維達30周年　爲家加滿FUN

Vinda International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 3331

Annual Report 2015

Vinda 维达

Libresse

薇尔 VIA

Tempo 得宝

TENA 添宁

TORK 多康

包大人 Dr.P

Libero

Sealer 噓噓乐

Drypers

Contents

Corporate Information

Directors

Executive Directors

Mr. LI Chao Wang (Chairman)
Ms. YU Yi Fang (Vice Chairman)
Mr. Johann Christoph MICHALSKI
(Chief Executive Officer)
(with effect from 1 October 2015)
Ms. LI Jielin (Deputy Chief Executive Officer)
(appointed on 1 October 2015)
Mr. DONG Yi Ping (Chief Technology Officer)
Ms. ZHANG Dong Fang (Chief Executive Officer)
(resigned on 1 October 2015)

Non-Executive Directors

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

Independent Non-Executive Directors

Mr. CHIA Yen On (appointed on 16 October 2015)
Mr. KAM Robert
Mr. HUI Chin Tong, Godfrey
(resigned on 16 October 2015)
Mr. TSUI King Fai
Mr. WONG Kwai Huen, Albert

Alternate Directors

Mr. CHIU Bun (alternate to Mr. MICHALSKI and
Mr. SODERSTROM)
Mr. Gert Mikael SCHMIDT (alternate to
Mr. JOHANSSON and Mr. GROTH)

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

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)
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
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)

Website

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

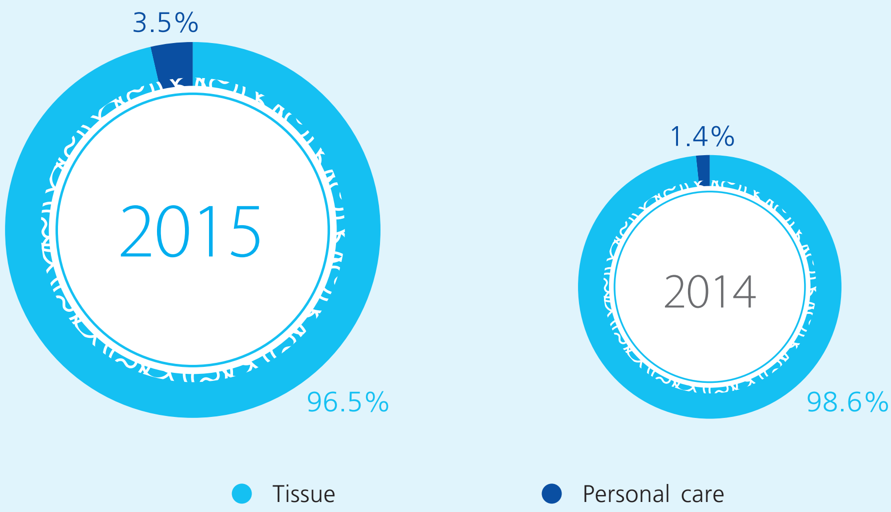
Financial Highlights

	2015	2014
Revenue (HK$ million)	**9,696**	7,985
Gross profit (HK$ million)	**2,959**	2,409
Underlying operating profit (HK$ million)[1]	**892**	820
Gross margin (%)	**30.5%**	30.2%
Underlying operating margin (%)[1]	**9.2%**	10.3%
Earnings per share (HK$) — basic	**31.5 cents**	59.4 cents
Dividend per share (HK$)	**10.0 cents**	16.0 cents
— interim dividend (paid) (HK$)	**5.0 cents**	4.0 cents
— final dividend (proposed) (HK$)	**5.0 cents**	12.0 cents
Finished goods turnover	**43 days**	40 days
Debtors turnover	**43 days**	47 days
Creditors turnover	**79 days**	83 days
Current ratio (times)	**1.10**	1.08
Net gearing ratio (%)[2]	**87.8%**	73.7%

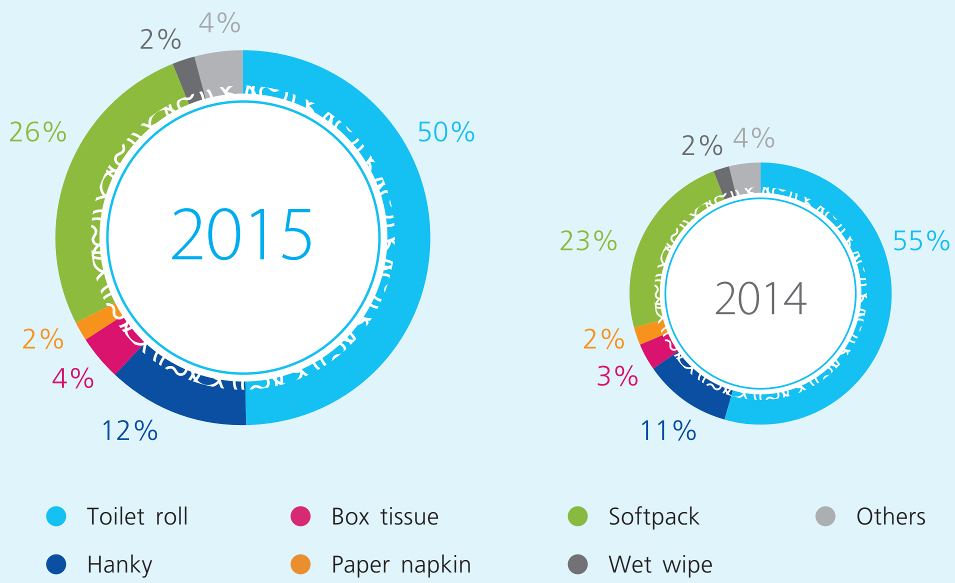
Notes:

1. Calculated on the basis of excluding items affect comparability:
   - HK$308.6 million of foreign exchange loss in 2015 (2014: HK$17.9 million)
     - — HK$107.8 million in operating items (2014: HK$16.9 million)
     - — HK$200.8 million in financing items (2014: HK$1.0 million)
   - HK$31.2 million of transaction costs related to the acquisition events in 2015 (2014: HK$21.4 million)
   - HK$4.8 million of share of post-tax loss of V-Care Holdings Limited reported in 2014 (2015: nil)
   - HK$40.9 million of one-off gain reported in 2014 from the revaluation of pre-existing holding in V-Care Holdings Limited (2015: nil)
2. Calculated on the basis of the amount of total borrowings less bank balances and cash as a percentage of the total shareholders' equity.

Revenue By Business Categories



Revenue by Tissue Categories



Chairman's Statement

On behalf of the Board of Directors of Vinda International Holdings Limited, I am pleased to present the Group's annual report for the year ended 31 December 2015.

In 2015, the Chinese economy entered a "New Normal" against the backdrop of global economic uncertainty. In the course of the New Normal, the Chinese central government advocates a more sustainable domestic-consumption-led growth and quality improvement over quantitative growth by supporting the development of the internet as well as aiding the technology upgrade of traditional manufacturing. China's New Normal represents opportunities for the hygiene industry: consumers are craving quality and innovative products, e-commerce is stimulating consumers' spending especially from youths, and urbanisation is boosting household disposable income, all of which will drive demand for quality hygiene products. In addition, the central government proposed the "One Belt, One Road" initiative, which will provide impetus to both economic development in Asia and Chinese enterprises going international.

"Our next Five-year Plan will focus on securing our leading tissue market position, expanding the personal care business, going international and becoming a leading personal hygiene company in Asia."

Founded 30 years ago, Vinda today is a widely known tissue provider in China with tissue at the heart of its business. Despite the supply demand imbalance in China's tissue industry resulting in severe competition, the Group achieved major breakthroughs in sales, product mix, e-commerce business and market share. Such accomplishments have demonstrated the determination of our team to satisfy consumers, deliver excellent quality, take innovative marketing approaches and seize the opportunities brought by the New Normal.

Our Seventh Five-year Plan will focus on securing our leading tissue market position, expanding the personal care business, going international and becoming a leading personal hygiene company in Asia. Asia is an ideal market for developing hygiene business as the region has enormous potential for population growth and further market penetration. We are poised to extend our presence to Asia through integrating SCA's well-established Asian operations. Such consolidation also allows us to strengthen our brands, research and development capability and operating efficiency, thus enabling us to increase the enterprise value of Vinda.

This year the Group won the China Company Award in the DHL/SCMP Hong Kong Business Awards in recognition of our efforts throughout the years. Furthermore, the Group is honoured to have Mr. Johann Christoph MICHALSKI, an FMCG veteran, joining as our Chief Executive Officer. I hereby pledge that the entire team will be united as one and take all efforts to attain strong growth.

LI Chao Wang
Chairman
Hong Kong
27 January 2016

CEO Report

"We believe that Vinda is on the right track to become a leading hygiene company with sustainable and profitable growth not only in China but also in Asia."

Chief Executive Officer's Report

Over the last 30 years, Vinda has grown exponentially as a leading tissue company in China. 2015 has seen the continuation of this success. Vinda has claimed the lion's share in the growth of the tissue market across China and Hong Kong with the brands *Vinda* and *Tempo*. The outstanding performance was attributable to a number of initiatives. First of all, we made ongoing efforts to expand our sales network and adopted creative marketing approach to strengthen the distinctive position of the *Vinda* brand. Meanwhile, the *Tempo* brand acquired in 2014 from SCA was rolled out in key cities in China building on the success model from Hong Kong. Consumer response has been very encouraging and we believe *Tempo* will become a significant brand in China. In addition, we optimised our supply-chain capabilities in sourcing, production and delivery of goods. This, in turn, enhanced our operational efficiency and effectiveness.

In personal care, we broaden the business presence with the *Libero* brand in baby care, *VIA* brand in feminine care and *TENA* and *Dr. P* brands in incontinence care. 2015 was the year to strengthen the building blocks for these categories through continuing commitment to top quality, relevant innovation and a strong focus on providing product solutions for personal care need. All of these are critical for stronger growth and bigger market share in the future.

We have completed the integration process of the acquired business of SCA in China and Hong Kong during the year. We have also achieved all major milestones set by the Company for 2015. For instance, we hit an aggressive sales growth target and optimized the tissue product mix. We also completed the installation of machinery with designated production capacity. Furthermore we successfully launched a number of new products with satisfactory market response.

We believe that Vinda is on the right track to become a leading hygiene company with sustainable and profitable growth not only in China but also in Asia. With the acquisition of SCA's hygiene business in Asia, we will have the route to market across Asia where we can extend our tissue presence and continue to build the personal care business. To achieve our goal, we have set three priorities:

Firstly, our top priority is to build an even stronger position in tissue category. We will continue to exploit our competitive advantages, namely the successful multi-tier brand strategy, the strong route to market and an effective supply chain. We are confident that our diverse portfolio comprising the popular brands of *Vinda*, *Tempo* and *Tork*, marketed through retail, e-commerce and B2B channels, will appeal strongly to both the mass and premium markets. We will also actively manage our product and brand portfolio based on consumer insights and preferences to drive market share and profitable growth on a continued basis.

Secondly, we will further strengthen our personal care presence in China, which presents a unique opportunity for Vinda. Initiatives and policies favorable to the personal care industry introduced by the Chinese government, such as the increased focus on elderly care, coupled with long-term market drivers such as growing disposable income, urbanisation and greater awareness over health and product safety, are set to drive the market demand. Though a relative new-comer to these categories, we have all the criteria to differentiate ourselves from our peers, namely top global brands, excellent product technology and innovation capabilities supported by SCA, as well as a strong sales and distribution network.

Thirdly, we will build a more balanced geographical presence by extending our footsteps to Asia. Asia is a region with immense opportunities. By acquiring SCA's Asian operation we can immediately leverage local knowledge and route to market for our tissue products, optimize the supply chain effectiveness of the Group as a whole in personal care, share R&D resources and marketing expertise.

Our employees, management team and I are fully committed to making Vinda a leading Asian hygiene company and creating shareholder value through sustainable and profitable growth.

Christoph MICHALSKI
Chief Executive Officer
Hong Kong
27 January 2016

Tempo
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Vinda
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Results Overview

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

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

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

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

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

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

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

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

Business Review

Tissue Business

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

Vinda successfully captured additional market share with innovative marketing strategies and a consistent promise of quality in the face of intense competition. During the year, we conducted an integrated marketing campaign titled "Ultra Strong National Bus Tour — The Third Season" (《維達30年韌享家滿FUN — 中國行第三季》), in which our branded bus toured 22 cities across China such as Beijing, Shanghai, Guangzhou and Chengdu, and we sponsored a children's show "*Grow with you*" on CCTV. This campaign won the "Golden Wheat Award", the Oscar of e-commerce. In another promotional art show in collaboration with a top designer, we show-cased wedding gowns made from our tissue paper and stimulated considerable consumer interest. To further strengthen the *Vinda* brand image among families with children, we jointly conducted a parental research project with the Guangdong Academy of Social Sciences and a popular parenting website named Babytree.

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

Personal Care Business

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

Incontinence Care

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

Feminine Care

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

Baby Care

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

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

Rapid Online Sales Growth

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

Production Capacity Plan

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

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

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

Foreign Exchange and Fair Value Interest Rate Risk

The majority of the Group's assets and sales business are located in the PRC and Hong Kong. Most of our transactions are denominated and settled in Renminbi while most of the key raw materials are imported from overseas and denominated and paid in US dollars. The Group also borrows significant amount of long term loans and short term loans which are denominated in HK dollars or US dollars.

As at 31 December 2015, the Group had no interest rate swaps. During the year of 2014, the Group managed its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps had the economic effect of converting borrowings from floating rates to fixed rates, but they were all expired on 29 July 2014 concurrently with the borrowings.

Internal Control and Human Resources Management

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

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

Outlook

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

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

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

I. Drive Tissue business in China

II. To broaden our Personal Care presence in China

III. Drive Personal Care growth in Asia and roll out our Tissue business

Liquidity, Financial Resources and Loans

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

As at 31 December 2015, the net gearing ratio, which was calculated on the basis of the amount of total borrowings less cash and cash equivalents and restricted bank deposits as a percentage of the total shareholders' equity, was 87.8% (31 December 2014: 73.7%).

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

Charges on Group Assets

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

Contingent Liabilities

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

Capital Commitment

	As at 31 December	
	2015	2014
	HK$	HK$
Property, plant and equipment and intangible assets	**436,773,776**	312,047,942
	436,773,776	312,047,942

Final Dividend

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

Closure of Register of Members

The register of members of the Company will be closed from 6 April 2016 to 8 April 2016, both dates inclusive, during which period no transfer of shares will be registered. In order to ascertain shareholders' eligibility to attend and vote at the AGM, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 5 April 2016. In addition, the register of members of the Company will be closed from 27 April 2016 to 29 April 2016, both dates inclusive, during which period no transfer of shares will be registered. In order to ascertain shareholders' entitlement to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 26 April 2016.

