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)

INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2016

Strong Performance Despite Challenging Business Environment in China

2016 INTERIM RESULTS HIGHLIGHTS

The acquired SCA Asia business was successfully integrated from 1 April 2016. We are now reporting segment information for the Tissue (household paper) and Personal Care segments separately.

Continued strong revenue growth

- Total revenue up by 19.5% to HK$5.7 billion with organic growth of 14.5%[1].
- Tissue revenue was HK$4,923 million with an organic growth of 14%[1]. *Tempo*, softpack, box tissue and wet wipes all grew strongly, improving the product mix. E-commerce also grew well and now represents 17%[2] of sales.
- Personal Care revenue was HK$743 million, with an organic growth of 22%[1]. Personal Care represented 13% of the Group's revenue in the first half (or 21% in the second quarter, including the full effects from the acquisition).

Increasing gross margin trend due to better product mix, manufacturing efficiency gains and a lower pulp price

- The gross margin of the Group was 31.9% in Q2 2016, up by 1.3 percentage points quarter on quarter. Gross margin for the first half was 31.3%.
- The gross margin of the Tissue segment was 31.5% in the first half.
- The gross margin of the Personal Care segment, including the acquired business from 1 April 2016, was 29.7% in the first half.

Sustainable EBITDA and operating profit

- EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) was HK$831 million in the first half, with an EBITDA margin of 14.7% (vs 14.8% in the first half of 2015). The level was maintained despite an increased investment in sales and marketing expenses to drive the growth.
- Operating profit in the first half was HK$515 million, with an operating profit margin of 9.1% (vs 9.9% in the first half of 2015). The lower operating profit margin reflects the higher depreciation and amortization cost in 2016.
- Underlying operating profit margin (excluding items affecting comparability*) for the first half was 9.6%.
- Despite the weak Renminbi, total foreign exchange losses (operating and financial) reduced to HK$15 million.
- Net profit was HK$321 million and an interim dividend of 5.0 HK cents per share is proposed.

The Board of Directors (the "Board") of Vinda International Holdings Limited ("Vinda" or the "Company") is pleased to present the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016 (the "Period"). The interim results have been reviewed by the Company's independent auditors and audit committee.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Results Highlights

The business environment in the first half of 2016 was full of challenges: uncertainty over the global economy, further depreciation of the Renminbi and increasing competition in the Chinese market for fast moving consumer goods.

Against this backdrop, Vinda continued to implement its profitable growth strategy and delivered a good performance with increased sales, gaining market share, improving the tissue product mix, expanding the sales network, reducing foreign exchange exposure and making significant progress in the expansion to new countries and markets. In particular, e-commerce maintained its high growth momentum reinforcing Vinda's leading position on a number of e-platforms. On 1 April 2016, we completed the acquisition of the SCA Asia business (with companies in Malaysia, Singapore, Indonesia, Taiwan, Thailand and Korea) and have made good progress on the integration. As a result of this, we now report segment information for Tissue and Personal Care separately. Vinda also reduced the gearing level and widened the shareholder base, following a share placement completed in May.

In the first half of the year, the Group's revenue increased by 19.5% year on year to HK$5,666 million. Organic growth in revenue was 14.5%[1].

Gross profit increased by 18.4% year on year to HK$1,772 million. The Group continued to optimize the tissue product mix, improve production efficiency and benefit from a lower wood pulp cost. The gross profit margin in the second quarter therefore increased quarter on quarter from 30.6% to 31.9%. Despite of this, the Group's gross profit margin in the first half of the year dropped slightly versus the first half of 2015 by 0.3 percentage points to 31.3%, partly because of a slight dilution effect from the newly acquired businesses in Asia.

Vinda is always committed to enhancing competitiveness through brand building and promotional activities. Vinda is also positioned to build new brands and Personal Care business, which are all at their early stage of development and require resources to grow. These efforts, however, inevitably drive up selling and marketing expenses. In the first half of the year, operating profit grew by 9.9% year on year to HK$515 million and operating profit margin dropped by 0.8 percentage points to 9.1%. EBITDA however grew by 18% and EBITDA margin was steady at 14.7% (vs 14.8% in 2015), reflecting a stable cash generation from the business.

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. During the Period, the Group has gradually increased the proportion of Renminbi borrowings to 61% in its total borrowings to mitigate the foreign exchange risk. Following the acquisition of the businesses in Asia, all newly acquired entities used their local currencies as functional currencies, and the Hong Kong-based subsidiaries have started to use HK dollars as a functional currency since the second quarter of the year. In total, the Group recorded a total foreign exchange loss of HK$15 million, of which HK$14 million was reported in operating items and HK$1 million in financial items. Separately, the convertible note issued for acquisition of businesses in Asia generated a non-cash item with a corresponding fair value downward adjustment of HK$18 million.

By excluding items affecting comparability (HK$14 million of foreign exchange loss, HK$3 million of transaction cost for the acquisition of the businesses in Asia and HK$14 million of the amortisation expense of the acquired intangible assets[3] (a non-cash item) related to the acquisition on 1 April 2016), operating profit (i.e. underlying operating profit) would have increased by 9.0% year on year, while operating profit margin (i.e. underlying operating profit margin) would have been 9.6% in the first half of the year.

