



Vinda International Holdings Limited

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

Interim Report 2016



TO BECOME A LEADING
HYGIENE COMPANY
IN ASIA




vinda
维达


Tempo
得宝


TORK
多康


TENA 添宁

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Interim Financial Information

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Directors

Executive Directors

Mr. LI Chao Wang (Chairman)
Ms. YU Yi Fang (Vice Chairman)
Mr. Johann Christoph MICHALSKI
(Chief Executive Officer)
Ms. LI Jielin (Deputy Chief Executive Officer)
Mr. DONG Yi Ping (Chief Technology Officer)

Non-Executive Directors

Mr. Jan Christer JOHANSSON (Vice Chairman)
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)
(appointed on 18 April 2016)
Mr. CHIU Bun (alternate to Mr. MICHALSKI and
Mr. SODERSTROM) (resigned on 18 April 2016)
Mr. Gert Mikael SCHMIDT (alternate to
Mr. JOHANSSON and Mr. GROTH)

Audit Committee

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

Remuneration Committee

Mr. TSUI King Fai (Committee Chairman)
Mr. Johann Christoph MICHALSKI
Ms. LI Jielin
Mr. CHIA Yen On
Mr. KAM Robert

Nomination Committee

Mr. LI Chao Wang (Committee Chairman)
Mr. Jan Christer JOHANSSON
Mr. CHIA Yen On
Mr. KAM Robert
Mr. WONG Kwai Huen, Albert

Risk Management Committee

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

Executive Committee

Mr. LI Chao Wang (Committee Chairman)
Ms. YU Yi Fang
Mr. Johann Christoph MICHALSKI
Ms. LI Jielin
Mr. DONG Yi Ping

Strategic Development Committee

Mr. Jan Christer JOHANSSON (Committee Chairman)
Mr. Johann Christoph MICHALSKI
Ms. LI Jielin
Mr. DONG Yi Ping
Mr. CHIA Yen On (appointed on 18 April 2016)

Authorised Representatives

Ms. LI Jielin
Ms. TAN Yi Yi

Company Secretary

Ms. TAN Yi Yi, ACCA

Auditors

PricewaterhouseCoopers

Legal Advisers to the Company

Stevenson, Wong & Co. (as to Hong Kong law)
White & Case (as to Hong Kong law)
Conyers Dill & Pearman (as to Cayman Islands law)

Registered Office

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

Principal Place of Business in Hong Kong

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

Place of Listing and Stock Code

The Stock Exchange of Hong Kong Limited
Stock Code: 3331

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

Principal Bankers

Australia and New Zealand Banking Group Limited
Bank of China Limited
China Construction Bank Corporation
Citibank N.A.
Industrial and Commercial Bank of China Limited
The Hong Kong and Shanghai Banking
Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
Skandinaviska Enskilda Banken AB
Svenska Handelsbanken AB (publ)

Company Website

<http://www.vinda.com>

INTERIM RESULTS AND FINANCIAL HIGHLIGHTS

Interim Results

The Board of Directors (the “Board”) of Vinda International Holdings Limited (“Vinda” or the “Company”) is pleased to present the unaudited interim condensed consolidated balance sheet as at 30 June 2016 and the unaudited interim condensed consolidated statement of comprehensive income, unaudited interim condensed consolidated statement of cash flows and unaudited interim condensed consolidated statement of changes in equity of the Company and its subsidiaries (the “Group”) for the period ended 30 June 2016 (the “Period”), together with the comparative figures and selected explanatory notes. The unaudited interim financial statements have been reviewed by the Company’s independent auditors and audit committee.

Financial Highlights

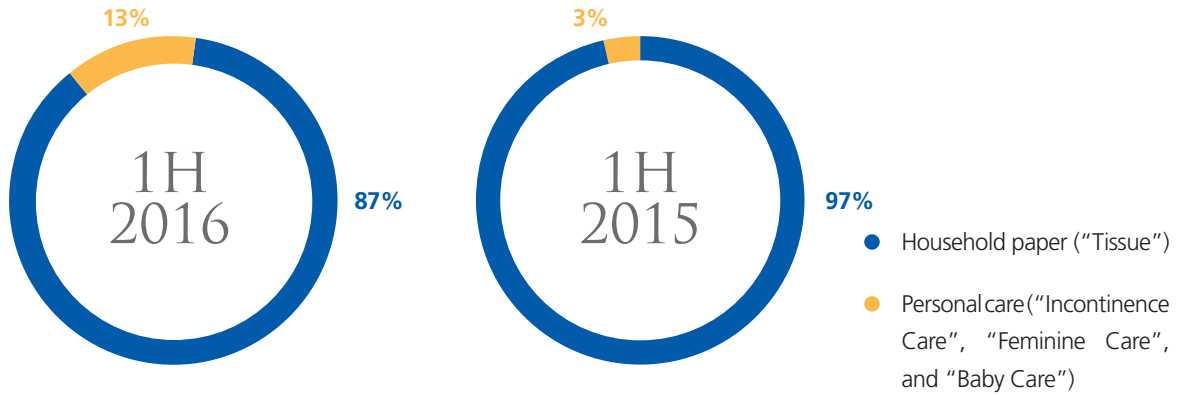
Interim Results for the Six Months Ended 30 June 2016

	2016	2015
Organic revenue growth rate (%) ¹	14.5%	18.5%
Gross profit margin (%)	31.3%	31.6%
EBITDA margin (%)	14.7%	14.8%
Net profit margin (%)	5.7%	7.0%
Earnings per share (HK\$) — basic	30.6 cents	33.1 cents
Interim dividend declared (HK\$)	5.0 cents	5.0 cents
Stock turnover	103 days	108 days
Debtors turnover	44 days	45 days
Creditors turnover	66 days	71 days
Current ratio (times)	1.14	1.62
Gearing ratio (%) ²	82.9%	85.4%
Net gearing ratio (%) ³	73.7%	75.7%