Environmental, Social and Governance (ESG) Report 2015

Vinda believes that corporate development, the community and the environment form an indivisible whole, and hence it strives to enhance corporate governance, improve employee benefits, promote green production and engage in community works in order to fulfill its social responsibility and achieve sustainable growth.

Introduction

"Healthy lifestyle starts with Vinda" has always been the philosophy of Vinda for the past 30 years. Under the core values of "Integrity, Innovation, Sustainability and Professionalism", Vinda has been committed to offering high-quality and safe tissue and personal care products to satisfy consumers' needs. On the other hand, Vinda believes that corporate development, the community and the environment form an indivisible whole, and hence it strives to enhance corporate governance, improve employee benefits, promote green production and engage in community works in order to fulfill its social responsibility and achieve sustainable growth.

Integrity

"Integrity" is one of Vinda's core values. Comprehensive systems, rules, procedures and standards are in place for a stringent control on product quality, production process, product safety, human resources, environmental protection, corporate governance, risk management and other matters, and are updated in a regular manner to ensure compliance with the relevant laws and regulations as well as integrity in business operation.

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 as well as the rules and regulations of both the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and guidelines issued by the Securities and Futures Commission. In 2015, Vinda updated the Management Measures on Contracts, Management Measures on Tendering, Management Measures on Anti-Corruption, Management System on Confidentiality, Code of Conduct for Staff, Guidelines on Internal Control and Mechanism for Information Disclosure which govern various aspects of its operation to combat 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 tasks include receiving reports on malpractices, investigation of and reporting on the cases and making recommendations on how to handle such cases.

Apart from formulating internal codes, the internal control unit conducts internal audits and risk assessments regularly on operating units and monitors the business operations to ensure sound corporate governance and prevent any behaviours that may harm the business.

Quality

"Quality" is the cornerstone of Vinda's long-term development and credibility. Over the years, Vinda has worked hard to ensure product safety and quality by adopting management systems that meet international standards. Such efforts are proven successful in building up the brand's reputation.

All of Vinda's production bases are certified under the ISO9001 quality management system, the ISO14001 environmental management system and the ISO22000 food safety management system. While Vinda Paper (China) Company Limited, Vinda Paper (Shandong) Company Limited and Vinda North Paper (Beijing) Company Limited have obtained ISO50001 energy management system certification, the Group targets at full energy management certification for all factories progressively. The Group has also been granted the Hong Kong Safety Mark by the Hong Kong Certification Centre, in recognition of its production standards and product safety.

Vinda emphasises quality control and carries out strict inspection and quality control over the procurement of raw materials, production and distribution. All raw and auxiliary materials are subject to acceptance inspection before being warehoused for production. To monitor the production process, Vinda has introduced a range of automated equipment, which includes automatic weighing system for toilet rolls, automatic camera system, online quantitative and moisture scanners for paper machines, automatic online appearance-based detector for softpacks and online monitor for empty tissue boxes. All products need to pass the first-batch, polling and sampling inspections before proceeding to the next production stage or being warehoused.

To offer quality and safe products, Vinda relies not only on advanced inspection equipment but also the diligence of its frontline employees in performing their duties. Vinda monitors hygiene conditions of all of its factories under the 6S management standards (Sorting, Straightening, Shining, Sanitising, Sustaining and Safety) and keeps its factories clean by engaging qualified professionals to provide regular pest control services. Production workers are required to strictly follow the Sanitation Standard Operation Procedures ("SSOP"), which include requirements for regular physical examinations, hand disinfection before entering the workplace and wearing uniforms, and high standards of personal hygiene. In addition, Vinda has adopted total quality management with the establishment of a quality accountability system across all units.

In 2015, the Group maintained a 100% product pass rate in the special inspections by the local and national authorities.

In addition, Vinda has set up a customer complaint handling mechanism, which includes receiving, analysing and studying complaints and making recommendations on remedies. In 2015, the customer complaint rate, which is calculated as the number of customer complaints received for every 1,000 tons of paper products sold, of the Group's dry tissue products was 0.67 (2014: 0.59).

Green Production, Energy Saving and Discharge Reduction

Vinda recognises that enterprise is not an individual player and can only thrive in a healthy natural environment. Therefore, it is committed to avoiding development at the expense of the environment, and has been in compliance with international and national environmental standards and implemented green production policies to raise energy efficiency and minimise both energy consumption and pollutant discharge.

Green procurement

Wood pulp is a major raw material for Vinda's tissue production. In the process of procuring wood pulp, Vinda applies a fair procurement principle and adopts a low-carbon and green supply chain standard and the highest priority is given to suppliers who have obtained the Forest Stewardship Council ("FSC") certification or have been recognised by the Programme for the Endorsement of Forest Certification ("PEFC"). In 2015, the Group procured its wood pulp mainly from South America and North America, and the wood pulp suppliers are certified by the FSC or PEFC. All production bases of Vinda have obtained the internationally-accredited FSC Chain of Custody Certification, which enables tracking of the source of the wood pulp it uses to FSC-certified forests. By doing so, Vinda can minimise the impact of raw material procurement on forests and help maintain an ecological balance.

Chemicals are also used in the products and packaging. Vinda prefers chemical suppliers who have obtained the relevant Material Safety Data Sheet ("MSDS") to ensure that all chemical additives comply with GB9685 Hygienic Standards for Uses of Additives in Food Containers and Packaging Materials (《食品容器、包裝材料用添加劑使用衛生標準》).

Furthermore, Vinda conducts annual reviews on its suppliers based on rigorous standards to ensure that they comply with environmental requirements and hygiene standards and that the ecosystem and consumers' rights to safe products are protected.

Energy saving

Energy saving is the most important component of green production. Vinda uses natural gas and coal as the main sources of energy to supply electricity and heat. Vinda chooses energy source for each of its factories based on the available and feasible natural resources and infrastructure. For instance, the plants in Sichuan, Beijing and Guangdong have been using natural gas as the infrastructure there makes it feasible. On the other hand, Vinda uses central heating systems and central effluent treatment facilities in its plants in Jiangmen, Zhejiang and Liaoning by leveraging the economies of scale of the industrial parks where these plants are located. In plants where in-plant heating facilities are in place, such as those in Hubei and Shandong, Vinda will reduce emissions through technological adaptation and upgrade, such as replacing the iron dryers of the paper machines with steel dryers, and upgrading the steam pipes for more efficient heat supply. In addition, all of Vinda's production bases apply advanced waste gas treatment technologies, such as desulfurisation and denigration, in order to minimise air pollutants.

Vinda's energy consumption level is far below the national benchmark. In 2015, the Group's average overall energy consumption was 0.39 tons of standard coal for every ton of paper, which was far below the advanced value of 0.42 tons of standard coal for every ton of paper as imposed by the latest GB31825-2015 The Norm of Energy Consumption per Unit Product of Pulp and Paper (《製漿造紙單位產品能源消耗限額》) published on 30 June 2015 (effective from 1 July 2016).

Discharge reduction

A three-level monitoring system has been adopted by Vinda to ensure the full compliance with national standards for different types of pollutants. Level 1: Online monitoring systems are installed at discharge outlets and are accessible by local environmental authorities for round-the-clock monitoring of pollutant discharge and real-time upload of the data through wireless signals to the databases of those authorities. Level 2: Environmental protection units are set up at the production bases to carry out routine monitoring of effluent and waste gas to keep track of pollutant discharge. Level 3: The production bases are subject to regular or random inspections by local environmental authorities.

Vinda calculates the amount of different pollutants produced in various plants according to the data released by the local environmental protection authorities, which conduct quarterly inspection on the plants' effluent discharge and gas emission levels. All of Vinda's effluent meets the national standards, i.e. GB3544-2008 Discharge Standards of Water Pollutants for Pulp and Paper Industries（《製漿造紙工業水污染物排放標準》）. Some of Vinda's plants have also met the more stringent local discharge standards in Pearl River Delta, Yangtze River Delta and Beijing, Tianjin and Hebei. The plants in Shandong, Zhejiang and Liaoning have their effluent collected by, and centrally processed by the effluent treatment plants of the respective local industrial parks. Moreover, Vinda has installed monitoring devices at the discharge outlets of its factories to gauge and monitor real-time discharge level online. Effluent samples are collected every two hours to analyse the concentration of chemical oxygen demand ("COD") and suspended solids ("SS"), and the results are automatically transmitted for documentation. The discharge concentrations of all types of pollutants produced by the plants are maintained at lower than 80% of the benchmark levels. All the environmental monitoring reports have been fully documented since the commencement of operation of the factories, and are ready for inspection by the regulatory authorities.

In 2015, Vinda fully complied with the emission standards as stated in the environmental assessment report of each plant in discharging its pollutants, and it managed to reduce pollutant discharge as compared with last year. The emission of sulphur dioxide was 2.35 tons (2014: 3.02 tons) for every 10,000 tons of products. The emission of carbon dioxide was 10,160 tons (2014: 11,060 tons) per 10,000 tons of products; the chemical oxygen demand of the effluent for every 10,000 tons of products was 3.85 tons (2014: 4.84 tons); the biochemical oxygen demand ("BOD") of the effluent for every 10,000 tons of products was 0.75 tons (2014: 0.88 tons); and the suspended solids discharge per 10,000 tons of products was 1.03 tons (2014: 1.62 tons).

Vinda is dedicated to reducing water consumption and effluent discharge. A three-staged effluent treatment system, comprising shallow air flotation devices, oxygen consumption and anaerobic treatment as well as precipitation and filtering, is installed at every production base. In 2015, average water consumption was 8.78 tons (2014: 9.40 tons) per ton of paper produced, which is well below the national threshold of 30 tons as stipulated by GB/T18916.5 Water Consumption Quota — Part 5: Papermaking (《取水定額第5部分：造紙產品》). Vinda has maintained a water recycling rate of over 95%.

Energy consumption and carbon emission of the Group

	2014	2015	Change	Upper limits of national benchmarks
Average overall energy consumption for every ton of paper (ton of standard coal)	0.41	0.39	-4.9%	0.42
Carbon dioxide emission for every ton of products (ton)	1.11	1.02	-8.1%	Nil
Average water consumption for every ton of paper (ton)	9.40	8.78	-6.6%	30
Water recycling rate (estimates)	Over 95%	Over 95%	N/A	Nil

Pollutants discharged by the production bases of the Group

Discharge from production	Types of discharge	Discharge amount per 10,000 tons of products (tons) 2014	2015	Change (%)
Waste gas	Sulphur dioxide (SO_2)	3.02	2.35	-22.2%
Greenhouse gas	Carbon dioxide (CO_2)	11,060	10,160	-8.1%
Effluent	Suspended solids (SS)	1.62	1.03	-36.4%
Effluent	Chemical oxygen demand (COD)	4.84	3.85	-20.5%
Effluent	Biochemical oxygen demand (BOD)	0.88	0.75	-14.8%

Remark 1: All the plants meet the respective requirements set by the local environmental authorities regarding discharge concentration

Remark 2: The Group calculates the concentration of pollutants in the effluents discharged in 2015 according to the respective quarterly inspection reports of the local environmental authorities, which are expressed in mg/L:

Chemical oxygen demand (COD) in the effluents: 69.61 mg/L (national benchmark: below 80 mg/L)

Biochemical oxygen demand (BOD) in the effluents: 13.56 mg/L (national benchmark: below 50 mg/L)

Suspended solids (SS): 18.60 mg/L (national benchmark: below 50 mg/L)

Vinda complies with the ISO14001 standards in managing different types of solid waste generated from the production process. To avoid secondary pollution, qualified contractors recognised by environmental authorities are selected by tender to handle hazardous solid waste. Vinda has also installed facilities to sort, collect and store refuse at each of its production bases in order to promote recycling and reuse and minimise the impact of landfill waste on the environment.

Vinda's efforts in green production is widely recognised. In particular, five of the production plants in South China, Liaoning and Beijing have obtained clean production certificates issued by the local branches of the National Development and Reform Commission. The Group was awarded the "Hong Kong — Guangdong Cleaner Production Partner (Manufacturing)" commendation jointly by the Economic & Information Commission of Guangdong Province and the Hong Kong Special Administrative Region Government in recognition of its outstanding performance in implementing and promoting clean production. Vinda has also actively participated in the research on energy-saving initiatives and the formulation of relevant standards at national and local levels, such as the Study Report on Carbon Footprint (《碳足跡研究報告》)published by the China National Pulp and Paper Research Institute and the energy efficiency standard for the paper industry in Guangdong Province.

Developing Talent

Vinda takes great pride in its people-oriented culture, which is partly demonstrated by its principle of an equitable, fair and open recruitment. It strives to offer equal and fair job opportunities to all qualified candidates regardless of age (no candidates under the age of 16 be eligible), nationality, race, religion, sexual orientation, gender, marital status, pregnancy, disability and political stance. Meanwhile, Vinda offers its employees reasonable remuneration and benefits and protects their legal entitlements according to the law. Vinda also provides training courses which help employees' career advancement. All these measures are aimed to fostering harmonious employment relations.

As at 31 December 2015, the Group had a total of 8,327 employees, with the ratio of men to women at 54:46. About 45% of the employees had completed tertiary education or above.

Training

Talent is a driving force of a business's development. Vinda has been enhancing its employees' professional skills through various types of training for their long-term career advancement. Vinda not only provides trainings for frontline staff including production workers and sales staff to improve their skills, but also organises specific training courses, including training programmes for internal trainers and management trainees and apprenticeships. In 2015, Vinda also started a three-year scheme for fostering leadership and financial management capability of the talented employees in the middle management. Staff underwent 11 hours (2014: 11 hours) of training in average in 2015, which is calculated as the total number of hours of training courses x number of participants in the training sessions/total number of the Group's employees.

Remuneration and benefits

While ensuring all staff are reasonably remunerated, Vinda also continues to improve its remuneration and benefit systems, which include the Remuneration Management System, the Performance Management System and the Benefits Management System, in order to retain talent. Its aim is to establish a fair and equitable mechanism for managing remunerations and providing performance incentives that enable employees to grow with the company. Apart from statutory remunerations, Vinda also offers meal allowances, holiday gifts and gold medals for long service. Vinda strictly complies with the labours laws and regulations of the countries in

which it operates, including the People's Republic of China's Labour Law, Labour Contract Law and the Employment Promotion Law as well as the Employment Ordinance and follows the national rules for working hours. It provides employees with paid leave in accordance with the law, offers dispatched employees and marketing employees family visit leave and reimbursement of expenses for family visits of non-local employees. Vinda also pays the salaries to its employees on time and in full, and make required contributions to the statutory social insurance, housing provident fund and personal accident insurance, in accordance with the law.