Net profit decreased by 2.9% year on year to HK$321 million due to increased financing and taxation cost (including the HK$18 million fair value downward adjustment on the convertible note). Basic earnings per share amounted to 30.6 HK cents.

The Board proposed the payment of an interim dividend of 5.0 HK cents per share for the six months ended 30 June 2016.

Business Review

87% of the Group's revenue was generated by the Tissue business and 13% by the Personal Care business (incontinence care, feminine care and baby care). By sales channel, revenue from traditional distributors accounted for 44%[2] of the total, modern supermarkets and hypermarkets contributed 28%[2], B2B corporate clients 11%[2], and e-commerce 17%[2].

Tissue Business

The top priority for Vinda is to build on its strong foundation on the core tissue business. The Chinese market remains very competitive and we continue to invest significantly in brand building. Revenue from the Tissue segment increased by 7.4% year on year to HK$4,923 million. Organic growth of the Tissue segment was 14%[1]. Sales volume of tissue amounted to approximately 360,000 tons, up 12.5%[2] year on year. The product mix was further optimized. Toilet paper products versus other tissue products accounted for 48%[2] and 52%[2], respectively, of the total tissue sales. Sales of higher-margin products such as softpack, box tissue and wet wipe products, posted a significantly higher than average growth. The Tissue segment recorded a gross margin of 31.5% and a segment result margin (Note 4 of the interim financial information) of 11.1% in the first half of the year.

During the Period, the brand *Vinda* was ranked among the top 15 FMCG brand in China in Kantar Worldpanel's "Brand Footprint 2016". In addition, *Vinda* leveraged its high-tech capability to launch products such as embossed toilet rolls, kitchen towels and wet wipes. It also introduced tissues themed after Disney Pixar's movie "Finding Nemo 2: Finding Dory" into the market and conducted a series of marketing campaigns, including "Ultra Strong China Tour – Season 4" to engage consumers.

Tempo gained strong support across distribution channels. In the first half of the year, *Tempo* strengthened its premium brand image through social media and the cooperation with a key opinion leader. Mr. Patrick Koellmer, a star guest of the talk show "A Bright World" representing Germany, was invited to be *Tempo*'s ambassador. *Tempo* recorded a significant increase of revenue for the Period. The tissue profitability is expected to be positively impacted by the increasing contribution from *Tempo*.

Personal Care Business

Vinda's Personal Care business is gaining momentum. The revenue contribution from the Personal Care segment rose significantly to 13% after the acquisition of SCA's businesses in Southeast Asia, Taiwan and Korea in the second quarter. The Personal Care segment recorded a gross profit margin of 29.7% and a segment result margin (Note 4 of the interim financial information) of 5.4% in the first half of the year. We continue to invest in and drive Personal Care business for the long term.

Incontinence Care

Mainland China's aging population leads to increasing demand for quality incontinence care products, thus presenting a huge opportunity for business. In the first half of the year, *Dr. P* was revamped as a sub-brand under *TENA*, serving people suffering from moderate-heavy incontinence. In addition, Vinda expanded its retail channels and professional channels while trying to win support from the government and the community. Market research data showed that *Dr. P* and *TENA* were gaining ground in terms of brand awareness, customer affinity and market share in Beijing, Shanghai and Guangzhou, and the two brands stayed ahead of their competitors there by those criteria.

Feminine Care

Demand for high-quality feminine hygiene products remains strong among the younger generation of women in China. This, together with trade-up consumption and the growing popularity of online shopping among young women has created immense opportunities for new brands. In the first half, *VIA* successfully enlarged its core customer base and had strong sales performance by means of new product packaging, image enhancement and innovative online advertising. *Libresse* also continued its strong performance in Malaysia.

Baby Care

The baby diaper market in China became even more competitive in the first half of the year. Online sales of baby diapers surged because the younger generation of parents continued to have a strong demand for high-quality and imported baby diapers.

Vinda has been stepping up its effort in channel building and enhancing the services with emphasis on product quality since last year. During the Period, the soft launch of mid-range pull-up diaper product under *Sealer* was well received by the market. The acquired Asia's leading baby care brand *Drypers* launched a new product in second quarter, further enhancing its stronghold position and improving product mix.

Production Capacity Plan

Vinda's annual designed production capacity for tissue paper amounted to 950,000 tons as at 30 June 2016, and is expected to reach 1,040,000 tons by the end of the year. The continued strong growth of the Tissue business in China requires more investment in new capacity, primarily in existing sites.

Vinda completed the installation and commissioning of new incontinence production lines in China, laying a solid foundation for its further business development. Through the acquisition, Vinda is now also equipped with three additional production bases (two in Malaysia and one in Taiwan). These will provide strong support to the production of personal care products and create synergies in terms of research and development, raw material procurement and production efficiency.

Outlook

In the second half of 2016, the economic growth of China and Asia are predicted to remain moderate. However, the intense market competition, coupled with the fluctuations in foreign exchange rates, will make the operating environment challenging and uncertain for the rest of the year.

The Chinese and Asian hygiene market remains promising in the medium and long term. Urbanization, the boom in e-commerce, the increase in disposable income and the consumers' rising consciousness of product quality will combine to boost demand for premium products. Meanwhile, the aging population will continue to drive the demand for incontinence care products. The stringent environmental regulations will accelerate the industry's consolidation. All of these factors, in turn, will boost the demand for quality hygiene products in China and the rest of Asia.