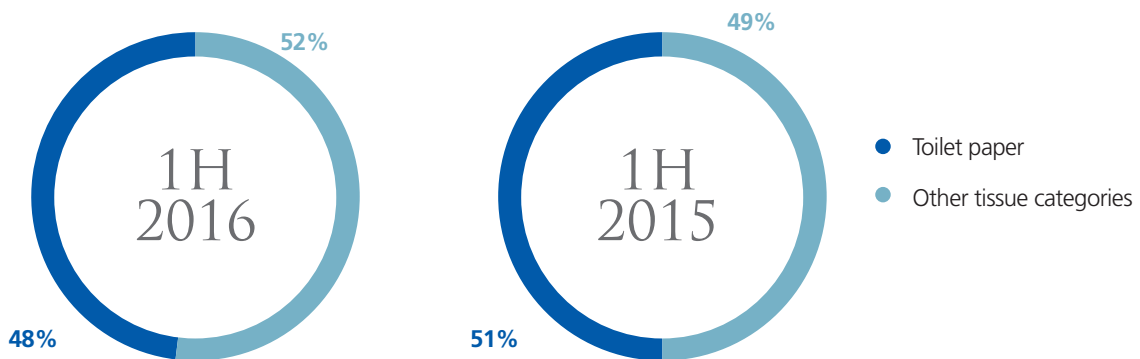
Notes:

1. Revenue growth excluding acquisition and exchange rate effects.
2. Calculated on the basis of the amount of total borrowings as a percentage of the total shareholders’ equity.
3. 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.

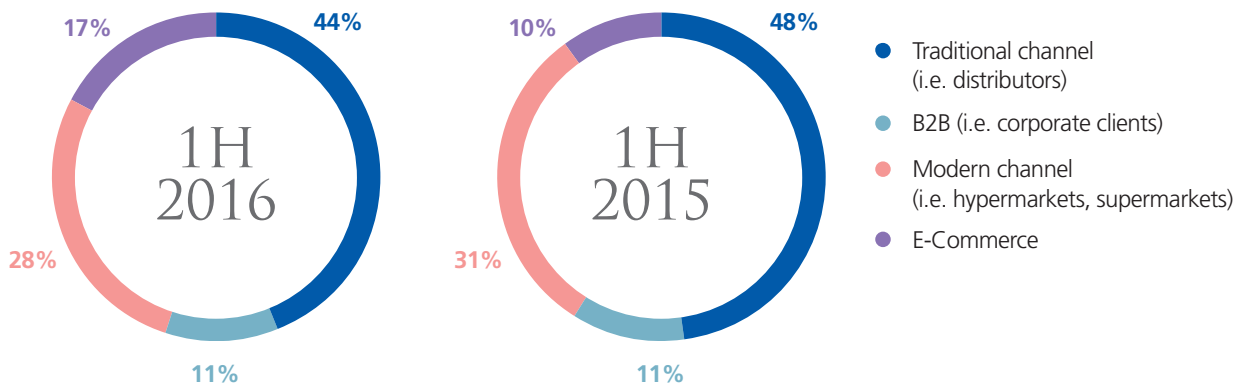
Revenue by Business Segment



Revenue¹ by Tissue Categories



Revenue¹ by sales channels



Notes:

1. Excluding acquisition effect.

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. Details of the acquisition are set out in the circular of the Company dated 28 December 2015, the announcement of the Company dated 1 April 2016 and Note 21 of the interim financial information. 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 assets³ (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 6 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 6 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*

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 Renminbi ("RMB"), Hong Kong dollar ("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).

Capital Commitments

	As at	
	30 June	31 December
	2016	2015
	Unaudited	Audited
	HK\$	HK\$
Property, plant and equipment and intangible assets	835,967,987	436,773,776

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 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.

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

As at 30 June 2016, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long Positions In Shares, Underlying Shares and Debentures in the Company

Name		Number of shares and underlying shares held under equity derivatives			Approximate percentage (%) of interests ^(B)
		Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporations)	Total interests	
LI Chao Wang	Shares	—	271,341,581 ⁽²⁾	271,341,581	23.87
	Equity Derivatives — Share options	1,998,000 ⁽¹⁾	—	1,998,000	0.18
				273,339,581	24.05
YU Yi Fang	Shares	50,000	—	50,000	0.004
	Equity Derivatives — Share options	240,000 ⁽¹⁾	—	240,000	0.02
				290,000	0.03
DONG Yi Ping	Shares	—	—	—	—
	Equity Derivatives — Share options	240,000 ⁽¹⁾	—	240,000	0.02
				240,000	0.02
LI Jielin	Shares	—	—	—	—
	Equity Derivatives — Share options	80,000	—	80,000	0.01
				80,000	0.01
Johann Christoph MICHALSKI	Shares	39,000	—	39,000	0.003
	Equity Derivatives — Share options	220,000	—	220,000	0.02
				259,000	0.02
Ulf Olof Lennart SODERSTROM	Shares	—	—	—	—
	Equity Derivatives — Share options	220,000	—	220,000	0.02
				220,000	0.02
KAM Robert	Shares	—	—	—	—
	Equity Derivatives — Share options	140,000	—	140,000	0.01
				140,000	0.01
TSUI King Fai	Shares	—	—	—	—
	Equity Derivatives — Share options	140,000	—	140,000	0.01
				140,000	0.01

OTHER INFORMATION

Notes:

- The share options granted by the Company are regarded for the time being as unlisted physically settled equity derivatives. Details of share options held by the directors of the Company (the "Directors", individually the "Director") are set out in the section headed "Share Option Scheme" of this Report.
- LI Chao Wang is deemed to be interested in the 216,341,581 shares in the Company held by Fu An International Company Limited for the purpose of Part XV of the SFO. Fu An International Company Limited is held as to 74.21% by Sentential Holdings Limited, 15.79% by Join Pride International Limited and 10.00% by Daminos Management Limited. The entire issued share capital of each of Sentential Holdings Limited, Join Pride International Limited and Daminos Management Limited is held by LI Chao Wang, YU Yi Fang and DONG Yi Ping, respectively.