Believing in the importance of employees' physical and mental health, Vinda creates a unique "family culture" which aims to strengthen group cohesion by providing employees with an agreeable work environment. Facilities such as gymnasiums, dance rooms and libraries are available at workplaces and recreational activities including sports activities, birthday parties, parent-child activities and festive gala evenings are organised from time to time to promote a sense of belonging among employees. To protect the legal rights and interests of female employees, Vinda provides prenatal leave, breast-feeding leave, annual gynecological examinations, the Mutual Aid Safety and Health Protection Programme for Female Employees and the Employee Assistance Programme. In addition, Vinda organises activities such as outings or feasts on International Women's Day and Mother's Day, sharing sessions by outstanding female employees, and offers training for career planning.

Safety First

Vinda spares no efforts to promote occupational health and safety by providing a safe working environment and safety equipments for the staff and ensuring that safety measures are in place in order to achieve a zero-accident workplace.

In 2015, Vinda further enhanced its Occupational Health and Safety Management System (《職業健康安全管理制度》), under which a responsibility system of occupational health and safety is established for every rank of staff. It has devoted more resources in monitoring and minimising the potential occupational health and safety risk in the workplace, improving its safety equipment and facilities and maintaining insurance policies, with the ultimate aim of creating a safe workplace for its staff. Meanwhile, a production safety committee was set up and on-site safety inspections were carried out. For the purpose of increasing awareness of occupational health and safety and improving the safety skills of its staff, Vinda also organised relevant trainings for its team leaders and the middle management. It has also established a platform for sharing information on occupational health and safety.

The effective implementation of the above measures has contributed to zero casualty and fatality of the Group during the year under review, and the number of minor injuries (as defined in the Classification of Work-Related Accidents (《企業職工傷亡事故分類標準》) decreased year-on-year by 21%. Despite a significant reduction in the number of minor injuries, Vinda believes that accidents are entirely avoidable. By enhancing stringent safety management systems, proper safety equipments and through education, Vinda targets to lower the number of accident every year and eventually attain the goal of zero accident.

The model employer

Vinda received the "2015 Best Employer of Guangdong Province" award once again after receiving the same recognition in 2014. The awards recognised Vinda's harmonic relationship with its employees and the way it gives high priority to employees' interests. Assessed by a board of organisers such as the Guangdong Enterprises Confederation, enterprises receiving the award must satisfy the rigorous requirements set out in the Appraisal Indicator System for Performance of Employer Responsibilities in Guangdong Province. The award demonstrates the Group's recognition by the public and its status as a role model in the industry.

Serving the community

Vinda is passionate about charity. It lends a helping hand to the disadvantaged students, elderly and sick through the Vinda Charity Foundation. Vinda sets up a voluntary team and encourages its employees to serve the community by participating in community and charity works.

Vinda has further formulated the Service Charter for Young Volunteers to govern the voluntary activities and encourage more volunteers to participate in community service and visit orphans, the elderly and the disabled regularly. The total number of participants and hours of service in all activities of the Vinda volunteer team, formed in 2008, throughout 2015 were 503 and 3,409, respectively, representing a 12% and 32% increase over 2014, respectively. Vinda also encourages volunteers to take the Social Worker Occupational Level Test to improve their service ability and quality. In the year under review, 18 Vinda's volunteers took the test while the leader of the volunteer team had passed the intermediate level test and received the social worker qualification. Another volunteer obtained the assistant social worker qualification.

The Vinda volunteer team received the Jiangmen Volunteer Service Contribution Prize and the Jiangmen Outstanding Volunteer Service Project Prize during the year under review. The Group was also awarded the Caring Company logo by The Hong Kong Council of Social Service again during the year in recognition of its continuous contributions and commitment to the community, the environment and its employees.

Service areas and activities under the Vinda Charity Foundation in 2015 (by category)

Service Area	Particulars
Education	• Established the "Achieving a bright future through Vinda's bursaries" program and launched the 2015 scholarship to subsidise 25 underprivileged students. • Participated in the "Warm Spring" program and subsidised tuition and learning tools of 15 students.
Elderly service	• Continued to support the operation of six "Vinda Centres — Canteen for the Elderly" in Xinhui District; visited 177 households of elderly people who are over 70 years old and living on basic social security; visited 10 elderly homes in Xinhui District during Chinese New Year; continued to give financial support to 10 elderly homes in Xinhui District to recruit caretakers and improve the living environment. The service was extended to Zhejiang where the Group sent winter necessities such as cotton blankets to 9 elderly homes. • Hosted the "Elderly program 2015 — Double Ninth Festival Elderly Feast" and sent festive food and blessings to 389 elderly people in 10 townships and villages. • Hosted the "Caring for the Elderly through Home Delivery" program and sent daily necessities and donations to 516 elderly people in Xinhui District who are over 80 years old and living on basic social security or over 70 years old, living on basic social security and suffering from serious illnesses.
Medical care for people with serious illnesses	• Made donations to children suffering from serious illnesses; donated 5-year medical insurance policies on primary breast cancer and cervical cancer to 1,000 women in Xinhui District.
Care for orphans	• Visited orphanages in Xinhui District regularly and organised outings and monthly birthday parties for the orphans. • Cared for 60 non-institutionalised orphans in Xinhui District by organising summer and winter activities, such as Chinese New Year celebration and summer tour to the Ocean Kingdom, for them during school holidays in the year.

Services and activities participated by Vinda's volunteers in 2015 (by category)

Event	Particulars
Community participation	• 19 Vinda employees in Hong Kong took part in the charity run/walk to raise fund for Lifeline Express to carry out free cataract surgery for patients in Mainland China.
Tree planting	• Planted trees in Ningxia in a joint activity with SCA.
Disease prevention	• Launched a hand hygiene research project with Shenzhen Center for Disease Control and Prevention and Erasmus University Rotterdam, the Netherlands, and provided *Tork* and *Vinda* wet wipes to kindergartens in Shenzhen to raise children's awareness about hygiene.
Care for the elderly	• Hosted "Winter Solstice Sweet Dumplings" activity and visited 5 elderly canteens supported by Vinda on the eve of Winter Solstice to make and enjoy sweet dumplings with the elderly and share festive blessings with them.
Supporting service at Intercity Railway stations on statutory holidays	• Since 2013, Vinda's volunteers have provided supporting service at Intercity Railway stations on statutory holidays to assist passengers in buying tickets and finding their ways through stations. The service has been praised by the staff of the Intercity Railway stations and the passengers. In 2015, the total number of participants and hours of service in these activities were 140 and 840, respectively.
Charity bazaar	• Participated in charity bazaars organised by volunteers and charity groups to raise fund for poverty-stricken families and students. In 2015, the total number of participants and hours of service in these activities were 169 and 632, respectively.
Care for orphans	• Vinda Charity Foundation organised the "Care for Orphans" program to help orphans integrate into the society. In 2015, the total number of participants and hours of service in these activities were 102 and 285, respectively.

Outlook

Throughout the past 30 years, Vinda has not only strived for sustainable development by providing quality personal hygiene products to the consumers, but also fulfilling its corporate social responsibilities. In 2016, Vinda will continue to enhance corporate governance, product quality and safety standards while strengthening environmental protection, energy saving, discharge reduction, employee training and benefits and social care, in order to achieve sustainable development and harmonious coexistence of the society, economy and environment.


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Biographies of Directors and Senior Management

Biographies of Directors

Executive Directors

1. Mr. LI Chao Wang (李朝旺), aged 57, is a founder of the Group. He was appointed as an Executive Director on 17 August 1999 and has become the Chairman of the Board since 28 April 2000. In his current capacity, he spearheads overall corporate development and strategic planning of the Company. Formerly, until January 2010, he also acted as the Chief Executive Officer of the Group. Mr. LI has almost 30 years of experience in the household paper industry and executive business management. He was honoured with the "Ernst and Young Entrepreneur of the Year 2011 China". Mr. LI is currently a member of Guangdong Political Consultative Committee, vice president of the Household Paper Professional Committee of the China Paper Association, consultant to China Paper Industry Chamber of Commerce, vice president of Guangdong Federation of Industry & Commerce and president of Jiangmen Federation of Industry and Commerce. Mr. LI graduated from the Business Administration Program of Guangdong Radio and Television University. Mr. LI is the father of Ms. LI.

2. Ms. YU Yi Fang (余毅昉), aged 61, is a co-founder of the Group. Ms. YU was appointed as an Executive Director on 1 February 2000 and further appointed as the Vice Chairman of the Board in January 2010 responsible for strategic development. Ms. YU was formerly the Chief Operating Officer of the Group. She has almost 30 years of corporate administration and financial management experience in China's household paper industry. Ms. YU graduated from the Accounting Program of Guangdong Radio and Television University.

3. Mr. Johann Christoph MICHALSKI, aged 50, was appointed as an Executive Director and Chief Executive Officer of the Group on 1 October 2015. Before acting as an Executive Director and Chief Executive Officer of the Group, Mr. MICHALSKI had acted as a Non-Executive Director of the Group since 2008. He has over 20 years of experience in leadership roles in business development and strategy, consumer marketing and product innovation in the consumer goods industry. He had been the president of SCA Global Hygiene Category overseeing the global marketing and Research and Development and the president of SCA's Asia Pacific business unit based in Shanghai. Prior to joining SCA, he had held a number of senior management positions in a New Zealand dairy group, Fonterra, as well as a global FMCG company, Unilever, since 2001. Mr. MICHALSKI has a master's degree in Economics from Kiel University, Germany.

4. Ms. LI Jielin (李潔琳), aged 30, was appointed as an Executive Director and Deputy Chief Executive Officer of the Group on 1 October 2015. Currently, Ms. LI is also the Chief Human Resources Officer. Ms. LI joined the Company in 2012 as the managing director of Vinda Household Paper (Australia) Limited and the business development manager of the Company, has been responsible for overseas business development. Prior to joining the Group, she worked in Orient Capital in Australia as a client relations manager of Southeast Asia Division and subsequently as a client relations manager of Asia Division. Ms. LI graduated from Macquarie University in 2008 with combined bachelor degrees in Accounting and Business Administration. Ms. LI is the daughter of Mr. LI.

5. Mr. DONG Yi Ping (董義平), aged 53, was appointed as an Executive Director on 1 February 2000 and is Chief Technology Officer (the "CTO") of the Group. Mr. DONG joined Vinda Paper (Guangdong) Company Limited in 1992. Mr. DONG has over 20 years of experience in equipment operations and safety, quality control, and research and development. Prior to joining the Group, he held several positions in two other paper manufacturing companies. Mr. DONG graduated from the Paper Manufacturing program of Tianjin University of Science and Technology (previously Tianjin Institute of Light Industry) in 1991 with a master's degree in Engineering.


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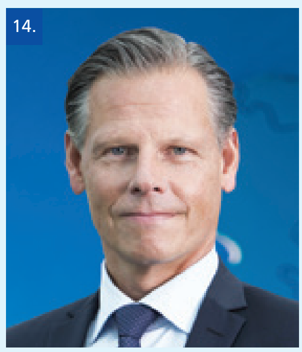
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Non-Executive Directors

6. Mr. Jan Christer JOHANSSON, aged 61, was appointed as a Non-Executive Director on 1 January 2014 and as the Vice Chairman of the Board on 1 January 2015. Mr. JOHANSSON was the President and CEO of SCA from 2007 to February 2015. Prior to joining SCA, from 2001 to 2007, Mr. JOHANSSON was the President and CEO of Boliden AB, a metals company with core competence in the fields of exploration, mining, smelting and metals recycling. In 2001, Mr. JOHANSSON served as the President of Network Operations in Telia AB. From 1994 to 2000, Mr. JOHANSSON was the Executive Vice President of Vattenfall and, before that from 1990, the Business Area President of Svenska Shell. Mr. JOHANSSON has taken up professional roles like General Counsel in Shell International Petroleum, Svenska Shell and Lycksele and Sunne district courts from 1983 to 1990. Mr. JOHANSSON has a master's degree in Laws from Stockholm University, Sweden.

7. Mr. Carl Magnus GROTH, aged 52, was appointed as a Non-Executive Director of the Group on 1 July 2015. Mr. GROTH is the President and CEO of SCA. Mr. GROTH joined SCA in 2011 as President, SCA Consumer Goods Europe (a business unit of SCA) and has taken an active part in developing SCA into a global leading hygiene and forest products company with strong brands, fantastic employees and successful value creation for shareholders and other stakeholders. Mr. GROTH also has extensive experience among other things as CEO of Studsvik AB, a company listed on the Stockholm Stock Exchange, senior vice president of Vattenfall AB. Mr. GROTH received a master of Science in Economics and Business from the Stockholm School of Economics and a master of Science in Avionics and Naval Technology from Royal Institute of Technology in Stockholm.

8. Mr. Ulf Olof Lennart SODERSTROM, aged 52, was appointed as a Non-Executive Director by the Board on 31 March 2011 and is the President of SCA Asia Pacific based in Shanghai, China. Mr. SODERSTROM joined SCA in 2009 as a Senior Vice President, Business Development and Strategy, responsible for IT, acquisitions, business intelligence and sustainability. He has many years of experience in executive positions. Prior to joining SCA, he served Boliden (a leading European metals company) as the President of Business Area Market responsible for marketing and sales, strategy process, market analysis and corporate communication. His background also includes serving in senior positions at, among other companies, Scania and Forcenergy. Mr. SODERSTROM graduated from the department of economics at the University of Stockholm and received a master of Business Administration degree from Stockholm School of Economics.

Independent Non-Executive Directors

9. Mr. CHIA Yen On (謝鉉安), aged 65, was appointed as an Independent Non-Executive Director on 16 October 2015. Mr. CHIA was a director of the Company from January 2001 to June 2007 and is the chairman of STS Limited since 1992. He has been the Investment Commissioner, Greater China to the Australian Consulate, Hong Kong from 1992 to 2003. Mr. CHIA has over 30 years experience in management, sales and relationships with major corporations. He had 12 years consulting experience for the Australian Federal Government and has participated in over 100 merger and acquisition deals. Mr. CHIA graduated from University of Sydney with bachelor degree of science and has a master's degree of Science from University of New South Wales.

10. Mr. KAM Robert (甘廷仲), aged 58, was appointed as an Independent Non-Executive Director on 19 June 2007. Mr. KAM started his career with one of the Big Four international accounting firms and is currently a partner of a chartered accountancy firm, Kam & Beadman, based in Sydney, Australia. He has many years of experience in providing audit, tax and accounting services, including public company statutory audits, information systems audits and internal audits. Mr. KAM is currently a Non-Executive Director of Jiashili Group Limited. Mr. KAM graduated with a bachelor's degree in Commerce from the University of Western Australia. Mr. KAM is a chartered accountant and a member of the Institute of Chartered Accountants in Australia, a Registered Auditor in New South Wales, Australia and a Registered Auditor of the Australian Securities and Investments Commission. Mr. KAM is also a Justice of the Peace in the State of New South Wales in Australia.