Vinda will continue its "profitable growth strategy" following 3 priorities:

I. Drive Tissue business in China;

II. Broaden the Personal Care presence in China;

III. Drive Personal Care growth in Asia and roll out tissue.

* *Items affecting comparability*
- *Operating items:*
  - — *HK$14 million of foreign exchange loss (1H2015: HK$32 million)*
  - — *HK$14 million of amortization cost resulted from the acquired intangible asset related to the acquisition on 1 April 2016, a non-cash item (1H2015: nil)*
  - — *HK$3 million of transaction cost related to acquisition (1H2015: nil)*
- *Financing items:*
  - — *HK$1 million of foreign exchange loss (1H2015: HK$2 million of foreign exchange gain)*
  - — *HK$18 million of fair value downward adjustment on convertible note, a non-cash item (1H2015: nil)*

[1] *Excluding acquisition and exchange rate effects*
[2] *Excluding acquisition effect*
[3] *It will only be presented as an item affecting comparability where it was not included in comparative prior year period*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	
		Six months ended 30 June	
		2016	2015
	Note	***HK$***	*HK$*
Revenue	*4*	**5,666,328,422**	4,743,233,642
Cost of sales		**(3,893,849,634)**	(3,246,713,720)
Gross profit		**1,772,478,788**	1,496,519,922
Selling and marketing costs		**(910,786,386)**	(728,337,933)
Administrative expenses		**(348,305,667)**	(285,600,462)
Other income and (losses) — net		**1,197,747**	(14,387,099)
Operating profit	*5*	**514,584,482**	468,194,428
Finance costs, net	*6*	**(100,939,368)**	(53,505,275)
Profit before income tax		**413,645,114**	414,689,153
Income tax expense	*7*	**(92,290,289)**	(83,887,932)
Profit attributable to equity holders of the Company		**321,354,825**	330,801,221
Other comprehensive income:			
Item that may be reclassified to profit or loss			
— Currency translation differences		**(192,670,362)**	2,995,537
Total comprehensive income attributable to equity holders of the Company		**128,684,463**	333,796,758
Earnings per share for profit attributable to the equity holders of the Company			
— basic	*8(a)*	**0.306**	0.331
— diluted	*8(b)*	**0.306**	0.331

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**Unaudited 30 June 2016** *HK$*	Audited 31 December 2015 *HK$*
ASSETS			
Non-current assets			
Property, plant and equipment	*10*	**7,147,586,111**	6,261,216,698
Leasehold land and land use rights	*10*	**452,053,786**	387,818,653
Intangible assets	*10*	**2,928,276,956**	1,306,968,419
Deferred income tax assets		**255,340,414**	259,511,539
Total non-current assets		**10,783,257,267**	8,215,515,309
Current assets			
Inventories		**2,089,267,784**	2,367,407,631
Trade receivables, other receivables and prepayments	*11*	**1,911,128,736**	1,463,321,731
Prepayments to and receivables from related parties		**89,575,284**	64,444,039
Cash and cash equivalents		**631,769,851**	393,247,986
Total current assets		**4,721,741,655**	4,288,421,387
Total assets		**15,504,998,922**	12,503,936,696
EQUITY			
Share capital		**113,662,437**	99,908,769
Share premium		**3,483,375,950**	1,688,013,706
Other reserves		**3,234,772,615**	3,159,837,388
Total equity		**6,831,811,002**	4,947,759,863

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (continued)

	Note	Unaudited 30 June 2016 HK$	Audited 31 December 2015 HK$
LIABILITIES			
Non-current liabilities			
Borrowings	*12*	**2,405,125,504**	2,177,485,991
Loans from a related party	*12*	**1,791,117,197**	1,308,080,688
Deferred government grants		**88,815,535**	92,493,668
Deferred income tax liabilities		**201,433,257**	96,248,856
Post-employment benefits		**36,694,839**	—
Total non-current liabilities		**4,523,186,332**	3,674,309,203
Current liabilities			
Trade payables, other payables and accrued expenses	*13*	**2,536,038,366**	2,516,294,366
Borrowings	*12*	**1,470,033,035**	1,252,972,123
Due to related parties		**60,830,343**	60,202,591
Current income tax liabilities		**83,099,844**	52,398,550
Total current liabilities		**4,150,001,588**	3,881,867,630
Total liabilities		**8,673,187,920**	7,556,176,833
Total equity and liabilities		**15,504,998,922**	12,503,936,696
Net current assets		**571,740,067**	406,553,757
Total assets less current liabilities		**11,354,997,334**	8,622,069,066