LI Chao Wang is also deemed to be interested in the 55,000,000 shares in the Company in which Fu An Trading (Hong Kong) Limited has an interest for the purpose of Part XV of the SFO. Fu An Trading (Hong Kong) Limited is held as to 74.21%, 15.79% and 10.00% by each of LI Chao Wang, YU Yi Fang and DONG Yi Ping, respectively. Pursuant to the equity transfer agreement dated 1 November 2015 entered into between the Company, Fu An Trading (Hong Kong) Limited and Vinda Paper (China) Company Limited in respect of the sale and purchase of the entire equity interest in Jiangmen Dynasty Fortune Paper Limited (the "Equity Transfer Agreement"), 55,000,000 shares in the Company will be allotted and issued to Fu An Trading (Hong Kong) Limited or its nominee upon completion of the Equity Transfer Agreement, details of which have been set out in the announcement and the circular of the Company dated 2 November 2015 and 28 December 2015, respectively.

- Actual percentages may not equal to the stated figures due to rounding.

Long Positions In Shares, Underlying Shares and Debentures of Associated Corporations of the Company

Name	Associated corporation	Class of shares in associated corporation	Number of shares held		Total interests	Approximate percentage (%) of interests ⁽¹⁾⁽²⁾
			Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporations)		
Johann Christoph MICHALSKI	Svenska Cellulosa Aktiebolaget	Class B shares	11,920	—	11,920	0.0017
Jan Christer JOHANSSON	Svenska Cellulosa Aktiebolaget	Class B shares	1,000	—	1,000	0.0001
Carl Magnus GROTH	Svenska Cellulosa Aktiebolaget	Class B shares	16,250	—	16,250	0.0023
Ulf Olof Lennart SODERSTROM	Svenska Cellulosa Aktiebolaget	Class B shares	18,000	—	18,000	0.0026
Carl Fredrik Stenson RYSTEDT	Svenska Cellulosa Aktiebolaget	Class B shares	7,500	—	7,500	0.0011
Gert Mikael SCHMIDT	Svenska Cellulosa Aktiebolaget	Class B shares	14,000	—	14,000	0.0020

Notes:

- As at 30 June 2016, the total number of registered shares in the share capital of Svenska Cellulosa Aktiebolaget was 705,110,094, of which 64,855,822 are Class A shares and 640,254,272 are Class B shares.
- Actual percentages may not equal to the stated figures due to rounding.

Save as disclosed above, as at 30 June 2016, none of the Directors and chief executives of the Company are, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations, that are required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Scheme

A long term incentive scheme (the “Scheme”) was conditionally adopted and approved by a written resolution of the shareholders of the Company passed on 19 June 2007. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules, where appropriate.

The purpose of the Scheme is to attract and retain the best available personnel, to provide additional incentive to employees, directors, shareholders of any member of the Group or any holder of any securities issued by any member of the Group, and to promote the success of the Group.

The Scheme enables the Company to grant options (the “Options”) to subscribe for shares of the Company (the “Shares”) to employees of the Company or any member of the Group (including any executive, non-executive and independent non-executive directors), advisors, consultants of the Group as incentives or rewards for their contributions to the Group.

The Scheme shall be valid and effective for a period of 10 years commencing from 10 July 2007, after which period no further Options may be offered or granted. The Board shall, subject to the rules of the Scheme and the Listing Rules, have the right to determine, among others, the exercise price of an Option, the minimum period for which the Option must be held before its vesting, performance, operating and financial targets and other criteria to be satisfied before the vesting of an Option and other terms and conditions of an Option, provided that the exercise price of an Option shall be a price determined by the Board at its absolute discretion but shall be the highest of (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five trading days immediately preceding the date of the offer; or (iii) the nominal value of a Share.

Subject to the Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Scheme and any other share option schemes adopted by the Company (“Other Schemes”) must not, in aggregate, exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of Options granted and to be granted to each participant or grantee (including exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the Shares in issue at the offer date. Any further grant of Options in excess of the above limit must be subject to shareholders’ approval by ordinary resolution in general meeting. Where any offer proposed to be made to a substantial shareholder or an Independent Non-Executive Director of the Company or any of their associates would result in the total number of the Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the Scheme or Other Schemes in any 12-month period up to and including the date of offer: (i) representing in aggregate over 0.1% of the Shares in issue at the date of offer; and (ii) having an aggregate value, based on the closing price of the Shares at the date of offer, in excess of HK\$5 million, then such proposed grant of Options must be subject to approval of the shareholders in general meeting taken on a poll.