11. Mr. TSUI King Fai (徐景輝), aged 66, was appointed as an Independent Non-Executive Director on 19 June 2007. Mr. TSUI is a director and senior consultant of WAG Worldsec Corporate Finance Limited, a registered financial services company in Hong Kong. He has over 30 years of experience in accounting, finance and investment management, particularly in investments in the PRC. He worked for two of the Big Four audit firms in the United States and Hong Kong and served in various public listed companies in Hong Kong in a senior capacity. Mr. TSUI is currently acting as an Independent Non-Executive Director of Lippo Limited, Lippo China Resources Limited, Hongkong Chinese Limited, China Aoyuan Property Group Limited and Newton Resources Ltd. He graduated from the University of Houston, Texas, the United States and holds a master of science in accountancy degree and a bachelor of Business Administration degree with first class honors. Mr. TSUI is a fellow of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Accountants in Australia and a member of the American Institute of Certified Public Accountants.

12. Mr. WONG Kwai Huen, Albert (王桂壎), aged 64, BBS, JP., was appointed as an Independent Non-Executive Director on 1 September 2014. Mr. WONG holds a bachelor of arts degree from The Chinese University of Hong Kong and a bachelor of laws degree from the University of London. He is a practicing solicitor in Hong Kong and the United Kingdom and, a China-Appointed Attesting Officer. Mr. WONG is also qualified to practise law in Australia and Singapore. Mr. WONG was an Independent Non-Executive Director of Datang International Power Generation Co., Ltd. and a foreign legal counsel for the Jiangsu Provincial Government. He is currently the Independent Non-Executive Director of China International Marine Containers (Group) Co., Ltd., PICC Asset Management Co., Ltd. and Hua Hong Semiconductor Limited. He had been the managing partner of the China region for 15 years in two international law firms. Prior to that he worked for the Lands Department, Department of Justice and Legislative Council of the Hong Kong SAR Government for 10 years in total. Mr. WONG was appointed as committee member of the Hong Kong International Airport Authority, Hospital Authority and the Competition Committee in 2011, 2012 and 2014 respectively. He was the former chairman of Hong Kong International Arbitration Centre, and is a fellow member of the Chartered Institute of Arbitrators in the United Kingdom and Hong Kong Institute of Arbitrators. He is presently one of the deputy chairman of Hong Kong Inland Revenue Board of Review, chairman of Hong Kong Copyright Tribunal, chairman of the Professional Services Advisory Committee of the Hong Kong Trade Development Council, former president and council member of the Law Society of Hong Kong and The Hong Kong Institute of Director. Mr. WONG holds the posts of honorary lecturer, external examiner and professor in the University of Hong Kong, The Chinese University of Hong Kong, City University of Hong Kong and Hong Kong Shue Yan University.

Alternate Directors

13. Mr. CHIU Bun (趙賓), aged 40, was appointed as an Alternate Director to Mr. MICHALSKI and Mr. SODERSTROM on 31 March 2011. Prior to that, Mr. CHIU was a Non-Executive Director of the Group since 19 June 2007. Mr. CHIU joined SCA in 2005 as a general counsel of SCA Asia Pacific based in Shanghai, China. Mr. CHIU previously worked with international law firms including Clifford Chance, Perkins Coie and Morrision & Foerster. He is admitted as a solicitor in Hong Kong and England & Wales. Mr. CHIU received a bachelor's degree in Information Management from University College London, a Postgraduate Certificate in Laws (PCLL) from the University of Hong Kong and a master of Laws degree from Renmin University of China.

14. Mr. Gert Mikael SCHMIDT, aged 55, was appointed as an Alternate Director to Mr. JOHANSSON and Mr. GROTH. Mr. SCHMIDT is the Senior Vice President and General Counsel of SCA. Before that, Mr. SCHMIDT was the Vice President and General Counsel of SCA Packaging in Belgium and SCA Forest Products in Sweden respectively from 1994 to 2012. Prior to that, Mr. SCHMIDT was the Assistant General Counsel of SCA from 1992 to 1994. From 1986 to 1992, Mr. SCHMIDT held different positions in the legal profession. He has a master's degree in Laws from Uppsala University, Sweden.


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Biographies of Senior Management

15. Mr. ZHANG Jian (張健), aged 44, is the Deputy CEO of the Group. He graduated from Wuyi University in Electronic Technology, and joined Vinda Paper Group in 1992. He has served as a manager in the production, marketing, and procurement departments, and deputy manager, general manager and chief operating officer of the Company. Mr. ZHANG is an executive director of Guangdong Paper Association.

16. Mr. Toby James LAWTON, aged 41, was appointed as the Chief Financial Officer of the Group on 15 September 2014. Mr. LAWTON joined SCA in 1995 and his most recent role was Chief Financial Officer for the Asia Pacific Business Group of SCA. He was nominated by SCA as the Chief Financial Officer of the Group and his appointment was approved by the nomination committee under the Board. Mr. LAWTON holds a master's degree in Physics from Oxford University in the United Kingdom and has over 20 years' experience in financial management. Mr. LAWTON is an associate member of the Association of Corporate Treasurers and passed the professional examinations for the Chartered Institute of Management Accountants.

17. Ms. TAN Yi Yi (譚奕怡), aged 35, was appointed as the Deputy Financial Officer on 15 September 2014 and was appointed as the Company Secretary on 11 September 2013. Ms. TAN began her career in audit in one of the Big Four international accountancy firms. After that, Ms. TAN pursued her career in various public enterprises and gained extensive experience in finance and listing work. She joined the Company in 2012 and has served as the Director of Corporate Finance, Acting Chief Financial Officer and Company Secretary. Ms. TAN holds a bachelor's degree from the University of Auckland, New Zealand and an MBA from the University of Hong Kong. Ms. TAN is also a member of the Association of Chartered Certified Accountants in the United Kingdom.

18. Ms. WANG Bo (王波), aged 42, is the Chief Operating Officer. Ms. WANG joined the Group in 1997 and has served as the general manager of the Quality Control and Development division, plant manager and regional chief operating officer. She has extensive experience in production management. Ms. WANG holds a bachelor's degree in Chemical Processing of Forest Products from the Beijing Forestry University and a master's degree in Engineering from the South China University of Technology.

19. Mr. Richard SU (蘇洛夫), aged 59, is the Chief Procurement Officer of the Group, responsible for the centralized material procurement. Mr. SU obtained his bachelor's degree in Trade Economics from Renmin University of China in 1983. He joined the Group in 1999 as assistant to the CEO, the Director of Purchase and the Deputy Chief Operating Officer sequentially. He has over 25 years of experience in sourcing and trade management.

20. Mr. HU Yong Jin (胡永進), aged 42, is the President of Sales. Mr. HU graduated from Anhui Institute of Technology in 1996 as a bachelor majoring in Automobile Design and Manufacturing. He joined the Group in October 1998 and served sequentially as a branch manager as well as the deputy general manager and general manager of the Company and the Executive Vice President (sales of southern region) and Senior Vice President of Sales & Marketing of the Group.

21. Mr. TANG Hai Tang (湯海棠), aged 45, is the President of Marketing, responsible for the marketing management of the four major business categories, namely tissue, incontinence care, baby care and feminine care, as well as e-commerce divisions. Mr. TANG graduated from South China University of Technology in Biochemistry in 1994. He joined the Group in August 1995 and served as branch deputy general manager, marketing director and Executive Vice President (marketing & media) and Senior Vice President of Sales & Marketing of the Group etc.

22. Ms. ZHAO Xiao Yu (趙小妤), aged 39, is the Vice President of Human Resources of the Group. Ms. ZHAO graduated from Jinan University in Guangzhou in statistics in 1999 and joined the Group in November of the same year. She has served as EVP of Human Resources and Deputy Head of Administration Department of the Group.

23. Ms. ZHANG Cui Ling (張翠玲), aged 48, is the Director of Internal Control. Ms. ZHANG graduated from Guangdong Mechanical College in industrial management engineering with a bachelor's degree in Engineering, and holds an MBA degree of Wuhan University of Technology. She is also a Certified Internal Auditor (CIA) and holds a Certification in Risk Management Assurance (CRMA) of the Institute of Internal Auditors (IIA). She joined the Group in July 1991 and has served as the branch manager of finance, purchasing logistics, quality control, and administration departments.

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Corporate Governance Report

Corporate Governance

The Company is committed to maintain a high standard of corporate governance practices by emphasizing a quality board of directors, sound internal control, transparency and accountability to all of the shareholders of the Company. For the year ended 31 December 2015, the Company has complied with all the code provisions set out in the Corporate Governance Code, as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

Directors' Securities Transactions

The Company has adopted a code for securities transactions by directors of the Company (the "Code of Conduct") on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules on the Stock Exchange. Having made specific enquiry with all the directors of the Company (the "Directors" or individually the "Director"), all of them confirmed that they have complied with the required standard set out in the Model Code and the Code of Conduct regarding securities transactions by the Directors during the year ended 31 December 2015.

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

With effect from 30 June 2015:

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

With effect from 1 July 2015:

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

With effect from 1 October 2015:

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

With effect from 16 October 2015:

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

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

Board of Directors

Composition

The board of directors (the "Board") of the Company comprises twelve Directors, five of which are Executive Directors, three are Non-Executive Directors and four are Independent Non-Executive Directors. The members of the Board as at the date of this annual report are as follows:

Executive Directors
Mr. LI Chao Wang *(Chairman)*
Ms. YU Yi Fang *(Vice Chairman)*
Mr. Johann Christoph MICHALSKI *(Chief Executive Officer) (with effect from 1 October 2015)*
Ms. LI Jielin *(Deputy Chief Executive Officer) (appointed on 1 October 2015)*
Mr. DONG Yi Ping *(Chief Technology Officer)*
Ms. ZHANG Dong Fang *(Chief Executive Officer) (resigned on 1 October 2015)*

Non-Executive Directors
Mr. Jan Christer JOHANSSON *(Vice Chairman)*
Mr. Carl Magnus GROTH *(appointed on 1 July 2015)*
Mr. Ulf Olof Lennart SODERSTROM
Mr. Jan Lennart PERSSON *(resigned on 30 June 2015)*

Independent Non-Executive Directors
Mr. CHIA Yen On *(appointed on 16 October 2015)*
Mr. KAM Robert
Mr. TSUI King Fai
Mr. WONG Kwai Huen, Albert
Mr. HUI Chin Tong, Godfrey *(resigned on 16 October 2015)*

Alternate Directors
Mr. CHIU Bun *(alternate to Mr. MICHALSKI and Mr. SODERSTROM)*
Mr. Gert Mikael SCHMIDT *(alternate to Mr. JOHANSSON and Mr. GROTH)*

The Board formulates overall strategies and policies of the Group. It also ensures the availability of adequate capital and managerial resources to implement the strategies adopted, the adequacy of systems of financial and internal control and the conduct of business in conformity with applicable laws and regulations. The Board members are fully committed to their roles and have always acted in the best interests of the Group and its shareholders at all times. There is no financial, business, family or other material/relevant relationship amongst Directors, except for the fact that Ms. LI Jielin is the daughter of Mr. LI Chao Wang. The Directors' biographical information is set out on pages 28 to 31 under the section headed "Biographies of Directors and Senior Management" of this annual report.

Board meetings are held regularly at approximately quarterly intervals and also held on ad hoc basis as required by business needs. Regular Board meetings and ad hoc Board meetings are attended by a majority of the Directors in person or through other electronic means of communication. In addition, special Board meetings are convened from time to time for the Board to discuss issues that require the Board's timely attention. Since the special Board meetings are concerned with the day-to-day management of the Company which often requires prompt decisions, usually only the Executive Directors and senior management attend the meetings. During the year ended 31 December 2015, other than resolutions passed in writing by all the Directors, the Board held a total of 10 regular and ad hoc Board meetings.

During the year ended 31 December 2015, the Company convened an annual general meeting.

The attendance of each member at the Board meetings and general meetings is set out below. Figures in brackets indicate maximum number of meetings held in the period in which the individual was a Board member.

Directors	Number of regular and ad hoc Board meetings attended	Number of special Board meetings attended	Number of general meetings attended
Executive Directors			
Mr. LI Chao Wang *(Chairman)*	8 (10)	5 (15)	1 (1)
Ms. YU Yi Fang *(Vice Chairman)*	10 (10)	10 (15)	1 (1)
Ms. ZHANG Dong Fang *(Chief Executive Officer) (resigned on 1 October 2015)*	6 (7)	2 (6)	1 (1)
Mr. Johann Christoph MICHALSKI *(Chief Executive Officer) (with effect from 1 October 2015)*	9 (10)		1 (1)
Mr. DONG Yi Ping *(Chief Technology Officer)*	9 (10)	0 (15)	0 (1)
Ms. LI Jielin *(Deputy Chief Executive Officer) (appointed on 1 October 2015)*	9 (10)	1 (6)	1 (1)
Non-Executive Directors			
Mr. Jan Christer JOHANSSON *(Vice Chairman)*	8 (10)		1 (1)
Mr. Jan Lennart PERSSON *(resigned on 30 June 2015)*	4 (5)		1 (1)
Mr. Carl Magnus GROTH *(appointed on 1 July 2015)*	2 (6)		0 (0)
Mr. Ulf Olof Lennart SODERSTROM	9 (10)		1 (1)
Mr. CHIU Bun *(alternate to Mr. MICHALSKI and Mr. SODERSTROM)*	8 (10)		1 (1)
Mr. Gert Mikael SCHMIDT *(alternate to Mr. JOHANSSON, Mr. PERSSON and Mr. GROTH)*	8 (10)		1 (1)
Independent Non-Executive Directors			
Mr. KAM Robert	10 (10)		1 (1)
Mr. HUI Chin Tong, Godfrey *(resigned on 16 October 2015)*	8 (8)		1 (1)
Mr. TSUI King Fai	9 (10)		1 (1)
Mr. WONG Kwai Huen, Albert	10 (10)		1 (1)
Mr. CHIA Yen On *(appointed on 16 October 2015)*	3 (3)		0 (0)

Chairman of the Board and Chief Executive Officer

The Chairman of the Board is Mr. LI Chao Wang and the CEO of the Company is Mr. Johann Christoph MICHALSKI (with effect from 1 October 2015). Ms. ZHANG Dong Fang resigned as the CEO on 1 October 2015. The roles of the Chairman of the Board and the CEO of the Company are segregated to ensure their respective independence, accountability and responsibility. The major duties of the Chairman are to provide leadership to the Board and spearhead overall corporate development and strategic planning whilst the CEO is responsible for implementing the decisions and strategy approved by the Board and managing day-to-day operations of the Group with the support of the Executive Directors.

Executive Directors

The Executive Directors are responsible for running the Group and executing the strategies adopted by the Board. They lead the Group's management team in accordance with the directions set by the Board and are responsible for ensuring that proper internal control system is in place and the Group's business conforms to applicable laws and regulations.

Non-Executive Directors

The Non-Executive Directors provide a wide range of expertise and experience and bring independent judgement on issues relating to the Group's strategies, development, performance and risk management through their contribution at the Board and committee meetings.

