement, assesses and analyzes the risk factors and exercises effective control to ensure sound governance. Risk management committee also holds regular meetings to consider, review and approve risk management strategies, policies and guidelines.

As at 31 December 2015, the Group had 8,327 employees. The Group consistently enhances its remuneration and benefit systems, provides training and education subsidies for employees. Employee remuneration packages are reviewed regularly and benchmarked to market.

## **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 significant amount of long term loans and short term loans which are denominated in HKD or USD.

As at 31 December 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.

## **Liquidity, Financial Resources and Bank Loans**

The Group's financial position remained healthy. As at 31 December 2015, the Group's bank and cash balances amounted to HK\$393,247,986 (31 December 2014: HK\$721,585,249, including restricted bank deposits of HK\$1,301,535), and short-term and long-term loans amounted to HK\$4,738,538,802 (31 December 2014: HK\$4,464,804,644), including the loans from a related party amounting to HK\$1,308,080,688 (31 December 2014: HK\$2,030,138,167). 73.6% of the borrowings are medium- to long-term (2014: 65.1%). The annual interest rates of bank loans ranged from 0.80% to 6.90%.

As at 31 December 2015, 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 87.8% (31 December 2014: 73.7%).

As at 31 December 2015, unutilized credit facilities amounted to approximately HK\$7.80 billion (2014: HK\$9.71 billion).

## **Charges on Group Assets**

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

## **Contingent Liabilities**

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



## **Final Dividend**

The Board has resolved to propose to shareholders the distribution of a final dividend for the year ended 31 December 2015 at HK5.0 cents (2014: HK12.0 cents) per share totaling HK\$49,954,384, subject to approval by shareholders at the annual general meeting (the “AGM”) on 8 April 2016. If so approved by shareholders, it is expected that the final dividend will be paid on or about 16 May 2016 to shareholders whose names appear on the register of member of the Company on 29 April 2016.

## **Closure of Register of Members**

The register of members of the Company will be closed from 6 April 2016 to 8 April 2016, 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 5 April 2016. In addition, the register of members of the Company will be closed from 27 April 2016 to 29 April 2016, 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 26 April 2016.

## **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 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 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 30 June 2015:

1. Mr. Jan Lennart PERSSON resigned as Non-Executive Director of the Company;
2. Mr. Jan Lennart PERSSON resigned from chairmanship and member of the risk management committee;
3. Mr. Jan Lennart PERSSON resigned as member of the audit committee; and
4. Mr. Gert Mikael SCHMIDT ceased to be the Alternate Director of Mr. Jan Lennart PERSSON.

With effect from 1 July 2015:

1. Mr. Carl Magnus GROTH be appointed as Non-Executive Director of the Company;
2. Mr. Gert Mikael SCHMIDT be appointed as the Alternate Director of Mr. Carl Magnus GROTH;
3. Mr. Jan Christer JOHANSSON be appointed as chairman and member of the risk management committee;
4. Mr. Ulf Olof Lennart SODERSTROM be appointed as member of the audit committee; and
5. Mr. Johann Christoph MICHALSKI be appointed as member and Mr. Ulf Olof Lennart SODERSTROM resigned as member of the remuneration committee.

With effect from 1 October 2015:

1. Ms. ZHANG Dong Fang resigned as an Executive Director and Chief Executive Officer of the Company;
2. Ms. ZHANG Dong Fang resigned as member of the risk management committee;
3. Mr. Johann Christoph MICHALSKI be appointed as the Chief Executive Officer and re-designated as an Executive Director of the Company; and
4. Ms. LI Jieliin be appointed as an Executive Director and Deputy Chief Executive Officer of the Company and ceased to be the Alternate Director of Mr. LI Chao Wang, Ms. YU Yi Fang and Mr. DONG Yi Ping.