OTHER INFORMATION

Details of movements of the options granted under the Share Option Scheme for the six months ended 30 June 2016 are as follows:

	Date of Grant	Exercise price per Share HK\$	as at 01/01/2016	Number of Shares issuable under the options				as at 30/06/2016	Exercise period
				granted during the period	exercised during the period	lapsed during the period	cancelled during the period		
Directors									
LI Chao Wang	02/05/2012	14.06	999,000	—	—	—	—	999,000	(Note 2)
	02/05/2013	10.34	999,000	—	—	—	—	999,000	02/05/2013 to 01/05/2023
YU Yi Fang	02/05/2012	14.06	240,000	—	—	—	—	240,000	(Note 2)
DONG Yi Ping	02/05/2012	14.06	240,000	—	—	—	—	240,000	(Note 2)
Johann Christoph MICHALSKI	15/04/2011	8.648	80,000	—	—	—	—	80,000	15/04/2011 to 14/04/2021
	02/05/2012	14.06	140,000	—	—	—	—	140,000	(Note 2)
LI Jielin	02/05/2012	14.06	80,000	—	—	—	—	80,000	(Note 2)
Ulf Olof Lennart SODERSTROM	15/04/2011	8.648	80,000	—	—	—	—	80,000	15/04/2011 to 14/04/2021
	02/05/2012	14.06	140,000	—	—	—	—	140,000	(Note 2)
KAM Robert	02/05/2012	14.06	140,000	—	—	—	—	140,000	(Note 2)
TSUI King Fai	02/05/2012	14.06	140,000	—	—	—	—	140,000	(Note 2)
Employees of the Group									
In aggregate	24/02/2009	2.98	460,000	—	—	—	—	460,000	(Note 1)
	15/04/2011	8.648	1,260,000	—	—	—	—	1,260,000	15/04/2011 to 14/04/2021
	02/05/2012	14.06	7,073,000	—	—	(90,000)	—	6,983,000	(Note 2)
	02/05/2013	10.34	120,000	—	—	—	—	120,000	(Note 3)
Sum			12,191,000	—	—	(90,000)	—	12,101,000	

- Note 1: (i) 20% of the options granted are exercisable after the expiry of the first anniversary of the date of grant, i.e. on/after 25 February 2010.
- (ii) 30% of the options granted are exercisable after the expiry of the second anniversary of the date of grant, i.e. on/after 25 February 2011.
- (iii) 50% of the options granted are exercisable after the expiry of the third anniversary of the date of grant, i.e. on/after 25 February 2012.
- and in each case, not later than 23 February 2019.
- Note 2: (i) the first tranche of 5,313,000 options are exercisable from 2 May 2012 to 1 May 2022.
- (ii) the second tranche of 5,729,000 options are exercisable from 2 May 2013 to 1 May 2022.
- (iii) the third tranche of 5,729,000 options are exercisable from 2 May 2014 to 1 May 2022.

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

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

- Note 3: (i) The first tranche of 135,000 options are exercisable from 2 May 2013 to 1 May 2023.
- (ii) The second tranche of 225,000 options are exercisable from 2 May 2014 to 1 May 2023 on the condition that the Board has confirmed that the Company has met the 2013 income and profit performance benchmarks as set by the Board and that the performance appraisal of the grantee has satisfied the requirements of the management of the Company. As vesting condition was not met, options for this tranche were forfeited.

Arrangement to Purchase Shares or Debentures

Save as disclosed above, at no time during the six months ended 30 June 2016 were there any rights to acquire benefits by means of the acquisition of securities of the Company granted to any Director or their respective spouse or children under 18 years of age, or were there any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

As at 30 June 2016, to the best of the Directors' knowledge, the following persons (other than the Directors and chief executives of the Company) had or deemed or taken to have an interests and/or short position in the shares or the underlying shares which fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept pursuant to Section 336 of the SFO, or which are notified to the Company:

Long Positions in Shares and Underlying Shares in the Company

Name of substantial shareholder		Number of shares and underlying shares held under equity derivatives			Approximate percentage (%) of issued share capital ⁽¹⁾
		Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporations)	Total interests	
SCA Group Holding BV	Shares	620,737,112 ⁽²⁾	—	620,737,112	54.61
Svenska Cellulosa Aktiebolaget	Shares	—	620,737,112 ⁽²⁾	620,737,112	54.61
Fu An International Company Limited	Shares	216,341,581 ^{(3) & (5)}	—	216,341,581	19.03
Sentential Holdings Limited	Shares	—	216,341,581 ⁽³⁾	216,341,581	19.03
Nordinvest AB	Shares	97,000,000 ⁽⁴⁾	—	97,000,000	8.53
Floras Kulle AB	Shares	—	97,000,000 ⁽⁴⁾	97,000,000	8.53
AB Industrivarden (publ)	Shares	—	97,000,000 ⁽⁴⁾	97,000,000	8.53

Notes:

- Actual percentages may not equal to the stated figures due to rounding.
- SCA Group Holding BV is wholly-owned by Svenska Cellulosa Aktiebolaget, a company whose shares are quoted and traded on NASDAQ OMX Stockholm, and as American Depository Receipts (ADR level 1) in the United States through Deutsche Bank. Svenska Cellulosa Aktiebolaget is deemed to be interested in the 620,737,112 shares in the Company held by SCA Group Holding BV for the purpose of Part XV of the SFO.
- Fu An International Company Limited is held as to 74.21% by Sentential Holdings Limited, 15.79% by Join Pride International Limited and 10.00% by Daminos Management Limited. The entire issued share capital of Sentential Holdings Limited, Join Pride International Limited and Daminos Management Limited are held by each of LI Chao Wang, YU Yi Fang and DONG Yi Ping, respectively. Sentential Holdings Limited is deemed to be interested in the 216,341,581 shares in the Company held by Fu An International Company Limited for the purpose of Part XV of the SFO.
- Nordinvest AB is directly wholly-owned by Floras Kulle AB, which, in turn, is directly wholly-owned by AB Industrivarden (publ). Floras Kulle AB and AB Industrivarden (publ) are deemed to be interested in the 97,000,000 shares in the Company held by Nordinvest AB for the purpose of Part XV of the SFO.
- Such 216,341,581 shares are the same shares in the Company referred to in Note 2 of LI Chao Wang as disclosed in the table under the section headed "Directors' and Chief Executives' Interests in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above.