Independent Non-Executive Directors

The Independent Non-Executive Directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Their participation provides adequate checks and balances to safeguard the interests of the Group and its shareholders including the review of connected transactions and continuing connected transactions described below. The Board consists of four Independent Non-Executive Directors and two of them have appropriate professional qualifications or accounting or related financial management expertise. The Board confirms that the Company has received from each of the Independent Non-Executive Directors a confirmation of independence for the year ended 31 December 2015 pursuant to Rule 3.13 of the Listing Rules and considers such Directors to be independent.

Appointments, Re-election and Removal of Directors

Each of the Executive Directors, Non-Executive Directors and Independent Non-Executive Directors of the Company has entered into a service contract with the Company for a specific term. Such term is subject to his re-election by the Company at an annual general meeting upon retirement. The Articles of the Company provide that any Director appointed by the Board, either to fill a casual vacancy in the Board or as an addition to the existing Board, shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Under the Company's Articles, one-third of all Directors (whether Executive or Non-Executive) is subject to retirement by rotation and re-election at each annual general meeting provided that every Director shall be subject to retirement at least once every three years. A retiring Director is eligible for re-election and continues to act as a Director throughout the meeting at which he retires.

Members of the Company may, at any general meeting convened and held in accordance with Company's Articles to remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in Company's Articles or in any agreement between the Company and such Director.

Company Secretary

Ms. TAN Yi Yi ("Ms. TAN") was appointed as the Company Secretary of the Company on 11 September 2013. The biographical details of Ms. TAN are set out under the section headed "Biographies of Directors and Senior Management".

In accordance with Rule 3.29 of the Listing Rules, Ms. TAN has taken no less than 15 hours of relevant professional training during the financial year ended 31 December 2015.

Corporate Governance Functions

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc.

Continuous Professional Development

Each newly appointed director is provided with necessary induction and information to ensure that he has a proper understanding of his responsibilities and duties under the relevant statues, laws, rules and regulations.

During the year, the Company Secretary provided all the Directors with names as listed out in the "Board of Directors" under the section headed "Corporate Governance Report" with the latest information on the Listing Rules and other applicable requirements, so as to update and strengthen the Directors' awareness of the development of corporate governance, and maintained records of training participated by the Directors.

All the Directors read materials relevant to the Company's business or to their duties and responsibilities.

All the Directors understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

The Board Committees

Remuneration Committee

The Company established a remuneration committee on 19 June 2007. The Board has adopted the terms of reference for the remuneration committee which are in line with the Code Provisions set out in the Corporate Governance Code ("New CG Code"). As at the date of this annual report, the remuneration committee comprises five members and is chaired by Mr. TSUI King Fai, an Independent Non-Executive Director. The other members are two Executive Directors, namely Mr. Johann Christoph MICHALSKI and Ms. LI Jielin, and two Independent Non-Executive Directors, namely Mr. KAM Robert and Mr. CHIA Yen On.

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 on 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.

During the year ended 31 December 2015, the remuneration committee held 4 meetings. The remuneration committee reviewed the remuneration policy of the Company and the remuneration of Directors and senior management and made recommendation to the Board.

The change of the members of the remuneration committee during the year ended 31 December 2015 and up to the date of this annual report and the attendance of each member at the remuneration committee meetings are set out below. Figures in brackets indicate maximum number of meetings held in the period in which the individual was a member of the remuneration committee.

Members	**Number of meetings attended**
Mr. HUI Chin Tong, Godfrey *(resigned on 16 October 2015)*	3 (3)
Mr. TSUI King Fai	4 (4)
Mr. Johann Christoph MICHALSKI *(appointed on 1 July 2015)*	2 (2)
Ms. LI Jielin *(appointed on 16 October 2015)*	1 (1)
Mr. Ulf Olof Lennart SODERSTROM *(resigned on 1 July 2015)*	1 (1)
Mr. KAM Robert *(appointed on 16 October 2015)*	1 (1)
Mr. CHIA Yen On *(appointed on 16 October 2015)*	1 (1)

Nomination Committee

The Company established a nomination committee on 19 June 2007. The Board has adopted the terms of reference for the nomination committee which are in line with the Code Provisions set out in the New CG Code. As at the date of this annual report, the nomination committee comprises five members and is chaired by Mr. LI Chao Wang, an Executive Director. The other members are three Independent Non-Executive Directors, namely Mr. KAM Robert, Mr. WONG Kwai Huen, Albert, and Mr. CHIA Yen On; and one Non-Executive Director, namely Mr. Jan Christer JOHANSSON.

The nomination committee considers and recommends 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.

Before a prospective Director's name is formally proposed, the opinions of the existing Directors (including the Independent Non-Executive Directors) are sought. The selection criteria of the qualified candidates are mainly based on the assessment of their qualifications, experience and expertise as well as the requirements under the Listing Rules. The nomination committee selects and recommends candidates for directorship having regard to the balance of skills and experience appropriate to the Group's business. During the year ended 31 December 2015, the nomination committee held 3 meetings. The nomination committee reviewed the current structure, size and composition of the Board and the remuneration of the senior management.

The change of the members of the nomination committee during the year ended 31 December 2015 and up to the date of this annual report and the attendance of each member at the nomination committee meetings are set out below. Figures in brackets indicate maximum number of meetings held in the period in which the individual was a member of the nomination committee.

Members	**Number of meetings attended**
Mr. HUI Chin Tong, Godfrey *(resigned on 16 October 2015)*	3 (3)
Mr. LI Chao Wang	3 (3)
Mr. Jan Christer JOHANSSON	3 (3)
Mr. KAM Robert	3 (3)
Mr. WONG Kwai Huen, Albert	2 (3)
Mr. CHIA Yen On *(appointed on 16 October 2015)*	0 (0)

Audit Committee

The Company established an audit committee on 19 June 2007. The Board has adopted the terms of reference for the audit committee which are in line with the Code Provisions set out in the New CG Code. As at the date of this annual report, the audit committee comprises three Independent Non-Executive Directors, namely Mr. KAM Robert, Mr. TSUI King Fai and Mr. WONG Kwai Huen, Albert; and one Non-Executive Director, Mr. Ulf Olof Lennart SODERSTROM. Mr. KAM Robert is the chairman of the audit committee.

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 and internal control system of the Group.

During the year ended 31 December 2015, the audit committee held 3 meetings. The audit committee reviewed with the senior management and auditors of the Company the accounting policies and practices adopted by the Group and discussed auditing, the internal control system and financial reporting matters. It also reviewed the financial statements of the Company and the Company's annual and interim reports, the engagement letter from the auditors of the Company and the audit scope and fees for the year ended 31 December 2015.

The change of the members of the audit committee during the year ended 31 December 2015 and up to the date of this annual report and the attendance of each member at the audit committee meetings are set out below. Figures in brackets indicate maximum number of meetings held in the period in which the individual was a member of the audit committee.

Members	**Number of meetings attended**
Mr. KAM Robert	3 (3)
Mr. TSUI King Fai	3 (3)
Mr. Jan Lennart PERSSON *(resigned on 30 June 2015)*	1 (1)
Mr. WONG Kwai Huen, Albert	3 (3)
Mr. Ulf Olof Lennart SODERSTROM *(appointed on 1 July 2015)*	2 (2)

Risk Management Committee

The Company established a risk management committee on 19 May 2014. The Board has adopted the terms of reference for the risk management committee. As at the date of this annual report, the risk management committee comprises five members and is chaired by Mr. Jan Christer JOHANSSON, a Non-Executive Director. The other members are two Executive Directors, namely Ms. YU Yi Fang and Mr. Johann Christoph MICHALSKI; one Non-Executive Director, namely Mr. Ulf Olof Lennart SODERSTROM and one Independent Non-Executive Director, namely Mr. TSUI King Fai.

The risk management committee is to assist the Board in deciding the Group's risk level and risk appetite; considering the Company's risk management strategies and gives directions where appropriate.

During the year ended 31 December 2015, the risk management committee held 3 meetings. The change of the members of the risk management committee during the year ended 31 December 2015 and up to the date of this annual report and the attendance of each member at the risk management committee meetings are set out below. Figures in brackets indicate maximum number of meetings held in the period in which the individual was a member of the risk management committee.

Members	**Number of meetings attended**
Mr. Jan Lennart PERSSON *(resigned on 30 June 2015)*	1 (1)
Ms. YU Yi Fang	3 (3)
Ms. ZHANG Dong Fang *(resigned on 1 October 2015)*	2 (2)
Mr. Johann Christoph MICHALSKI *(appointed on 16 October 2015)*	1 (1)
Mr. Jan Christer JOHANSSON *(appointed on 1 July 2015)*	2 (2)
Mr. Ulf Olof Lennart SODERSTROM	3 (3)
Mr. TSUI King Fai	3 (3)

Executive Committee

The Company established an executive committee on 16 October 2015. The Board has adopted the terms of reference for the executive committee. As at the date of this annual report, the 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.

During the year ended 31 December 2015, the executive committee held 3 meetings. The attendance of each member at the executive committee meetings are set out below. Figures in brackets indicate maximum number of meetings held in the period in which the individual was a member of the executive committee.

Members	**Number of meetings attended**
Mr. LI Chao Wang	3 (3)
Ms. YU Yi Fang	3 (3)
Mr. Johann Christoph MICHALSKI	3 (3)
Mr. DONG Yi Ping	2 (3)
Ms. LI Jielin	3 (3)

Strategic Development Committee

The Company established a strategic development committee on 16 October 2015. The Board has adopted the terms of reference for the strategic development committee. As at the date of this annual report, the strategic development committee comprises four members and is chaired by Mr. Jan Christer JOHANSSON, a Non-Executive Director. The other members are Executive Directors, namely Mr. DONG Yi Ping, Mr. Johann Christoph MICHALSKI, and Ms. LI Jielin.

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.

During the year ended 31 December 2015, the strategic development committee held 1 meeting. The attendance of each member at the strategic development committee meetings are set out below. Figures in brackets indicate maximum number of meetings held in the period in which the individual was a member of the strategic development committee.

Members	Number of meetings attended
Mr. Jan Christer JOHANSSON	1 (1)
Mr. DONG Yi Ping	1 (1)
Mr. Johann Christoph MICHALSKI	1 (1)
Ms. LI Jielin	1 (1)

Accountability and Audit

Financial Reporting

The Directors acknowledge their responsibility for preparing all information and representations contained in the financial statements for the year ended 31 December 2015 as disclosed in this annual report. The Directors consider that the financial statements have been prepared in conformity with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and management with an appropriate consideration to materiality. As at 31 December 2015, the Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements on a going concern basis. The statement of the auditors of the Company regarding their responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 69 to 70 of this annual report.

Internal Controls

The Board is responsible for overseeing the Company's system of internal control. To facilitate the effectiveness and efficient operations and to ensure compliance with relevant laws and regulations, the Group emphasizes the importance of a sound internal control system which is also indispensable for mitigating the Group's risk exposures. The Group's system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of the business objectives. The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and identification of business risks. The Board is satisfied that, based on information furnished to it and on its own observations, the present internal controls of the Group are satisfactory. The Group is committed to the identification, monitoring and management of risks associated with its business activities and has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound cash management system and periodic review of the Group's performance by the audit committee and the Board. The Board has conducted review of the effectiveness of the system of internal control and is of the view that the system of internal control adopted for the year ended 31 December 2015 is sound and is effective to safeguard the interests of the shareholders' investment and the Company's assets.

Auditors' Remuneration

An analysis of the remuneration of the Company's auditors, Messrs PricewaterhouseCoopers, for the year ended 31 December 2015 is set out as follows:

Services rendered	Fee paid/payable HK$'000
Audit services	**7,703**
Non-audit services	**7,900**
Total:	**15,603**

The non-audit services were provided for the acquisition business, which was charged to administrative expenses in the consolidated income statement for the year.

Shareholders' rights

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

Right to convene extraordinary general meeting

Any one or more members holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the Company Secretary of the Company at the Company's principal place of business at Penthouse, East Ocean Centre, 98 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong and such may consist of several documents in like form, each signed by one or more requisitionists.

The request will be verified with the Company's branch share registrars in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified is not in order, the shareholders will be advised of this outcome and accordingly, an EGM will not be convened as requested. If within twenty-one (21) days from the date of the deposit of the proper and orderly requisition the Board fails to proceed to convene such meeting, the requisitionist(s), may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM varies according to the nature of the proposal, as follows:

— At least 14 clear days' notice in writing (and not less than 10 business days) if the proposal constitutes an ordinary resolution of the Company in EGM;

— At least 21 clear days' notice in writing (and not less than 10 business days) if the proposal constitutes a special resolution of the Company in EGM.

Right to put enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the Company Secretary.

Right to put forward proposals at general meetings

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 58 of the Company's Articles of Association for including a resolution at an EGM. The requirements and procedures are set out above. Pursuant to Article 88 of the Company's Articles of Association, no person, other than a director retiring at a meeting, shall, unless recommended by the directors for election, be eligible for appointment as a director at any general meeting unless there shall have been lodged at the head office or at the registration office notice in writing signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose that person for election as a director and also notice in writing signed by that person of his willingness to be elected as a director. Unless otherwise determined by the directors and notified by the Company to the shareholders, the period for lodgment of the said notices shall be a seven day period commencing on the day after the dispatch of the notice of the general meeting for such election of director(s) and ending on the date falling seven days after the dispatch of the said notice of the general meeting. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

Communication with Shareholders

The Company endeavors to develop and maintain continuing relationships and effective communications with its shareholders and investors. In an effort to facilitate and enhance the relationships and communication, the Company has established the following various channels:

1. The annual general meeting provides a forum for shareholders of the Company to raise comments and exchange views with the Board. The Chairman and the Directors are available at the annual general meetings of the Company to address shareholders' queries;

2. Separate resolutions are proposed at the general meetings on each substantially separate issue and procedures for demanding a poll in general meetings are included in the circulars to the shareholders of the Company to facilitate the enforcement of shareholders' rights;

3. Interim and annual results are announced as early as possible, to keep shareholders of the Company informed of the Group's performance and operations; and

4. Updated key information of the Group is available on the Company's website to enable the shareholders of the Company and the investors to have timely access to information about the Group.

During the year ended 31 December 2015, there had been no significant change in the Company's constitutional documents.


Libero
Libero
Comfort
4
Limited Edition
84
Libero
Baby Soft
3
MEGA PACK
88
Sealer™
嘘嘘乐
Sealer™
欢心棉柔
超薄
锁水芯
贴身
无束缚
M
6–11KG
72
Sealer™
嘘嘘乐
“成长裤”
L
19片
9–14kg
男女通用
孩子长大了
就用成长裤
Sealer™
乐心透气
M
6–11KG
72片

The Directors have pleasure in presenting herewith their report together with the audited accounts for the year ended 31 December 2015.

Principal Activities and Geographical Analysis of Operations

The Company is principally engaged in investment holding. The principal activities of the subsidiaries of the Company and other related information are set out in note 11 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 73.