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Unaudited			
		Attributable to equity holders of the Company			
		Share capital	Share premium	Other reserves	Total
	Note	*HK$*	*HK$*	*HK$*	*HK$*
Balance as at 1 January 2015		99,840,269	1,677,023,606	3,304,140,930	5,081,004,805
Profit for the period		—	—	330,801,221	330,801,221
Other comprehensive income					
Item that may be reclassified to profit or loss					
— Currency translation differences		—	—	2,995,537	2,995,537
Total comprehensive income for the six months ended 30 June 2015		—	—	333,796,758	333,796,758
Transaction with owners					
Employees share option scheme					
— Exercise of share options		49,500	8,558,940	(2,298,180)	6,310,260
Dividends	*9*	—	—	(119,864,122)	(119,864,122)
Transaction with owners		49,500	8,558,940	(122,162,302)	(113,553,862)
Balance as at 30 June 2015		99,889,769	1,685,582,546	3,515,775,386	5,301,247,701
Balance as at 1 January 2016		**99,908,769**	**1,688,013,706**	**3,159,837,388**	**4,947,759,863**
Profit for the period		**—**	**—**	**321,354,825**	**321,354,825**
Other comprehensive income					
Item that may be reclassified to profit or loss					
— Currency translation differences		**—**	**—**	**(192,670,362)**	**(192,670,362)**
Total comprehensive income for the six months ended 30 June 2016		**—**	**—**	**128,684,463**	**128,684,463**
Transaction with owners					
Allotment of shares		**10,589,703**	**1,358,735,030**	**—**	**1,369,324,733**
Conversion of convertible notes		**3,163,965**	**436,627,214**	**—**	**439,791,179**
Dividends	*9*	**—**	**—**	**(53,749,236)**	**(53,749,236)**
Transaction with owners		**13,753,668**	**1,795,362,244**	**(53,749,236)**	**1,755,366,676**
Balance as at 30 June 2016		**113,662,437**	**3,483,375,950**	**3,234,772,615**	**6,831,811,002**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited	
		Six months ended 30 June	
		2016	2015
	Note	***HK$***	*HK$*
Cash flows from operating activities:			
— cash generated from operations		**726,364,899**	405,887,451
— interest paid		**(82,019,490)**	(62,048,345)
Cash flows generated from operating activities — net		**644,345,409**	343,839,106
Cash flows from investing activities:			
— purchases of property, plant and equipment		**(599,666,936)**	(470,645,242)
— cash acquired through acquisition of subsidiaries	*14*	**317,264,006**	—
— purchases of intangible assets		**(11,729,877)**	(9,105,203)
— purchases of land use rights		**(77,862,227)**	(25,769,766)
— proceeds on disposal of property, plant and equipment		**129,527**	3,740,939
— interest received		**1,876,626**	2,160,320
Cash flows used in investing activities — net		**(369,988,881)**	(499,618,952)
Cash flows from financing activities:			
— dividends paid	*9*	**(53,749,236)**	(119,864,122)
— repayments of borrowings	*12*	**(3,166,172,136)**	(3,328,253,369)
— proceeds from borrowings	*12*	**3,458,208,262**	2,849,154,970
— proceeds from loans from a related party	*12*	**—**	541,214,421
— repayments of loans from a related party	*12*	**(655,750,267)**	—
— proceeds from shares issued		**390,252,992**	6,310,260
Cash flows used in financing activities — net		**(27,210,385)**	(51,437,840)
Net increase/(decrease) in cash and cash equivalents		**247,146,143**	(207,217,686)
Cash and cash equivalents at beginning of the period		**393,247,986**	720,283,714
Exchange differences		**(8,624,278)**	599,534
Cash and cash equivalents at end of the period		**631,769,851**	513,665,562

Non-cash transactions

The principal non-cash transaction is the issue of shares, convertible notes and shareholder loan as consideration for the acquisition disclosed in Note 14.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2016

1 GENERAL INFORMATION

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

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

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

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

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

This condensed consolidated interim financial information is presented in Hong Kong dollar ("HK$"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 19 July 2016.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with HKAS 34 "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2.1 Going-concern basis

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

3 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

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

3.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

HKFRS 7 (Amendments) "Financial instruments: Disclosures condensed interim financial statements" is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies that the additional disclosure required by the amendments to HKFRS 7 "Disclosure – Offsetting financial assets and financial liabilities" is not specifically required for all interim periods, unless required by HKAS 34.

HKAS 19 (Amendments) "Employee benefits" is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used.

HKAS 34 (Amendments) "Interim financial reporting" is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. It also amends HKAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective.

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Changes in accounting policy and disclosures (continued)

(b) Standards, amendments and interpretations to existing standards effective in 2016 but not relevant to the Group

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKAS 16 (Amendment)	Property, plant and equipment	1 January 2016
HKAS 27 (Amendment)	Separate financial statements	1 January 2016
HKAS 38 (Amendment)	Intangible assets	1 January 2016
HKAS 41 (Amendment)	Agriculture	1 January 2016
HKFRS 5 (Amendment)	Non-current assets held for sale and discontinued operations	1 January 2016
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Application of the disclosure requirements to a servicing contract	1 January 2016
HKFRS 11 (Amendment)	Joint arrangements	1 January 2016
HKFRS 12 (Amendment)	Disclosure of interests in other entities	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016

(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 2016 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 (Amendment)	Consolidated financial statements	To be determined
HKAS 28 (Amendment)	Investment in associates	To be determined

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in HK$.

Following by the acquisition of SCA Hygiene Malaysia Sdn Bhd. ("SCA Malaysia") and its subsidiaries (together as "SCA Malaysia Group"), SCA Hygiene Korea Co. Ltd. ("SCA Korea") and SCA Taiwan Ltd. ("SCA Taiwan") (collectively, SCA Asia business), the Directors regarded the pricing strategy for certain intermediate holding companies shall change from RMB to HK$ to better reflect their business circumstance change and business substance from 1 April 2016 (acquisition completion day) prospectively.

(b) Transactions and balances

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

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

(c) Group companies

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

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

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

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

4 SEGMENT INFORMATION

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 geographical segment information is presented as management reviews the business performance primarily based on type of business, not geographically. Instead, the executive committee assesses the performance of household paper products and personal care products.