Save as disclosed above, as at 30 June 2016, there are no other persons (other than Directors or chief executives of the Company) who had or are who taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are recorded in the register required to be kept by the Company under Section 336 of the SFO, or which are notified to the Company.

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 Listing Rules.

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

With effect from 18 April 2016, (i) Mr. CHIU Bun ceased to be the alternate director of Mr. Johann Christoph MICHALSKI and Mr. Ulf Olof Lennart SODERSTROM; (ii) Mr. Carl Fredrik Stenson RYSTEDT was appointed as the alternate director of Mr. Ulf Olof Lennart SODERSTROM, a Non-Executive Director; and (iii) Mr. CHIA Yen On, an Independent Non-Executive Director, was appointed as a member of the strategic development committee of the Company. Details of the above changes are set out in the announcement of the Company dated 18 April 2016.

Mr. TSUI King Fai, an Independent Non-Executive Director, has resigned as a director and senior consultant of WAG Worldsec Corporate Finance Limited, a registered financial services company in Hong Kong, with effect from 30 June 2016.

Directors' Securities Transactions

The Company has adopted a code for securities transactions by directors of the Company (the "Code of Conduct") on terms no less exacting than the required standard of the Model Code. Having made specific enquiry with all the Directors, 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 to give 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.

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.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

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

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 23 to 58, which comprises the interim condensed consolidated balance sheet of Vinda International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2016 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 July 2016

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INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2016

	Note	30 June 2016 Unaudited HK\$	31 December 2015 Audited HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	7	7,147,586,111	6,261,216,698
Leasehold land and land use rights	7	452,053,786	387,818,653
Intangible assets	7	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	8	1,911,128,736	1,463,321,731
Prepayments to and receivables from related parties	22	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	9	113,662,437	99,908,769
Share premium	9	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

As at 30 June 2016

	Note	30 June 2016 Unaudited HK\$	31 December 2015 Audited HK\$
LIABILITIES			
Non-current liabilities			
Borrowings	11	2,405,125,504	2,177,485,991
Loans from a related party	11, 22	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	12	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	11	1,470,033,035	1,252,972,123
Due to related parties	22	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

The notes on pages 28 to 58 form an integral part of this condensed consolidated interim financial information.

LI Chao Wang
Director

Johann Christoph MICHALSKI
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Note	Unaudited Six months ended 30 June	
		2016 HK\$	2015 HK\$
Revenue	6	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 gains/(losses) — net		1,197,747	(14,387,099)
Operating profit	14	514,584,482	468,194,428
Finance costs, net	15	(100,939,368)	(53,505,275)
Profit before income tax		413,645,114	414,689,153
Income tax expense	16	(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	17	0.306	0.331
— diluted	17	0.306	0.331

The notes on pages 28 to 58 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Note	Unaudited Attributable to equity holders of the Company			Total HK\$
		Share capital HK\$	Share premium HK\$	Other reserves 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	10	49,500	8,558,940	(2,298,180)	6,310,260
Dividends	18	—	—	(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	9	10,589,703	1,358,735,030	—	1,369,324,733
Conversion of convertible notes	9	3,163,965	436,627,214	—	439,791,179
Dividends	18	—	—	(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

The notes on pages 28 to 58 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Note	Unaudited	
		Six months ended 30 June	
		2016	2015
		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	21	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	18	(53,749,236)	(119,864,122)
— repayments of borrowings	11	(3,166,172,136)	(3,328,253,369)
— proceeds from borrowings	11	3,458,208,262	2,849,154,970
— proceeds from loans from a related party	11, 22	—	541,214,421
— repayments of loans from a related party	11, 22	(655,750,267)	—
— proceeds from shares issued	9	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 21.

The notes on pages 28 to 58 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 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, made a voluntary conditional cash offer to acquire all outstanding shares of the Company. The cash offer was finally closed on 11 November 2013. After the close of the cash offer, Svenska Cellulosa Aktiebolaget became the ultimate holding company of the Group.

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

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

3 Significant accounting policies *(continued)*

3.1 Changes in accounting policy and disclosures *(continued)*

- (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

3.2 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

3 Significant accounting policies *(continued)*

3.2 Foreign currency translation *(continued)*

(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 cost, net'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other income and gains/(losses) - 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 Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

5 Financial risk management

5.1 Financial risk factors

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

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

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

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For the six months ended 30 June 2016

5 Financial risk management *(continued)*

5.2 Liquidity risk

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

As at 30 June 2016, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

	Less than 1 year HK\$	Between 1 and 2 years HK\$	Between 2 and 5 years HK\$	Total Amount HK\$
As at 30 June 2016				
Bank loans (i)	1,572,822,554	1,313,932,189	1,220,567,413	4,107,322,156
Loans from a related party (i)	49,491,530	49,491,530	1,824,422,009	1,923,405,069
Other borrowings	5,850,006	—	—	5,850,006
Trade payables	1,302,617,476	—	—	1,302,617,476
Other payables	336,647,631	—	—	336,647,631

As at 31 December 2015

Other bank loans (i)	1,318,702,354	141,755,030	2,133,069,177	3,593,526,561
Loans from a related party (i)	39,644,826	686,610,893	688,806,444	1,415,062,163
Other borrowings	11,936,023	—	—	11,936,023
Trade payables	1,346,392,715	—	—	1,346,392,715
Other payables	466,538,591	—	—	466,538,591

(i) The interest on borrowings is calculated based on borrowings held as at 30 June 2016 and 31 December 2015 without taking account of future issues. Floating-rate interest is estimated using interest rate prevailing as at 30 June 2016 and 31 December 2015 respectively.