The Directors recommend the payment of a final dividend of HK5.0 cents (2014: HK12.0 cents) per ordinary share, totaling HK$49,954,384 on the 999,087,686 (31 December 2014: 998,402,686) issued shares outstanding as at 31 December 2015.

Business Review

The business review of the Group for the year ended 31 December 2015 is set out in the section headed "Management Discussion and Analysis" on pages 11 to 15 of this annual report.

Environmental Policies, Performance and Compliance with Laws and Regulations

The Group is in compliance with international and national environmental standards and implemented green production policies to raise energy efficiency and minimise both energy consumption and pollutant discharge.

The Group uses natural gas and coal as the main sources of energy during production. The Group strives to reduce emissions through technological adaptation and upgrade. In 2015, the Group's average overall energy consumption was 0.39 tons of standard coal for every ton of paper, which was below the advanced value of 0.42 tons of standard coal for every ton of paper as imposed by the GB 31825-2015 The Norm of Energy Consumption per Unit Product of Pulp and Paper (《製漿造紙單位產品能源消耗限額》) published on 30 June 2015.

A three-level monitoring system has been adopted by the Group to ensure the full compliance with national standards for different types of pollutants. Level 1: Online monitoring systems are installed at discharge outlets and are accessible by local environmental authorities for round-the-clock monitoring of pollutant discharge and real-time upload of the data through wireless signals to the databases of those authorities. Level 2: Environmental protection units are set up at the production bases to carry out routine monitoring of effluent and waste gas to keep track of pollutant discharge. Level 3: The production bases are subject to regular or random inspections by local environmental authorities. In 2015, the Group's emission of sulphur dioxide (SO_2) was 2.35 tons (2014: 3.02 tons) for every 10,000 tons of products. The emission of carbon dioxide (CO_2) was 10,160 tons (2014:

11,060 tons) per 10,000 tons of products; the chemical oxygen demand (COD) of the effluent for every 10,000 tons of products was 3.85 tons (2014: 4.84 tons); the biochemical oxygen demand (BOD) of the effluent for every 10,000 tons of products was 0.75 tons (2014: 0.88 tons); and the suspended solids (SS) discharge per 10,000 tons of products was 1.03 tons (2014: 1.62 tons). Average water consumption was 8.78 tons (2014: 9.40 tons) per ton of paper produced.

In the process of procuring wood pulp, Vinda applies a fair procurement principle and adopts a low-carbon and green supply chain standard and the highest priority is given to suppliers who have obtained the Forest Stewardship Council ("FSC") certification or have been recognised by the Programme for the Endorsement of Forest Certification ("PEFC"). In 2015, the wood pulp suppliers are certified by the FSC or PEFC. All production bases of the Group have obtained the internationally-accredited FSC Chain of Custody Certification.

For details, please refer to the section headed "Environmental, Social and Governance (ESG) Report" on pages 17 to 26 of this annual report.

Key Relationships with Employees, Customers and Suppliers

Being people-oriented, the Group ensures all staff are reasonable remunerated and also continues to improve and regularly review and update its policies on remuneration and benefits, training, occupational health and safety.

The Group maintains a good relationship with its customers. A customer complaint handling mechanism is in place to receive, analyse and study complaints and make recommendations on remedies with the aim of improving service quality.

The Group is in good relationship with its suppliers and conducts a fair and strict appraisal of its suppliers on an annual basis.

Reserves

Details of the movements in the reserves of the Group and of the Company during the year ended 31 December 2015 are set out in Note 19 to the consolidated financial statements.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in Note 7 to the consolidated financial statements.

Share Capital

Details of the movements in share capital of the Company are set out in Note 17 to the consolidated financial statements.

Distributable Reserves

The Company's reserves available for distribution comprise the share premium account and retained profits. At 31 December 2015, the reserves of the Company available for distribution to shareholders amounted to HK$1,756,324,376 (2014: HK$1,808,216,486), as stated in Note 17 and Note 37 to the consolidated financial statements.

Five-Year Financial Summary

A summary of the consolidated results of the Group for the last five financial years and of its consolidated assets and liabilities as at the end of the last five financial years is set out on page 159 and 160 respectively.

Purchase, Sale or Redemption of Securities

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

Directors

The Directors during the year were:

Executive Directors

Mr. LI Chao Wang *(Chairman)*
Ms. YU Yi Fang *(Vice Chairman)*
Ms. LI Jielin *(Deputy Chief Executive Officer) (appointed on 1 October 2015)*
Mr. Johann Christoph MICHALSKI *(Chief Executive Officer) (with effect from 1 October 2015)*
Mr. DONG Yi Ping *(Chief Technology Officer)*
Ms. ZHANG Dong Fang *(Chief Executive Officer) (resigned on 1 October 2015)*

Non-Executive Directors

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

Independent Non-Executive Directors

Mr. CHIA Yen On *(appointed on 16 October 2015)*
Mr. KAM Robert
Mr. TSUI King Fai
Mr. WONG Kwai Huen, Albert
Mr. HUI Chin Tong, Godfrey *(resigned on 16 October 2015)*

Alternate Directors

Mr. CHIU Bun *(alternate to Mr. MICHALSKI and Mr. SODERSTROM)*
Mr. Gert Mikael SCHMIDT *(alternate to Mr. JOHANSSON and Mr. GROTH (with effect from 1 July 2015))*

Biographical Details of Directors and Senior Management

Brief biographical details of Directors and senior management are set out on pages 28 to 34.

Confirmation of Independence of Independent Non-Executive Directors

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all of the Independent Non-Executive Directors to be independent.

Directors' Service Contracts

Each Executive Director has entered into a service contract with the Company for an initial term of three years and continuing thereafter on an annual basis until terminated by not less than three months' notice in writing served by either party.

Directors' Interests and Controlling Shareholders' Interests in Contracts

Save as the lease agreement entered into between a wholly-owned subsidiary of the Company and Jiangmen Taiyuan Paper Company Limited, details of which is set out in paragraph (F) in the "Continuing Connected Transactions" section on page 60, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or a controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Connected Transactions

(A) On 28 October 2015, the Company as purchaser and SCA Group Holding BV ("SCA Group") as vendor entered into a sale and purchase agreement (which is supplemented and amended by an amendment agreement entered into between the parties on 27 December 2015) ("Sale and Purchase Agreement") in relation to the sale and purchase of (1) the entire issued share capital of SCA Hygiene Korea Co. Ltd.; (2) the entire issued share capital of SCA Taiwan Ltd. ("SCA Taiwan"); and (3) the entire issued share capital of SCA Hygiene Malaysia Sdn Bhd, at the consideration of HK$2,800,000,000 (subject to the adjustment at completion), which will be settled partly by cash, partly by the Company's issue of the convertible note to be issued by the Company and to be subscribed by SCA Group upon completion and partly by the Company's issue of the consideration shares of 75,897,034 fully paid-up new ordinary shares of the Company at completion.

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Sale and Purchase Agreement is higher than 25% but below 100%, they will constitute major transactions of the Company and are subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

SCA Group is the controlling shareholder of the Company and a connected person of the Company. As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Sale and Purchase Agreement exceeds 5% and the total consideration exceeds HK$3,000,000, the transactions will therefore constitute non-exempted connected transactions of the Company under Chapter 14A of the Listing Rules which are subject to the reporting, announcement and independent shareholders' approval requirements under Rules 14A of the Listing Rules.

The transactions were approved by the independent shareholders on 13 January 2016, and have not yet been completed.

(B) On 1 November 2015, Fu An Trading (Hong Kong) Limited ("Fu An Trading"), a connected person of the Company, as transferor, the Company and Vinda Paper (China) Company Limited, a wholly-owned subsidiary of the Company, as transferee entered into an equity transfer agreement ("Equity Transfer Agreement") in relation to the transfer of the entire equity interest in 江門朝富紙業有限公司 (for identification purpose only, in English Jiangmen Dynasty Fortune Paper Limited ("Dynasty Paper")) at a transfer price of HK$976,000,000 (debt and cash free).

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Equity Transfer Agreement exceed 5% but below 25%, the transactions constitute discloseable transactions of the Company and are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

Fu An Trading is beneficially owned as to 74.21% by Mr. LI Chao Wang, 15.79% by Ms. YU Yi Fang and 10.00% by Mr. DONG Yi Ping, three Executive Directors. In the circumstances, Fu An Trading is regarded as a connected person of the Company. As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Equity Transfer Agreement exceed 5%, the transactions therefore constitute non-exempted connected transactions of the Company under Chapter 14A of the Listing Rules which are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The transactions were approved by the independent shareholders on 13 January 2016, and have not yet been completed.

Continuing Connected Transactions

A) On 28 November 2014, the Company entered into a master procurement agreement (the "Master Procurement Agreement) with SCA Group, a wholly-owned subsidiary of SCA, a controlling shareholder and a connected person of the Company. Pursuant to the Master Procurement Agreement, the Group will purchase from the SCA and its subsidiaries (excluding SCA Taiwan, which is covered under a master supply agreement dated 31 October 2014) (i) personal care products as required by the Group for the

Group's personal care business; and (ii) partially finished goods as required by the Group for the Group's consumable tissue paper products. The final prices and other terms (such as the delivery date(s) and terms of settlement) of the products will be determined by mutual agreement of the parties after arm's length negotiation and based on normal commercial terms or on terms no less favourable to the Group when compared to those offered to independent third parties.

The Master Procurement Agreement is for a term commencing on 28 November 2014 and expiring on 31 December 2016 (both dates inclusive).

The annual caps under the Master Procurement Agreement for the years ending 31 December 2014, 2015 and 2016 are HK$30 million, HK$120 million and HK$120 million respectively.

The transactions under the Master Procurement Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules. As all applicable percentage ratios (other than the profits ratio) calculated with reference to the aggregated annual caps in respect of the Master Procurement Agreement and other relevant agreements between the Group and the SCA Group were less than 5%, the continuing connected transactions under the Master Procurement Agreement were exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

Details of the transactions between the Group, SCA Group and its subsidiaries are as follows:

Continuing connected transaction	**Proposed annual cap for the year ended 31 December 2015** HK$	**Actual transaction amount for the year ended 31 December 2015** HK$
Sales of goods by SCA Group to the Group	120,000,000	98,333,296

B) On 31 October 2014, Vinda Personal Care Limited, a wholly-owned subsidiary of the Company, entered into a master supply agreement (the "Master Supply Agreement") with SCA Taiwan, a wholly-owned subsidiary of SCA. Pursuant to the Master Supply Agreement, SCA Taiwan will supply to the Group personal care products as required by the Group at prices equivalent to a predetermined percentage of the costs (exclusive of value added tax and business tax) for the products, which percentage will be subject to the parties' review and adjustment on a quarterly basis. The terms of the Master Supply Agreement and the prices for the products were negotiated and determined between Vinda Personal Care Limited and SCA Taiwan on an arm's length basis and comparable to the prevailing market rates or at rates similar to those offered by SCA Taiwan to independent third parties.

The Master Supply Agreement is for a term commencing on 1 November 2014 and expiring on 31 December 2016 (both dates inclusive).

The annual caps under the Master Supply Agreement for the years ending 31 December 2014, 2015 and 2016 are HK$30 million, HK$200 million and HK$200 million respectively.

The transactions under the Master Supply Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules. As all applicable percentage ratios (other than the profits ratio) calculated with reference to the annual caps in respect of the Master Supply Agreement were less than 5%, the continuing connected transactions under the Master Supply Agreement were exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

Details of the transactions between Vinda Personal Care Limited and SCA Taiwan are as follows:

Continuing connected transaction	Proposed annual cap for the year ended 31 December 2015 HK$	Actual transaction amount for the year ended 31 December 2015 HK$
Sales of goods by SCA Taiwan to Vinda Personal Care Limited	200,000,000	53,435,904

C) On 31 October 2014, Vinda Trading Company Limited ("Vinda Trading"), a wholly-owned subsidiary of the Company, entered into a distribution agreement (the "Distribution Agreement") with SCA (China) Holding Co Limited ("SCA China"), a wholly-owned subsidiary of SCA. Pursuant to the Distribution Agreement, Vinda Trading has engaged SCA China as its non-exclusive distributor to distribute personal care products and tissue paper products of the Group in the PRC. SCA China may order from Vinda Trading such products as required for its business from time to time. All sales of the personal care products and tissue paper products pursuant to the Distribution Agreement will be made in accordance with the prices and other terms negotiated on an arm's length basis and on normal commercial terms, comparable to the prevailing market rates or at rates similar to those offered by the Group to independent third parties, and as agreed between SCA China and Vinda Trading.

The Distribution Agreement is for a term commencing on 1 November 2014 and expiring on 31 December 2016 (both dates inclusive).

The annual caps under the Distribution Agreement for the years ending 31 December 2014, 2015 and 2016 are HK$50 million, HK$100 million and HK$100 million respectively.

The transactions under the Distribution Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules. As all applicable percentage ratios (other than the profits ratio) calculated with reference to the aggregated annual caps in respect of the Distribution Agreement and other relevant agreements between the Group and subsidiaries and associated companies of SCA were less than 5%, the continuing connected transactions under the Distribution Agreement were exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

Details of the transactions between the Group and SCA China are as follows:

Continuing connected transaction	Proposed annual cap for the year ended 31 December 2015 HK$	Actual transaction amount for the year ended 31 December 2015 HK$
Sales of goods by Vinda Trading to SCA China	100,000,000	7,323,479

D) On 3 December 2013, the Company entered into a renewed master supply agreement (the "Renewed Master Supply Agreement") with SCA China, a wholly-owned subsidiary of SCA, whereby members of the Group will sell the Group's household consumable paper products, such as toilet rolls, table napkins, tissue towels and face tissues to SCA and its subsidiaries (excluding Asaleo Care Australasia Pty Limited (formerly known as SCA Hygiene Australasia Pty Limited) and SCA Hygiene Australasia Limited (collectively, "SCA HA"), which are separately covered under a product supply agreement dated 2 January 2013; details of the said agreement is set out in the announcement of the Company dated 2 January 2013) at prices to be determined on an arm's length basis and comparable to the prevailing market rates or at rates similar to those offered by the Group to independent third parties.

The Renewed Master Supply Agreement has a term of 3 years commencing from 1 January 2014 and expiring on 31 December 2016 (both dates inclusive).

The annual caps under the Renewed Master Supply Agreement for the three years ending 31 December 2014, 2015 and 2016 are all HK$7.2 million.

The transactions under the Renewed Master Supply Agreement constitute continuing connected transactions under the then Chapter 14A of the Listing Rules. The applicable percentage ratios (other than the profits ratio) calculated with reference to the individual annual caps on an annual basis was less than 5%. Accordingly, the continuing connected transactions under the Renewed Master Supply Agreement was only subject to the reporting, announcement and annual review requirements and exempt from the independent shareholders' approval requirements under the then Rule 14A.34 of the Listing Rules. The Group has complied with the relevant requirements under the Listing Rules.