The executive committee assesses the performance of the operating segments based on a measure of segment results without considering amortisation of trademarks, licences and contractual customer relationships, unallocated costs, finance income/(costs) and income tax expense which is consistent with that in the annual consolidated financial statements. Unallocated costs are mainly the central expenses (including acquisition cost).

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the interim consolidated income statement.

Additions to non-current assets comprise additions to property, plant and equipment, leasehold land and land use rights and intangible assets, including additions resulting from acquisitions through business combination.

4 SEGMENT INFORMATION (continued)

The segment information for the six months ended 30 June 2016 and 2015 are as follows:

	Six months ended 30 June 2016 (Unaudited)			
	Household paper products *HK$*	**Personal care products** *HK$*	**Elimination** *HK$*	**Total** *HK$*
Six months ended 30 June 2016				
Segment revenue	4,922,671,291	743,657,131	—	5,666,328,422
Segment results	546,690,688	40,095,054	—	586,785,742
Amortisation of trademarks, licences and contractual customer relationships	(9,931,073)	(15,488,214)	—	(25,419,287)
Segment profit	536,759,615	24,606,840	—	561,366,455
Other income and (losses) – net				1,197,747
Unallocated costs				(47,979,720)
Operating profit				514,584,482
Finance costs, net				(100,939,368)
Profit before income tax				413,645,114
Income tax expense				(92,290,289)
Profit for the period				321,354,825
Other segment items included in the income statement				
Depreciation of property, plant and equipment	(238,873,813)	(38,377,708)	—	(277,251,521)
Amortisation of leasehold land and land use rights, intangible assets other than trademarks, licences and contractual customer relationships	(11,280,507)	(2,060,654)	—	(13,341,161)
Additions to non-current assets	574,525,799	2,523,884,044	—	3,098,409,843

4 SEGMENT INFORMATION (continued)

	Six months ended 30 June 2015 (Unaudited)			
	Household paper products *HK$*	**Personal care products** *HK$*	**Elimination** *HK$*	**Total** *HK$*
Six months ended 30 June 2015				
Segment revenue	4,583,488,938	159,744,704	—	4,743,233,642
Segment results	563,797,754	(45,244,199)	—	518,553,555
Amortisation of trademarks, licences and contractual customer relationships	(10,574,300)	(1,325,510)	—	(11,899,810)
Segment profit	553,223,454	(46,569,709)	—	506,653,745
Other income and (losses) — net				(14,387,099)
Unallocated costs				(24,072,218)
Operating profit				468,194,428
Finance costs, net				(53,505,275)
Profit before income tax				414,689,153
Income tax expense				(83,887,932)
Profit for the period				330,801,221
Other segment items included in the income statement				
Depreciation of property, plant and equipment	(211,453,805)	(2,114,076)	—	(213,567,881)
Amortisation of leasehold land and land use rights, intangible assets other than trademarks, licences and contractual customer relationships	(8,443,370)	(73,563)	—	(8,516,933)
Additions to non-current assets	486,361,420	14,683,799	—	501,045,219

4 SEGMENT INFORMATION (continued)

	As at 30 June 2016 (Unaudited)			
	Household paper products *HK$*	Personal care products *HK$*	Elimination *HK$*	Total *HK$*
As at 30 June 2016				
Segment assets	11,193,793,159	4,013,092,753	—	15,206,885,912
Deferred income tax assets				255,340,414
Prepaid income tax recoverable				42,772,596
Total assets				**15,504,998,922**
Segment liabilities	5,961,069,199	2,427,585,620	—	8,388,654,819
Deferred income tax liabilities				201,433,257
Current income tax liabilities				83,099,844
Total liabilities				**8,673,187,920**

	As at 31 December 2015 (Unaudited)			
	Household paper products *HK$*	Personal care products *HK$*	Elimination *HK$*	Total *HK$*
As at 31 December 2015				
Segment assets	11,470,668,610	740,458,936	—	12,211,127,546
Deferred income tax assets				259,511,539
Prepaid income tax recoverable				33,297,611
Total assets				**12,503,936,696**
Segment liabilities	7,158,060,321	249,469,106	—	7,407,529,427
Deferred income tax liabilities				96,248,856
Current income tax liabilities				52,398,550
Total liabilities				**7,556,176,833**

5 OPERATING PROFIT

The following items have been (credited)/charged to the operating profit during the six months ended 30 June 2016 and 2015:

	Unaudited Six months ended 30 June 2016 HK$	2015 HK$
Amortisation of deferred government grants	**(1,877,816)**	(1,735,525)
Foreign exchange loss, net	**13,708,788**	32,403,604
Provision for impairment of receivables	**9,189,652**	1,918,211
Provision for impairment of inventories	**907,468**	6,295,505
Impairment charges of property, plant and equipment *(Note 10)*	**—**	5,409,178
Depreciation of property, plant and equipment *(Note 10)*	**277,251,521**	213,567,881
Amortisation of intangible assets *(Note 10)*	**33,912,245**	16,948,650
Amortisation of leasehold land and land use rights *(Note 10)*	**4,848,203**	3,468,093
Loss/(gain) on disposal of property, plant and equipment	**3,898,906**	(2,506,533)
Transaction cost in relation to acquisition of subsidiaries *(Note 14)*	**3,025,820**	—

6 FINANCE COSTS – NET

	Unaudited Six months ended 30 June 2016 HK$	2015 HK$
Interest expenses	**(83,483,801)**	(57,947,399)
Other finance costs *(i)*	**(18,664,352)**	–
Net foreign exchange transaction (losses)/gains	**(667,841)**	2,281,804
Interest income	**1,876,626**	2,160,320
Finance costs – net	**(100,939,368)**	(53,505,275)

(i) Other finance costs mainly comprise the change in fair value of convertible notes.