5.3 Fair value estimation

There were no changes on valuation techniques during the period.

In preparing the condensed consolidated interim financial statements, the significant judgements made by management in applying the valuation method for the financial instruments carried at fair value and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

6 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 condensed consolidated income statement.

The Company is domiciled in Hong Kong. The amount of its revenue from external customers in Mainland China, Hong Kong and overseas for the six months ended 30 June 2016 is HK\$4,482,928,639 (for the six months ended 30 June 2015: HK\$4,241,378,826), HK\$545,475,311 (for the six months ended 30 June 2015: HK\$491,241,698) and HK\$637,924,472 (for the six months ended 30 June 2015: HK\$10,613,118) respectively.

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.

The total non-current assets are analysed as follows:

	As at	
	30 June	31 December
	2016	2015
	Unaudited	Audited
	HK\$	HK\$
Total non-current assets other than deferred tax assets		
— Mainland China	7,179,051,969	6,969,690,413
— Hong Kong and overseas	3,348,864,884	986,313,357
Deferred tax assets	255,340,414	259,511,539
Total non-current assets	10,783,257,267	8,215,515,309

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For the six months ended 30 June 2016

6 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

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For the six months ended 30 June 2016

6 Segment information *(continued)*

	Six months ended 30 June 2015 (Unaudited)			Total HK\$
	Household paper products HK\$	Personal care products HK\$	Elimination 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

NOTES TO THE CONDENSED CONSOLIDATED
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For the six months ended 30 June 2016

6 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

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

	Property, plant and equipment HK\$	Unaudited Leasehold land and land use rights HK\$	Intangible assets 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 14)	(213,567,881)	(3,468,093)	(16,948,650)
Impairment (Note 14)	(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 21)	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 14)	(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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

8 Trade receivables, other receivables and prepayments

	As at	
	30 June 2016 Unaudited HK\$	31 December 2015 Audited 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 Unaudited HK\$	31 December 2015 Audited 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

9 Share capital and share premium

	Number of authorised shares	Number of issued and fully paid shares	Unaudited Amount	
			Share capital HK\$	Share premium HK\$
As at 1 January 2015	80,000,000,000	998,402,686	99,840,269	1,677,023,606
Opening balance as at 1 January 2015	80,000,000,000	998,402,686	99,840,269	1,677,023,606
Employee share option scheme (Note 10)				
— Exercise of options	—	495,000	49,500	8,558,940
As at 30 June 2015	80,000,000,000	998,897,686	99,889,769	1,685,582,546
Opening balance as at 1 January 2016	80,000,000,000	999,087,686	99,908,769	1,688,013,706
Allotment of shares (i)	—	105,897,034	10,589,703	1,358,735,030
Conversion of convertible notes (i)	—	31,639,653	3,163,965	436,627,214
As at 30 June 2016	80,000,000,000	1,136,624,373	113,662,437	3,483,375,950

As at 30 June 2015 and 30 June 2016, the par value of authorised and issued ordinary shares is HK\$ 0.1 per share.

(i) On 18 May 2016, the Company, Fu An International Company Limited (“Fu An”) and Merrill Lynch Far East Limited (“Merrill Lynch”) entered into an agreement, pursuant to which, Fu An engaged Merrill Lynch, as the placing agent to place 30,000,000 existing shares, at the placing price of HK\$13.25 per share, to certain independent investors.

Upon the completion of the placing on 23 May 2016, the Company issued 30,000,000 new shares to Fu An. The fair value of the shares issued was HK\$397,500,000 (HK\$13.25 per share). The related transaction costs of HK\$7,247,008 had been netted off with the actual proceeds.

On 1 April 2016, the Company allotted and issued 75,897,034 Consideration Shares at the market price of HK\$12.90 per share and 31,639,653 convertible notes to SCA BV for the acquisition of entire issued share capital in SCA Malaysia Group, SCA Korea and SCA Taiwan.

On 26 May 2016, SCA Group fully converted the convertible notes into 31,639,653 shares at the market price of HK\$13.90 per conversion share.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

10 Share-based payment

Movements in the number of share options outstanding and their related weighted average exercise prices for the six months period ended 30 June 2015 and 2016 were as follows:

	For the six months period ended 30 June			
	2016		2015	
	Unaudited		Unaudited	
	Weighted average exercise price in HK\$	Number of options	Weighted average exercise price in HK\$	Number of options
At 1 January	12.67	12,191,000	12.64	12,966,000
Exercised	—	—	12.75	(495,000)
Lapsed	14.06	(90,000)	14.06	(90,000)
At 30 June	12.66	12,101,000	12.62	12,381,000

Share options outstanding as at 30 June 2016 have the following expiry dates and exercise prices:

Expiry date	Exercise price HK\$ per share	Number of options
23 February 2019	2.98	460,000
14 April 2021	8.648	1,420,000
1 May 2022	14.06	9,102,000
1 May 2023	10.34	1,119,000

NOTES TO THE CONDENSED CONSOLIDATED
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For the six months ended 30 June 2016

11 Borrowings

	As at	
	30 June 2016 Unaudited HK\$	31 December 2015 Audited HK\$
Non-current		
Unsecured bank borrowings	2,405,125,504	2,177,485,991
Loans from a related party (i) (Note 22(c))	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 21)	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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

12 Post-employment Benefits

Through acquisition, certain newly acquired subsidiaries provide post-employment pension and medical benefits to the retirees. The Group accounts for these benefits using the accounting treatments similar to defined benefit plan.