With effect from 16 October 2015:

1. Mr. HUI Chin Tong, Godfrey resigned as an Independent Non-Executive Director of the Company;
2. Mr. HUI Chin Tong, Godfrey resigned as chairman and member of the nomination committee;
3. Mr. HUI Chin Tong, Godfrey resigned as member of the remuneration committee;
4. Mr. CHIA Yen On be appointed as Independent Non-Executive Director;
5. Mr. CHIA Yen On be appointed as member of the nomination committee and member of remuneration committee;
6. Mr. LI Chao Wang be appointed as chairman of the nomination committee;
7. Mr. Johann Christoph MICHALSKI be appointed as member of the risk management committee;
8. Ms. LI Jieliin and Mr. KAM Robert be appointed as members of the remuneration committee;
9. Mr. LI Chao Wang, be appointed as chairman and member of the executive committee;
10. Ms. YU Yi Fang, Mr. Johann Christoph MICHALSKI, Mr. DONG Yi Ping and Ms. LI Jieliin be appointed as members of the executive committee;

11. Mr. Jan Christer JOHANSSON be appointed as chairman and member of the strategic development committee; and
12. Mr. DONG Yi Ping, Mr. Johann Christoph MICHALSKI and Ms. LI Jielin be appointed as members of the strategic development committee.

Details of the above changes are set out in the announcements of the Company dated 30 June 2015, 7 September 2015 and 15 October 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 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 2015.

### **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. Ulf Olof Lennart SODERSTROM. 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 2015.

### **Remuneration Committee**

The Company's remuneration committee has five members comprising three Independent Non-Executive Directors, Mr. TSUI King Fai, Mr. KAM Robert and Mr. CHIA Yen On and two Executive Directors, namely, Mr. Johann Christoph MICHALSKI and Ms. LI Jielin. 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. WONG Kwai Huen, Albert, and Mr. CHIA Yen On, an Executive Director, Mr. LI Chao Wang and a Non-Executive Director, Mr. Jan Christer JOHANSSON. The chairman of the nomination committee is Mr. LI Chao Wang. The principal 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 Mr. Johann Christoph MICHALSKI, two Non-Executive Directors, Mr. Jan Christer JOHANSSON 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 Christer JOHANSSON. 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.

#### **Executive Committee**

The Company's executive committee has five members comprising five Executive Directors, namely Mr. LI Chao Wang, Ms. YU Yi Fang, Mr. Johann Christoph MICHALSKI, Mr. DONG Yi Ping and Ms. LI Jielin. The chairman of the executive committee is Mr. LI Chao Wang. The principal duties of the executive committee are to review the Company's annual budgets, CAPEX budget, material business plans, proposals for restructuring and major asset disposal, annual salary adjustment plans and remuneration incentive scheme.

#### **Strategic Development Committee**

The Company's strategic development committee has four members comprising an Non-Executive Director, Mr. Jan Christer JOHANSSON and three Executive Directors, Mr. DONG Yi Ping, Mr. Johann Christoph MICHALSKI, and Ms. LI Jielin. The chairman of the strategic development committee is Mr. Jan Christer JOHANSSON. The principal duty of the strategic development committee is to review and advise the mid to long term strategic positioning, development plans and investment decisions of the Company and make recommendations to the Board. To monitor and review the implementations of strategic plans, to advise on major investment projects, merger and acquisitions, brand strategies or any other material matters which will affect the Company's long term development.

#### **Publication of Results Announcement and Annual Report**

This announcement is published on the websites of the Company ([www.vinda.com](http://www.vinda.com)) and The Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2015 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, 27 January 2016

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

*Executive Directors*

Mr. LI Chao Wang

Ms. YU Yi Fang

Mr. Johann Christoph MICHALSKI

Ms. LI Jielin

Mr. DONG Yi Ping

*Non-Executive Directors*

Mr. Jan Christer JOHANSSON

Mr. Carl Magnus GROTH

Mr. Ulf Olof Lennart SODERSTROM

*Independent Non-Executive Directors*

Mr. CHIA Yen On

Mr. KAM Robert

Mr. TSUI King Fai

Mr. WONG Kwai Huen, Albert

*Alternate Directors*

Mr. CHIU Bun (*alternate to Mr. MICHALSKI and Mr. SODERSTROM*)

Mr. Gert Mikael SCHMIDT (*alternate to Mr. JOHANSSON and Mr. GROTH*)