7 INCOME TAX EXPENSE

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.

Hong Kong and overseas profits tax has been provided at the rates of taxation prevailing in the countries in which the Group operates respectively.

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK$	*HK$*
Current income tax		
— Overseas and Hong Kong profits tax	**39,769,946**	26,812,329
— PRC enterprise income tax	**40,821,243**	67,501,508
Deferred income tax	**11,699,100**	(10,425,905)
	92,290,289	83,887,932

Income tax expense is recognised based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended 30 June 2016 is 22.31% (the estimated average annual tax rate for the six months ended 30 June 2015 was 20.23%).

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 period.

	Unaudited	
	Six months ended 30 June	
	2016	2015
Profit attributable to equity holders of the Company *(HK$)*	**321,354,825**	330,801,221
Weighted average number of ordinary shares in issue	**1,048,472,966**	998,580,266
Basic earnings per share *(HK$ per share)*	**0.306**	0.331

8 EARNINGS PER SHARE (continued)

(b) Diluted

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

	Unaudited Six months ended 30 June	
	2016	2015
Profit attributable to equity holders of the Company *(HK$)*	**321,354,825**	330,801,221
Weighted average number of ordinary shares in issue	**1,048,472,966**	998,580,266
Adjustments for share options	**984,118**	801,609
Weighted average number of ordinary shares for diluted earnings per share	**1,049,457,084**	999,381,875
Diluted earnings per share *(HK$ per share)*	**0.306**	0.331

9 DIVIDENDS

On 29 January 2015, the Board of Directors proposed a final dividend in respect of the year ended 31 December 2014 of HK$0.120 per ordinary share. 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.

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. The final dividend of HK$53,749,236 was paid in May 2016 based on the 1,074,984,720 issued shares outstanding at that time.

On 19 July 2016, the Board of Directors has resolved to declare an interim dividend of HK$0.05 per share (2015: HK$0.05 per share). This interim dividend, amounting to HK$56,831,219 (2015: HK$49,944,884) based on the 1,136,624,373 issued shares outstanding as at 30 June 2016, has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2016.

10 PROPERTY, PLANT AND EQUIPMENT, LEASEHOLD LAND AND LAND USE RIGHTS AND INTANGIBLE ASSETS

		Unaudited	
	Property, plant and equipment	**Leasehold land and land use rights**	**Intangible assets**
	HK$	*HK$*	*HK$*
Six months ended 30 June 2015			
Opening net book amount as at 1 January 2015	5,901,730,851	297,758,758	1,400,041,901
Additions	466,170,250	25,769,766	9,105,203
Disposals	(1,234,406)	—	—
Depreciation and amortisation *(Note 5)*	(213,567,881)	(3,468,093)	(16,948,650)
Impairment *(Note 5)*	(5,409,178)	—	—
Exchange differences	2,593,746	167,005	513,709
Closing net book amount as at 30 June 2015	6,150,283,382	320,227,436	1,392,712,163
Six months ended 30 June 2016			
Opening net book amount as at 1 January 2016	**6,261,216,698**	**387,818,653**	**1,306,968,419**
Acquisition of subsidiaries *(Note 14)*	**743,301,199**	**—**	**1,705,833,995**
Additions	**559,682,545**	**77,862,227**	**11,729,877**
Disposals	**(4,028,433)**	**—**	**—**
Depreciation and amortisation *(Note 5)*	**(277,251,521)**	**(4,848,203)**	**(33,912,245)**
Exchange differences	**(135,334,377)**	**(8,778,891)**	**(62,343,090)**
Closing net book amount as at 30 June 2016	**7,147,586,111**	**452,053,786**	**2,928,276,956**

During the period, the Group has capitalized borrowing costs amounting to HK$5,590,098 (for the six months ended 30 June 2015: HK$5,197,340) on qualifying assets. Borrowing costs were capitalized at the weighted average rate of its general borrowings of 2.84% (for the six months ended 30 June 2015: 2.72%) per annum.

11 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June 2016	31 December 2015
	Unaudited	Audited
	HK$	*HK$*
Trade receivables	**1,598,673,487**	1,104,926,703
Other receivables *(Note (a))*	**282,811,423**	328,022,567
Notes receivable	**5,026,167**	7,399,603
Prepayments	**44,520,753**	34,563,633
Less: Provision for impairment of trade receivables	**(19,903,094)**	(11,590,775)
	1,911,128,736	1,463,321,731

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

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

Ageing analysis of trade receivables of the Group based on invoice date as at 30 June 2016 and 31 December 2015 is as below:

	As at	
	30 June 2016	31 December 2015
	Unaudited	Audited
	HK$	*HK$*
Within 3 months	**1,489,796,903**	1,038,377,768
4 months to 6 months	**74,702,053**	47,821,077
7 months to 12 months	**24,373,027**	14,258,476
Over 1 year	**9,801,504**	4,469,382
	1,598,673,487	1,104,926,703