The amounts recognised within administrative expenses in the interim condensed consolidated income statement were as follows:

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$	HK\$
Current service costs	304,524	—
Interest costs	116,056	—
	420,580	—

The amounts recognised in the interim condensed consolidated balance sheet were as follows:

	As at	
	30 June	31 December
	2016	2015
	Unaudited	Audited
	HK\$	HK\$
Present value of funded obligations	47,452,479	—
Fair value of plan assets	(15,743,372)	—
Present value of unfunded obligations	4,985,732	—
Liability in the balance sheet	36,694,839	—

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For the six months ended 30 June 2016

13 Trade payables, other payables and accrued expenses

	As at	
	30 June 2016 Unaudited HK\$	31 December 2015 Audited 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 Unaudited HK\$	31 December 2015 Audited 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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

14 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	2015
	HK\$	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 7)	—	5,409,178
Depreciation of property, plant and equipment (Note 7)	277,251,521	213,567,881
Amortisation of intangible assets (Note 7)	33,912,245	16,948,650
Amortisation of leasehold land and land use rights (Note 7)	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 21)	3,025,820	—

15 Finance costs — net

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$	HK\$
Interest expenses	(83,483,801)	(57,947,399)
Other financial 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 financial costs mainly comprise the change in fair value of convertible notes.

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For the six months ended 30 June 2016

16 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 may 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%).

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For the six months ended 30 June 2016

17 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

(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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

18 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 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 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 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 December 2016.

19 Commitments

(a) Capital Commitments

	As at	
	30 June 2016 Unaudited HK\$	31 December 2015 Audited HK\$
Property, plant and equipment and intangible assets	835,967,987	436,773,776

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For the six months ended 30 June 2016

19 Commitments (continued)

(b) Commitments under operating leases

As at 30 June 2016, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	As at	
	30 June	31 December
	2016	2015
	Unaudited	Audited
	HK\$	HK\$
Not later than one year	126,397,901	105,496,706
Later than one year but not later than two years	104,407,785	91,946,161
Later than two years but not later than five years	265,927,097	238,512,361
Later than five years	342,521,088	396,540,458
	839,253,871	832,495,686

20 Contingent liabilities

As at 30 June 2016 and 31 December 2015, the Group had no material contingent liabilities.

21 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.

21 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 (Note 9)	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 7)	743,301,199
Existing goodwill within SCA Malaysia Group (Note 7)	1,873,436
Intangible assets (Note 7)	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 11)	(203,120,745)
Deferred tax liabilities	(116,308,716)
Total identifiable net assets	1,721,163,618
Goodwill (Note 7)	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 purchase price allocation is provisional, which is subject to final working capital adjustment.

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.

Had SCA Asia business been consolidated from 1 January 2016, the consolidated income statement would show pro-forma revenue of HK\$1,146,338,660 and net profit of HK\$28,996,021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

22 Related-party transactions

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

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

Name of related party	Relationship
SCA BV	Shareholder
Uni-Charm Mölnlycke KK ("Uni-Charm")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products India Pvt. Ltd. ("SCA HP India")	Subsidiary of Svenska Cellulosa Aktiebolaget
Asaleo Care Australia Pty Ltd	Associate of Svenska Cellulosa Aktiebolaget
Asaleo Care New Zealand Ltd	Associate of Svenska Cellulosa Aktiebolaget
Asaleo Care Fiji Ltd	Associate of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products AB ("SCA HP")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA (China) Holding Co., Ltd. ("SCA (China)")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA North America-Canada, Inc. ("SCA NAC")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Malaysia	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Yildiz Kagit ve Kisise ("SCA YKK")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products Gennep B.V. ("SCA HP B.V.")	Subsidiary of Svenska Cellulosa Aktiebolaget
Everbeauty Industry (Shanghai) Ltd. ("EB Shanghai")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Singapore	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Consumidor Mexico S.A. ("SCA Mexico")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Korea	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products GMBH ("SCA GMBH")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products sp. Z o.o ("SCA HP sp. Z o.o")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Taiwan	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products Hoogezand B.V. ("SCA HP Hoogezand B.V.")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Logistics AB	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Tissue France	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products GmbH Neuss ("SCA HP Neuss")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products SA-NV, Belgium ("SCA HP Belgium")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products Slovakia, S.R.O. ("SCA HPS, S.R.O.")	Subsidiary of Svenska Cellulosa Aktiebolaget
Jiangmen Dynasty Fortune Paper Limited ("Taiyuan Paper", formerly known as Jiangmen Taiyuan Paper Limited)	Subsidiary of Fu An
AB SCA Finans (Publ) ("SCA Finans")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products Zeist B.V. ("SCA HP Zeist B.V.")	Subsidiary of Svenska Cellulosa Aktiebolaget

22 Related-party transactions (Continued)

(b) Significant related party transactions

In the opinion of the Company's directors, the related party transactions were conducted in the ordinary course of business and based on terms mutually agreed by the underlying parties. Significant related party transactions of the Group during the six months ended 30 June 2016 include:

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$	HK\$
(1) Sales of products to related parties:		
— Uni-Charm	26,716,322	—
— SCA HP India	8,920,952	—
— Asaleo Care Australia Pty Ltd	6,734,742	5,423,024
— Asaleo Care New Zealand Ltd	2,250,585	—
— Asaleo Care Fiji Ltd	1,490,944	—
— SCA HP	802,717	—
— SCA (China)	651,895	4,492,051
— SCA NAC	638,075	—
— SCA Malaysia (Note(a))	563,193	925,622
— SCA YKK	397,501	—
— SCA HP B.V.	345,668	—
— EB Shanghai	191,280	3,034,578
— SCA Singapore (Note(a))	77,707	—
— SCA Mexico	12,871	—
— SCA Korea (Note(a))	—	82,844
	49,794,452	13,958,119

(a) On 1 April 2016, the Group acquired 100% equity interest in SCA Asia business.