Details of the transactions between the Group and SCA's subsidiaries (excluding SCA HA) under the Master Supply Agreement are as follows:

Continuing connected transactions	Proposed annual cap for the year ended 31 December 2015 HK$	Actual transaction amount for the year ended 31 December 2015 HK$
Sales of goods by the Group to SCA China	7,200,000	7,159,541

E) On 2 January 2013, the Company entered into a renewed master product supply agreement (the "Renewed Supply Agreement") with SCA HA (both as customers) pursuant to which SCA HA would acquire household consumable paper products from the Group at prices to be determined on an arm's length basis and comparable to the prevailing market rates or at rates similar to those offered by the Group to independent third parties and subject to other terms and conditions set out therein. SCA controls the exercise of over 30% of the voting power at general meetings of SCA HA, SCA HA are therefore considered as connected persons of the Company.

The Renewed Supply Agreement has a term of 3 years commencing from 1 January 2013 and expiring on 31 December 2015 (both dates inclusive).

The annual caps under the Renewed Master Supply Agreement for the three years ending 31 December 2013, 2014 and 2015 are HK$30 million, HK$36 million and HK$43.2 million respectively.

The transactions under the Renewed Supply Agreement constitute continuing connected transactions under the then Chapter 14A of the Listing Rules. Since each of the applicable percentage ratios (other than the profits ratio) calculated with reference to each of the annual caps for the Renewed Supply Agreement was less than 5%, the continuing connected transactions contemplated under the Renewed Supply Agreement were only subject to the reporting, announcement and annual review requirements and exempt from the independent shareholders' approval requirements under the then Rule 14A.34 of the Listing Rules. The Group has complied with the relevant requirements under the Listing Rules.

Details of the transactions between the Group and SCA HA are as follows:

Continuing connected transactions	**Proposed annual cap for the year ended 31 December 2015** HK$	**Actual transaction amount for the year ended 31 December 2015** HK$
Sales of goods by the Group to SCA HA	43,200,000	10,314,131

F) On 22 November 2011, a wholly-owned subsidiary of the Company (the "Tenant") entered into a lease agreement (the "Lease Agreement") with Jiangmen Taiyuan Paper Company Limited (the "Landlord"), a company indirectly owned as to 74.21% by Mr. LI Chao Wang, 15.79% by Ms. YU Yi Fang and 10.00% by Mr. DONG Yi Ping and thereby a connected person of the Company. Pursuant to the Lease Agreement, the Landlord has agreed to lease to the Group a piece of land located in Xinhui District, Guangdong, the PRC together with a factory and the relevant ancillary infrastructures and facilities to be constructed for an initial term of 15 years commencing on 22 November 2011 with an initial fixed annual rental of RMB29 million until 31 December 2015. The Landlord has agreed to grant to the Group a rent free period from the commencement of the term of the lease until (i) 3 months after the date of delivery of the land, the factory and all incidental facilities for vacant possession, or (ii) 31 December 2012, whichever is later.

The annual caps in relation to the rental under the Lease Agreement for the period between the date of the Lease Agreement to 31 December 2011 and the four years ended 31 December 2012, 2013, 2014 and 2015 are nil, nil, RMB29 million, RMB29 million and RMB29 million respectively.

On 27 March 2012, the Tenant entered into a second lease agreement (the "Second Lease Agreement") with the Landlord. Pursuant to the Second Lease Agreement, the Landlord has agreed to lease to the Group a piece of land located in Xinhui District, Guangdong, the PRC together with the building and structure erected thereon for a term commencing on the date of the Second Lease Agreement and ending on the date on which the Lease Agreement expires with an initial fixed annual rental of RMB16.8 million until 31 December 2015.

The annual caps in relation to the rental under the Second Lease Agreement for the four years ended 31 December 2012, 2013, 2014 and 2015 are RMB8.4 million, RMB16.8 million, RMB16.8 million and RMB16.8 million respectively.

On 10 April 2014, the Tenant entered into a supplemental lease agreement (the "Supplemental Lease Agreement") with the Landlord in respect of the new buildings and ancillary facilities constructed, at the request of the Group and at the cost of the Landlord, on the two pieces of land leased to the Tenant under the Lease Agreement and the Second Lease Agreement. Pursuant to the Supplemental Lease Agreement, the Landlord has agreed to lease to the Group the new buildings and the ancillary facilities as specified in the Supplemental Lease Agreement for a term commencing on the date of the Supplemental Lease Agreement and ending on the date on which the Lease Agreement expires with an initial fixed annual rental of RMB16.2 million until 31 December 2016.

The annual caps in relation to the rental under the Supplemental Lease Agreement for the three years ending 31 December 2014, 2015 and 2016 are all RMB16.2 million.

Since each of the applicable percentage ratios (other than the profits ratio) calculated with reference to each of the expected maximum aggregate annual caps of the transactions under the Supplemental Lease Agreement, the Lease Agreement and the Second Lease Agreement for the years ending 31 December 2014, 31 December 2015 and 31 December 2016 was less than 5%, the continuing connected transactions contemplated under the Supplemental Lease Agreement, the Lease Agreement and the Second Lease Agreement, on an aggregated basis, were only subject to the reporting, announcement and annual review requirements and exempt from the independent shareholders' approval requirements under the then Rule 14A.34 of the Listing Rules.

Continuing connected transactions	Proposed annual cap for the year ended 31 December 2015	Actual transaction amount for the year ended 31 December 2015
Lease Agreement	RMB29,000,000	RMB28,948,157
Second Lease Agreement	RMB16,800,000	RMB16,800,000
Supplemental Lease Agreement	RMB16,200,000	RMB16,200,000

The aforesaid continuing connected transactions have been reviewed by Independent Non-Executive Directors of the Company.

The Independent Non-Executive Directors confirmed that the aforesaid continuing connected transactions were entered into:

(a) in the ordinary and usual course of business of the Group;

(b) either on normal commercial terms or better to the Group than terms available to or from independent third parties; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has issued its unqualified letter containing its findings and conclusions in respect of the aforesaid continuing connected transactions disclosed by the Group in the annual report in accordance with paragraph 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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

As at 31 December 2015, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix 10 of the Listing Rules were as follows:

Long Positions in Shares, Underlying Shares and Debentures

Name	Company name of associated corporations	Nature of interest	Number of Shares	Number of underlying Shares[5]	Aggregate interest	Approximate percentage of interest
LI Chao Wang	The Company	Interest of controlled company	271,341,581 Shares [1]			
		Personal		1,998,000	273,339,581	27.36%
	Fu An International Company Limited	Interest of controlled company	282 shares of US$1.00 each	—	—	74.21%
	Fu An Trading (Hong Kong) Limited	Personal	14,842 shares	—	—	74.21%
	Sentential Holdings Limited	Personal	1 share of US$1.00	—	—	100%
YU Yi Fang	The Company	Interest of controlled company	271,341,581 Shares [2]			
		Personal	50,000 Shares			
			271,391,581 Shares	240,000	271,631,581	27.19%
	Fu An International Company Limited	Interest of controlled company	60 shares of US$1.00 each	—	—	15.79%
	Fu An Trading (Hong Kong) Limited	Personal	3,158 shares	—	—	15.79%
	Join Pride International Limited	Personal	10 shares of US$1.00 each	—	—	100%
DONG Yi Ping	The Company	Interest of controlled company	271,341,581 Shares [3]			
		Personal		240,000	271,581,581	27.18%
	Fu An International Company Limited	Interest of controlled company	38 shares of US$1.00 each	—	—	10.00%
	Fu An Trading (Hong Kong) Limited	Personal	2,000 shares	—	—	10.00%
	Daminos Management Limited	Personal	10 shares of US$1.00 each	—	—	100%

Name	Company name of associated corporations	Nature of interest	Number of Shares	Number of underlying Shares[5]	Aggregate interest	Approximate percentage of interest
LI Jielin [4]	The Company	Personal	—	80,000	80,000	0.008%
Johann Christoph MICHALSKI	The Company	Personal	—	220,000	220,000	0.02%
Ulf Olof Lennart SODERSTROM	The Company	Personal	—	220,000	220,000	0.02%
KAM Robert	The Company	Personal	—	140,000	140,000	0.01%
TSUI King Fai	The Company	Personal	—	140,000	140,000	0.01%

Notes:

1. 216,341,581 shares are registered in the name of Fu An International Company Limited which is held as to 74.21% by Sentential Holdings Limited, 15.79% by Join Pride International Limited and 10.00% by Daminos Management Limited. The entire issued share capital of Sentential Holdings Limited is held by LI Chao Wang. 55,000,000 shares will be allotted and issued to Fu An Trading (Hong Kong) Limited or its nominee pursuant to the equity transfer agreement dated 1 November 2015 (the "Equity Transfer Agreement") entered into among the Company, an indirect wholly-owned subsidiary of the Company and Fu An Trading (Hong Kong) Limited in respect of the sale and purchase of the entire equity interest in Jiangmen Dynasty Fortune Paper Limited, details of which have been set out in the announcement of the Company dated 2 November 2015. Fu An Trading (Hong Kong) Limited is held as to 74.21% by LI Chao Wang, 15.79% by YU Yi Fang and 10.00% by DONG Yi Ping.

2. 216,341,581 shares are registered in the name of Fu An International Company Limited which is held as to 74.21% by Sentential Holdings Limited, 15.79% by Join Pride International Limited and 10.00% by Daminos Management Limited. The entire issued share capital of Join Pride International Limited is held by YU Yi Fang. 55,000,000 shares will be allotted and issued to Fu An Trading (Hong Kong) Limited or its nominee pursuant to the Equity Transfer Agreement. Fu An Trading (Hong Kong) Limited is held as to 74.21% by LI Chao Wang, 15.79% by YU Yi Fang and 10.00% by DONG Yi Ping.

3. 216,341,581 shares are registered in the name of Fu An International Company Limited which is held as to 74.21% by Sentential Holdings Limited, 15.79% by Join Pride International Limited and 10.00% by Daminos Management Limited. The entire issued share capital of Daminos Management Limited is held by DONG Yi Ping. 55,000,000 shares will be allotted and issued to Fu An Trading (Hong Kong) Limited or its nominee pursuant to the Equity Transfer Agreement. Fu An Trading (Hong Kong) Limited is held as to 74.21% by LI Chao Wang, 15.79% by YU Yi Fang and 10.00% by DONG Yi Ping.

4. LI Jielin was appointed as Executive Director on 1 October 2015.

5. Details of share options held by the Directors are shown in the section of "Share Option Scheme".

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Scheme

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

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

The Board may, at its discretion and on such terms as it may think fit, grant an employee, a director, any shareholder of any members of the Group or any holder of any securities issued by any member of the Group an award ("Award"), either by way of option ("Option") to subscribe for Shares, an award of Shares or a grant of a conditional right to acquire Shares as it may determine in accordance with the terms of the Scheme.

The Scheme shall be valid and effective for a period of 10 years commencing from 10 July 2007, after which period no further Awards may be offered or granted. The Board shall, subject to the rules of the Scheme and the Listing Rules, have the right to determine, among others, the exercise price of an Option, the minimum period for which the Award must be held before its vesting, performance, operating and financial targets and other criteria to be satisfied before the vesting of an Award and other terms and conditions of an Award, provided that, in respect of an Award of Option, the exercise price of an Option shall be a price determined by the Board at its absolute discretion but shall not be less than the highest of (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of the offer; or (iii) the nominal value of the Shares on the date of Offer.

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

Details of movements of the options granted under the Share Option Scheme for the year ended 31 December 2015 are as follows:

	Date of Grant	Exercise price per Share HK$	as at 1/1/2015	Number of Shares issuable under the options granted during the year	exercised during the year	forfeited during the year	cancelled during the year	as at 31/12/2015	Exercise 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)*
ZHANG Dong Fang *(Note 4)*	02/05/2012	14.06	1,998,000	—	—	—	—	1,998,000	*(Note 2)*
DONG Yi Ping	02/05/2012	14.06	240,000	—	—	—	—	240,000	*(Note 2)*
Johann Christoph MICHALSKI	15/04/2011	8.648	80,000	—	—	—	—	80,000	15/04/2011 to 14/04/2021
	02/05/2012	14.06	140,000	—	—	—	—	140,000	*(Note 2)*
LI Jielin *(Note 5)*	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	15/04/2011	8.648	80,000	—	(80,000)	—	—	—	15/04/2011 to 14/04/2021
	02/05/2012	14.06	140,000	—	—	—	—	140,000	*(Note 2)*
HUI Chin Tong, Godfrey *(Note 6)*	15/04/2011	8.648	80,000	—	(80,000)	—	—	—	15/04/2011 to 14/04/2021
	02/05/2012	14.06	140,000	—	—	—	—	140,000	*(Note 2)*
TSUI King Fai	02/05/2012	14.06	140,000	—	—	—	—	140,000	*(Note 2)*
Employees of the Group									
In aggregate	24/02/2009	2.98	460,000	—	—	—	—	460,000	*(Note 1)*
	15/04/2011	8.648	1,380,000	—	(120,000)	—	—	1,260,000	15/04/2011 to 14/04/2021
	02/05/2012	14.06	5,430,000	—	(405,000)	(90,000)	—	4,935,000	*(Note 2)*
	02/05/2013	10.34	120,000	—	—	—	—	120,000	*(Note 3)*
Sum			12,966,000	—	(685,000)	(90,000)	—	12,191,000	

Note 1: (i) 20% of the option are exercisable on the expiry of 1 year of the date of grant, i.e. on/after 24 February 2010.
(ii) 30% of the option are exercisable on the expiry of 2 years of the date of grant, i.e. on/after 24 February 2011.
(iii) 50% of the option are exercisable on the expiry of 3 years of the date of grant, i.e. on/after 24 February 2012.
and in each case, no later than 23 February 2019.

Note 2: (i) up to 32% on or after 2 May 2012.
(ii) up to 66% on or after 2 May 2013.
(iii) all the remaining options on or after 2 May 2014.
and in each case, not later than 1 May 2022.

Vesting condition for (ii) — on condition that the Board 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.

Note 4: ZHANG Dong Fang resigned as Executive Director on 1 October 2015.

Note 5: LI Jielin was appointed as Executive Director on 1 October 2015.

Note 6: HUI Chin Tong, Godfrey resigned as Independent Non-Executive Director on 16 October 2015.