12 BORROWINGS

	As at 30 June 2016 Unaudited *HK$*	As at 31 December 2015 Audited *HK$*
Non-current		
Unsecured bank borrowings	**2,405,125,504**	2,177,485,991
Loans from a related party *(i)*	**1,791,117,197**	1,308,080,688
Total non-current borrowings	**4,196,242,701**	3,485,566,679
Current		
Portion of loans from banks due for repayment within one year		
— Unsecured	**1,464,183,029**	1,241,036,100
Other borrowings due for repayment within one year		
— Unsecured	**5,850,006**	11,936,023
Total current borrowings	**1,470,033,035**	1,252,972,123
Total borrowings	**5,666,275,736**	4,738,538,802

(i) The loan balance as at 30 June 2016 represents long term unsecured loans with principal of RMB300,000,000 and HK$1,440,116,846 (approximately HK$1,791,117,197) respectively. The weighted average interest rate is 2.76% per annum.

Movements in borrowings are analysed as follows:

	Unaudited *HK$*
Six months ended 30 June 2015	
Opening amount as at 1 January 2015	4,464,804,644
New borrowings	3,390,369,391
Repayments of borrowings	(3,328,253,369)
Exchange differences, net	759,752
Closing amount as at 30 June 2015	4,527,680,418
Six months ended 30 June 2016	
Opening amount as at 1 January 2016	**4,738,538,802**
Acquisition of subsidiaries *(Note 14)*	**203,120,745**
New borrowings	**4,598,325,108**
Repayments of borrowings	**(3,821,922,403)**
Exchange differences, net	**(51,786,516)**
Closing amount as at 30 June 2016	**5,666,275,736**

13 TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	As at	
	30 June 2016	31 December 2015
	Unaudited	Audited
	HK$	*HK$*
Trade payables	**1,302,617,476**	1,346,392,715
Notes payable	**22,599,747**	97,893,888
Other payables	**537,865,941**	579,391,397
Accrued expenses	**672,955,202**	492,616,366
	2,536,038,366	2,516,294,366

The credit period granted by the creditors generally ranged from 30 to 90 days. Ageing analysis of trade payables and notes payable as at 30 June 2016 and 31 December 2015 is as follows:

	As at	
	30 June 2016	31 December 2015
	Unaudited	Audited
	HK$	*HK$*
Within 3 months	**1,295,119,468**	1,419,247,007
4 months to 6 months	**26,746,552**	18,695,795
7 months to 12 months	**1,430,270**	921,616
Over 1 year	**1,920,933**	5,422,185
	1,325,217,223	1,444,286,603

14 BUSINESS COMBINATION

On 1 April 2016, the Group acquired 100% of the share capital of SCA Asia business at a consideration of HK$2,560,044,476. The subsidiaries are as follows:

Subsidiaries acquired	**Acquired interests %**
SCA Malaysia	100%
SCA Korea	100%
SCA Taiwan	100%
PT SCA Hygiene Indonesia	100%
SCA Hygiene Singapore Pte Ltd.	100%
SCA Hygiene Marketing (M) Sdn. Bhd.	100%
SCA Hygiene (Thailand) Ltd.	100%

As a result of the acquisition, the Group is expected to increase its presence in Asian personal care markets, and to reduce costs through economies of scale. The goodwill of HK$838,880,858 arising from the acquisition is attributable to the acquired customer base, economies of scale and synergy expected from combining the operations of the Group and these subsidiaries acquired.

14 BUSINESS COMBINATION (continued)

The following table summarises the consideration paid for SCA Asia business, the fair value of assets acquired and liabilities assumed at the acquisition date.

Consideration as at 1 April 2016:	
– Cash by the way of shareholder loan	1,140,116,846
– Allotment of shares	979,071,739
– Convertible note	426,607,492
– Cash	14,248,399
Total consideration	2,560,044,476
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	317,264,006
Property, plant and equipment *(Note 10)*	743,301,199
Existing goodwill within SCA Malaysia Group *(Note 10)*	1,873,436
Intangible assets *(Note 10)*	865,079,701
Inventories	252,778,299
Trade and other receivables	440,433,939
Deferred tax assets	20,103,747
Trade and other payables	(563,772,711)
Post-employment benefits	(36,468,537)
Borrowings *(Note 12)*	(203,120,745)
Deferred tax liabilities	(116,308,716)
Total identifiable net assets	1,721,163,618
Goodwill *(Note 10)*	838,880,858
	2,560,044,476
Acquisition-related costs (included in administrative expenses in the interim condensed consolidated income statement for the period ended 30 June 2016)	3,025,820

The revenue included in the consolidated income statement since 1 April 2016 contributed by SCA Asia business was HK$567,625,993. SCA Asia business also contributed net profit of HK$16,396,527 over the same period.

Internal Control and Human Resources Management

Vinda's internal control unit formulates, reviews and regularly updates the internal control system, code of conduct and guidelines in reference to national and local laws and regulations, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and the guidelines issued by the Securities and Futures Commission and other rules and regulations, so as to govern various aspects of its operation to combat potential malpractices including fraud, corruption, breach of confidentiality and insider trading. The internal control unit is also responsible for combating frauds and formulating the procedures for reporting malpractices. Its specific duties include receiving reports on malpractices, investigating, reporting the cases to the senior management and advising on how to handle the cases.