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For the six months ended 30 June 2016

22 Related-party transactions (Continued)

(b) Significant related party transactions (continued)

	Unaudited	
	Six months ended 30 June	
	2016 HK\$	2015 HK\$
(2) Purchase of products from related parties:		
— SCA HP	10,021,894	9,119,995
— SCA GMBH	8,199,330	2,908,769
— SCA HP B.V.	7,453,371	4,378,325
— SCA HP sp. Z o.o	4,184,854	3,340,521
— SCA Taiwan (Note(a))	3,881,580	26,647,398
— SCA HP Hoogezand B.V.	3,849,390	—
— SCA Logistics AB	1,747,873	1,172,818
— SCA Malaysia (Note(a))	1,500,759	5,308,606
— EB Shanghai	922,544	982,297
— SCA Tissue France	194,466	—
— SCA HP Neuss	158,721	—
— SCA HP Belgium	14,329	—
— SCA (China)	—	4,723,151
— SCA HPS, S.R.O.	—	134,205
	42,129,111	58,716,085

	Unaudited	
	Six months ended 30 June	
	2016 HK\$	2015 HK\$
(3) Rental expenses paid and prepaid to related parties:		
— Taiyuan Paper (Note(b))	36,830,225	38,893,366
— SCA (China)	997,980	2,277,040
	37,828,205	41,170,406

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

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INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

22 Related-party transactions *(continued)*

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

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$	HK\$
(4) Loans from a related party:		
— SCA Finans (Note(c))	1,140,116,846	541,214,421

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$	HK\$
(5) Interest expenses accrued to a related party:		
— SCA Finans	26,630,736	27,628,135
— SCA BV	1,218,703	—
	27,849,439	27,628,135

- (c) On 1 April 2016, the Group entered into a term facility agreement with SCA Finans, at the amount of HK\$1,140,116,846.

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For the six months ended 30 June 2016

22 Related-party transactions (continued)

(b) Significant related party transactions (continued)

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$	HK\$
(6) Key management compensation:		
Directors		
— Basic salaries, housing allowances, other allowances, benefits-in-kind and other benefits	13,768,595	11,834,825
Senior management		
— Basic salaries, housing allowances, other allowances, benefits-in-kind and other benefits	22,683,888	6,410,269
	36,452,483	18,245,094

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

	As at	
	30 June	31 December
	2016	2015
	Unaudited	Audited
	HK\$	HK\$
Trade receivables from related parties:		
— Uni-Charm	14,749,533	—
— SCA HP India	7,201,383	—
— SCA BV	4,261,530	—
— Asaleo Care Australia Pty Ltd	4,040,503	2,303,527
— Asaleo Care New Zealand Ltd	1,352,018	—
— SCA (China)	1,074,084	1,362,864
— Asaleo Care Fiji Ltd	1,019,636	—
— SCA YKK	401,037	—
— SCA HP	372,913	—
— SCA HP B.V.	349,156	—
— SCA NAC	321,031	—
— SCA HP Zeist B.V.	27,394	—
— EB Shanghai	—	4,706,704
— SCA Malaysia (Note(a))	—	374,983
— SCA GMBH	—	120,946
— SCA Singapore (Note(a))	—	72,509
	35,170,218	8,941,533

All the above receivables are aged within 3 months based on invoice date as at 30 June 2016 and 31 December 2015.

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INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

22 Related-party transactions (continued)

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

	As at	
	30 June 2016 Unaudited HK\$	31 December 2015 Audited HK\$
(2) Rental prepayments to a related party:		
— Taiyuan Paper	54,405,066	55,502,506

	As at	
	30 June 2016 Unaudited HK\$	31 December 2015 Audited HK\$
Trade payables to related parties:		
— SCA BV	14,363,739	—
— SCA HP	9,848,170	15,944,369
— SCA HP B.V.	9,554,699	1,546,634
— SCA GMBH	5,444,783	5,229,822
— SCA HP sp. Z o.o	4,275,726	314,646
— SCA (China)	3,842,971	14,012,690
— SCA HP Hoogezand B.V.	2,126,881	5,147
— SCA HPS, S.R.O.	1,563,923	692,335
— SCA Logistics AB	950,912	1,042,443
— SCA Tissue France	323,621	—
— SCA HP Neuss	159,147	—
— SCA HP Zeist B.V.	19,823	—
— EB Shanghai	19,342	8,022,035
— SCA HP Belgium	14,312	—
— SCA Taiwan (Note(a))	—	8,125,661
— SCA Malaysia (Note(a))	—	2,657,450
	52,508,049	57,593,232

All the above payables are aged within 3 months based on invoice date as at 30 June 2016 and 31 December 2015.

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For the six months ended 30 June 2016

22 Related-party transactions *(continued)*

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

	As at	
	30 June	31 December
	2016	2015
	Unaudited	Audited
	HK\$	HK\$
(4) Loans from a related party:		
— SCA Finans (Note (d))	1,791,117,197	1,308,080,688
(5) Interest payable to a related party:		
— SCA Finans	8,322,294	2,609,359

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