Vinda takes great pride in its people-oriented culture. In line with the principle of fairness and openness in recruitment, Vinda strives to offer equal opportunities for all qualified candidates regardless of age, nationality, race, religion, sexual orientation, gender, marital status, pregnancy, disability and political stance. At the same time, Vinda practises an equitable mechanism for giving remuneration and incentive according to the law and provides training courses to facilitate career development of employees as it aims to foster harmonious employment relations. As at 30 June 2016, the Group had a total of 10,664 employees.

Foreign Exchange and Fair Value Interest Rate Risk

The majority of the Group's assets and sales business are located in the PRC, Hong Kong, Malaysia, Taiwan and Korea. Our significant transactions are denominated and settled in RMB, HK$, Malaysia Ringgit, New Taiwan dollar and Korean Won while most of the key raw materials are imported from overseas and denominated and paid in US dollar ("US$"). The Group also borrows most of the long term loans and the short term loans denominated in RMB, HK$ or US$.

Liquidity, Financial Resources and Loans

The Group's financial position remained healthy. As at 30 June 2016, the Group's bank and cash balances amounted to HK$631,769,851 (31 December 2015: HK$393,247,986), and short-term and long-term loans amounted to HK$5,666,275,736 (31 December 2015: HK$4,738,538,802), including the loans from a related party amounting to HK$1,791,117,197 (31 December 2015: HK$1,308,080,688). 74.1% of the borrowings are medium- to long-term (31 December 2015: 73.6%). The annual interest rates of loans ranged from 0.80% to 9.63%.

As at 30 June 2016, 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 73.7% (31 December 2015: 87.8%).

As at 30 June 2016, unutilized credit facilities amounted to approximately HK$5.67 billion (31 December 2015: HK$7.80 billion).

Charges on Group Assets

As at 30 June 2016, the Group did not have any charges on assets (31 December 2015: nil).

Contingent Liabilities

As at 30 June 2016, the Group had no material contingent liabilities (31 December 2015: nil).

Interim Dividend

The Board has resolved to declare an interim dividend of HK$0.05 per share for the period ended 30 June 2016 (2015: HK$0.05 per share) totaling approximately HK$56,831,219, based on the 1,136,624,373 issued shares outstanding as at 30 June 2016. The interim dividend will be paid on or about 7 September 2016 to shareholders whose names appear on the register of members of the Company on 24 August 2016.

Closure of Register of Members

The register of members of the Company will be closed from 22 August 2016 to 24 August 2016, both days inclusive, during which period no transfer of shares will be registered. In order to establish entitlement to the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 pm on 19 August 2016 for registration of transfer.

Purchase, Sale or Redemption of the Securities

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance practices by emphasizing a quality Board of Directors, sound internal control, transparency and accountability to all the shareholders of the Company. For the six months ended 30 June 2016, 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").

Directors' Securities Transactions

The Company has adopted a code for securities transactions by directors of the Company (the "Code of Conduct") on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry with all the directors of the Company (the "Directors" or individually the "Director"), all of them confirmed that they have complied with the required standard set out in the Model Code and the Code of Conduct regarding securities transactions by the Directors during the six months ended 30 June 2016.

Audit Committee

The Company's audit committee has four members comprising three Independent Non-Executive Directors, namely, Mr. KAM Robert, Mr. WONG Kwai Huen, Albert and Mr. TSUI King Fai and a Non-Executive Director, Mr. 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 review and supervision of the financial reporting process. It also reviews the effectiveness of internal audit, internal controls and risk evaluation, including the interim results and interim report for the six months ended 30 June 2016.

Remuneration Committee

The Company's remuneration committee has five members comprising three Independent Non-Executive Directors, namely 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 remuneration committee is responsible for formulating and making recommendation to the Board on the Group's remuneration policy, the determination of specific remuneration packages of all Executive Directors and senior management and making recommendations to the Board the remuneration of Non-Executive Directors. It takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of Directors and senior management, employment conditions elsewhere in the Group and desirability of performance-base remuneration.

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 become 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, Mr. Johann Christoph MICHALSKI and Ms. YU Yi Fang; two Non-Executive Directors, namely, 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 comprises five members and is chaired by Mr. LI Chao Wang, an Executive Director. The other members are Executive Directors, namely Ms. YU Yi Fang, Mr. Johann Christoph MICHALSKI, Mr. DONG Yi Ping and Ms. LI Jielin. The duties of the executive committee is 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 comprises five members and is chaired by Mr. Jan Christer JOHANSSON, a Non-Executive Director. The other members are three Executive Directors, namely Mr. DONG Yi Ping, Mr. Johann Christoph MICHALSKI, and Ms. LI Jielin and an Independent Non-Executive Director, Mr. CHIA Yen On (appointed on 18 April 2016). The duties 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 Interim Report

This announcement is published on the websites of the Company (www.vinda.com) and the Stock Exchange (www.hkexnews.hk). The 2016 interim report of the Company will be dispatched to the shareholders of the Company 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, 19 July 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. Carl Fredrik Stenson RYSTEDT (alternate to Mr. SODERSTROM)
Mr. Gert Mikael SCHMIDT (alternate to Mr. JOHANSSON and Mr. GROTH)