Arrangement to Purchase Shares or Debentures

Save as disclosed above, at no time during the year 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 31 December 2015, the interests and short positions of the substantial shareholders of the Company in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in shares and underlying shares

Name of shareholder	Nature of interest	Interest in Shares	Interest in underlying shares [7]	Aggregate interest	Percentage of issued share capital
Long position					
SCA Group [1]	Beneficial owner	589,097,459 [5]	31,639,653 [6]	620,737,112	62.13%
Svenska Cellulosa Aktiebolaget [1]	Interest of controlled company	589,097,459 [5]	31,639,653 [6]	620,737,112	62.13%
Fu An Trading (Hong Kong) Limited [2]	Beneficial owner	55,000,000	—	55,000,000	5.51%
Fu An International Company Limited [3]	Beneficial owner	216,341,581	—	216,341,581	21.65%
Sentential Holdings Limited [3]	Interest of controlled company	216,341,581	—	216,341,581	21.65%
LI Chao Wang	Interest of controlled company Personal	271,341,581 [2] & [3]	1,998,000	273,339,581	27.36%
Nordinvest AB [4]	Beneficial owner	97,000,000	—	97,000,000	9.71%
Floras Kulle AB [4]	Interest of controlled company	97,000,000	—	97,000,000	9.71%
AB Industrivarden (publ) [4]	Interest of controlled company	97,000,000	—	97,000,000	9.71%

Notes:

1. SCA Group is wholly-owned by Svenska Cellulosa Aktiebolaget, a company whose shares are traded on the Stockholm, London and New York (as ADRs) stock exchanges. Under the SFO, Svenska Cellulosa Aktiebolaget is deemed to be interested in the Shares held by SCA Group.

2. 55,000,000 shares will be allotted and issued to Fu An Trading (Hong Kong) Limited or its nominee pursuant to the Equity Transfer Agreement. Fu An Trading (Hong Kong) Limited is held as to 74.21% by LI Chao Wang, 15.79% by YU Yi Fang and 10.00% by DONG Yi Ping. Under the SFO, LI Chao Wang is deemed to be interested in the shares in which Fu An Trading (Hong Kong) Limited is interested.

3. 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 is held by LI Chao Wang. Under the SFO, Sentential Holdings Limited and LI Chao Wang are deemed to be interested in the shares held by Fu An International Company Limited.

4. Nordinvest AB is directly wholly-owned by Floras Kulle AB, which, in turn, is directly wholly owned by AB Industrivarden (publ). Under the SFO, Floras Kulle AB and AB Industrivarden (publ) are deemed to be interested in the shares held by Nordinvest AB.

5. Among these shares, 75,897,034 shares will be allotted and issued to SCA Group pursuant to the sale and purchase agreement dated 28 October 2015 made between SCA Group and the Company in respect of the sale and purchase of the entire issued share capital of each of SCA Hygiene Korea Co. Ltd., SCA Hygiene Malaysia Sdn Bhd and SCA Taiwan, as amended and supplemented by the amended agreement dated 27 December 2015 ("Sale and Purchase Agreement").

6. These shares represent the conversion shares which will be allotted and issued to SCA Group upon conversion of the convertible note as constituted by a convertible note instrument to be issued by the Company and to be subscribed by SCA Group on and subject to the terms of the Sale and Purchase Agreement.

7. Details of share options held by the Directors are shown in the section of "Share Option Scheme".

Save as disclosed above, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major Customers and Suppliers

During the year, the percentage of sales of goods attributable to the Group's five largest customers combined are 17.5%.

During the year, the percentages of purchases of goods attributable to the Group's major suppliers are approximately as follows:

— the largest supplier	20.9%
— five largest suppliers combined	52.3%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the above major suppliers.

Sufficiency of Public Float

Based on the information that is publicly available and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights under the laws of the Cayman Islands.

Auditors

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for reappointment.

On behalf of the Board
LI Chao Wang
Chairman

Hong Kong, 27 January 2016

羅兵咸永道

Independent Auditor's Report
To the shareholders of Vinda International Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Vinda International Holdings Limited (the "Company") and its subsidiaries set out on pages 71 to 158, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 January 2016

Consolidated Balance Sheet

As at 31 December 2015

	Note	As at 31 December 2015 HK$	2014 HK$
ASSETS			
Non-current assets			
Property, plant and equipment	7	**6,261,216,698**	5,901,730,851
Leasehold land and land use rights	6	**387,818,653**	297,758,758
Intangible assets	8	**1,306,968,419**	1,400,041,901
Deferred income tax assets	22	**259,511,539**	267,405,812
		8,215,515,309	7,866,937,322
Current assets			
Inventories	12	**2,367,407,631**	2,029,115,081
Trade receivables, other receivables and prepayments	14	**1,463,321,731**	1,523,602,317
Prepayments to and receivables from related parties	35(c)	**64,444,039**	61,753,224
Restricted bank deposits	15	**—**	1,301,535
Cash and cash equivalents	16	**393,247,986**	720,283,714
		4,288,421,387	4,336,055,871
Total assets		**12,503,936,696**	12,202,993,193
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	17	**99,908,769**	99,840,269
Share premium	17	**1,688,013,706**	1,677,023,606
Other reserves	19	**3,159,837,388**	3,304,140,930
Total equity		**4,947,759,863**	5,081,004,805

	Note	As at 31 December 2015 HK$	2014 HK$
LIABILITIES			
Non-current liabilities			
Borrowings	21	**2,177,485,991**	878,667,606
Loans from a related party	21, 35(c)	**1,308,080,688**	2,030,138,167
Deferred government grants	23	**92,493,668**	98,726,406
Deferred income tax liabilities	22	**96,248,856**	94,787,849
		3,674,309,203	3,102,320,028
Current liabilities			
Trade payables, other payables and accrued expenses	20	**2,516,294,366**	2,309,379,397
Borrowings	21	**1,252,972,123**	1,555,998,871
Due to related parties	35(c)	**60,202,591**	39,899,848
Current income tax liabilities		**52,398,550**	114,390,244
		3,881,867,630	4,019,668,360
Total liabilities		**7,556,176,833**	7,121,988,388
Total equity and liabilities		**12,503,936,696**	12,202,993,193

The financial statements were approved by the Board of Directors on 27 January 2016 and were signed on its behalf

LI Chao Wang
Director

Johann Christoph MICHALSKI
Director

The notes on pages 76 to 158 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	For the year ended 31 December 2015 HK$	2014 HK$
Revenue	5	**9,695,997,657**	7,985,222,304
Cost of sales	25	**(6,737,327,688)**	(5,576,508,718)
Gross profit		**2,958,669,969**	2,408,713,586
Selling and marketing costs	25	**(1,565,457,775)**	(1,188,369,898)
Administrative expenses	25	**(577,688,065)**	(472,403,420)
Other income and (losses)/gains — net	24	**(62,896,404)**	74,371,838
Operating profit		**752,627,725**	822,312,106
Interest income	27	**4,629,445**	3,220,911
Foreign exchange loss — net	27	**(200,789,370)**	(1,022,634)
Finance costs	27	**(107,591,408)**	(82,701,752)
Finance income and costs — net	27	**(303,751,333)**	(80,503,475)
Share of post-tax loss of an associate		**—**	(4,805,242)
Profit before income tax		**448,876,392**	737,003,389
Income tax expense	28(a)	**(134,435,280)**	(143,536,257)
Profit attributable to equity holders of the Company		**314,441,112**	593,467,132
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Currency translation differences		**(285,983,288)**	(13,756,533)
Hedging reserve	19	**—**	1,805,786
Total comprehensive income attributable to equity holders of the Company		**28,457,824**	581,516,385
Earnings per share for profit attributable to equity holders of the Company for the year (expressed in HK$ per share)			
— basic earnings per share	30	**0.315**	0.594
— diluted earnings per share	30	**0.314**	0.594

The notes on pages 76 to 158 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Note	Attributable to equity holders of the Company			
		Share capital	Share premium	Other reserves	Total
		HK$	HK$	HK$	HK$
Balance at 1 January 2014		99,836,269	1,676,529,981	2,870,510,147	4,646,876,397
Profit for the year		—	—	593,467,132	593,467,132
Other comprehensive income					
— Currency translation differences		—	—	(13,756,533)	(13,756,533)
— Hedging reserve		—	—	1,805,786	1,805,786
Total comprehensive income for 2014		—	—	581,516,385	581,516,385
Transaction with owners					
Employees share option scheme					
— Exercise of share options	18, 19	4,000	493,625	(126,325)	371,300
Dividends	31	—	—	(147,759,277)	(147,759,277)
Transaction with owners		4,000	493,625	(147,885,602)	(147,387,977)
Balance at 31 December 2014		99,840,269	1,677,023,606	3,304,140,930	5,081,004,805
Balance at 1 January 2015		**99,840,269**	**1,677,023,606**	**3,304,140,930**	**5,081,004,805**
Profit for the year		**—**	**—**	**314,441,112**	**314,441,112**
Other comprehensive income					
— Currency translation differences		**—**	**—**	**(285,983,288)**	**(285,983,288)**
Total comprehensive income for 2015		**—**	**—**	**28,457,824**	**28,457,824**
Transaction with owners					
Employees share option scheme					
— Exercise of share options	18, 19	**68,500**	**10,990,100**	**(2,942,860)**	**8,115,740**
Dividends	31	**—**	**—**	**(169,818,506)**	**(169,818,506)**
Transaction with owners		**68,500**	**10,990,100**	**(172,761,366)**	**(161,702,766)**
Balance at 31 December 2015		**99,908,769**	**1,688,013,706**	**3,159,837,388**	**4,947,759,863**

The notes on pages 76 to 158 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2015

	Note	For the year ended 31 December 2015 HK$	2014 HK$
Cash flows generated from operating activities			
Cash generated from operations	32(a)	**1,080,834,192**	996,980,445
Interest paid		**(119,210,810)**	(99,664,759)
Income tax paid		**(215,956,110)**	(58,812,368)
Net cash generated from operating activities		**745,667,272**	838,503,318
Cash flows used in investing activities			
Acquisition of subsidiaries, net of cash acquired		**—**	(1,349,904,431)
Purchase of property, plant and equipment		**(1,088,140,779)**	(1,018,343,271)
Proceeds from disposal of property, plant and equipment	32(b)	**5,562,339**	24,064,234
Proceeds from government grants	23	**2,968,944**	—
Payment for leasehold land and land use rights	6	**(118,712,474)**	(14,888,647)
Purchase of intangible assets	8	**(22,985,050)**	(16,219,799)
Interest received	27	**4,629,445**	3,220,911
Net cash used in investing activities		**(1,216,677,575)**	(2,372,071,003)
Cash flows generated from financing activities			
Proceeds from shares issued		**8,115,740**	371,300
Proceeds from borrowings		**5,827,807,332**	2,497,891,060
Proceeds from loans from a related party	35	**531,465,839**	2,028,661,199
Repayments of borrowings		**(4,761,492,311)**	(2,810,395,962)
Repayments of loans from a related party		**(1,278,514,514)**	—
Dividends paid	31	**(169,818,506)**	(147,759,277)
Net cash generated from financing activities		**157,563,580**	1,568,768,320
Net (decrease)/increase in cash and cash equivalents		**(313,446,723)**	35,200,635
Effect of foreign exchange rate changes		**(13,589,005)**	(4,619,570)
Cash and cash equivalents, beginning of the year	16	**720,283,714**	689,702,649
Cash and cash equivalents, end of the year	16	**393,247,986**	720,283,714

The notes on pages 76 to 158 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1 General Information

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

The Company acts as an investment holding company and provides management as well as financial support services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 11. The Company and its subsidiaries are collectively referred to as the "Group".

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

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

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

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

2.1.1 Changes in accounting policy and disclosures

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

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

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

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

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

(b) *New Hong Kong Companies Ordinance (Cap.622)*

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

(c) *Standards, amendments and interpretations to existing standards effective in 2015 but not relevant to the Group.*

		Effective for annual periods beginning on or after
Amendment to HKAS 19	Defined benefits	1 July 2014
HKFRS 3	Business combinations	1 July 2014
HKAS 16	Property, plant and equipment	1 July 2014
HKAS 38	Intangible assets	1 July 2014
HKAS 40	Investment property	1 July 2014

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

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

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

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Disclosure initiative	1 January 2016
Amendment to HKFRS 11	Joint arrangements	1 January 2016
Amendments to HKFRS 12	Disclosure of interests in other entities	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
Amendments to HKAS 16	Property, plant and equipment	1 January 2016
Amendment to HKAS 27	Consolidated and separate financial statements	1 January 2016
Amendments to HKAS 38	Intangible assets	1 January 2016
Amendments to HKAS 41	Agriculture	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
Amendments to HKFRS 10	Consolidated financial statements	To be determined
Amendments to HKAS 28	Investment in associates	To be determined

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

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

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

Apart from the above, the HKICPA has issued the annual improvements project which addresses several issues in the 2012–2014 reporting cycle, and includes changes to the following standards. The Group has not applied the following revised HKFRSs published in the annual improvements project.

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

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

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2 Summary of significant accounting policies *(continued)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation *(continued)*

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement (Note 2.8).

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 Summary of significant accounting policies *(continued)*

2.2 Subsidiaries *(continued)*

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associate

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in an associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the comprehensive income of the investee after the date of acquisition. The Group's investment in an associate includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to consolidated statement of comprehensive income where appropriate.

The Group's share of post-acquisition comprehensive income is recognised in consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in consolidated statement of comprehensive income.

2 Summary of significant accounting policies *(continued)*

2.3 Associate *(continued)*

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

2.5 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") and the functional currency of the majority of the Group's companies is RMB. The consolidated financial statements are presented in HK$.

(b) Transactions and balances

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

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

2 Summary of significant accounting policies *(continued)*

2.5 Foreign currency translation *(continued)*

(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.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2 Summary of significant accounting policies *(continued)*

2.6 Property, plant and equipment

Leasehold land classified as financial lease and all other property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	20 to 50 years
Buildings	30 to 50 years
Leasehold improvements	3 to 5 years
Machinery	10 to 15 years
Furniture, fittings and equipment	4 to 5 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income and gains — net' in the consolidated statement of comprehensive income.

Construction-in-progress ("CIP") represents buildings, plant and machinery under construction or pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, costs of plant and machinery, and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for the intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

2 Summary of significant accounting policies *(continued)*

2.7 Leasehold land and land use rights

All land in the People's Republic of China (the "PRC") is state-owned and no individual land ownership right exists. The Group acquired the right to use certain land. The premiums paid for such right are treated as prepayment for operating lease and recorded as leasehold land and land use rights, which are amortised over the lease periods using the straight-line method. The leasehold land and land use rights are stated at historical cost less accumulated amortisation and impairment losses.

2.8 Intangible assets

(a) Goodwill

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

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Trademarks and licences

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

2 Summary of significant accounting policies *(continued)*

2.8 Intangible assets *(continued)*

(c) Contractual customer relationships

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

(d) Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (5 years).

2.9 Investment property

Investment property, principally comprising leasehold factory buildings, is held for long-term rental yields not occupied by the Group. Investment property is measured at cost, including related transaction costs and, where applicable, borrowing costs.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Summary of significant accounting policies *(continued)*

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'restricted bank deposits', 'receivables due from related parties' and 'cash and cash equivalents' in the balance sheet (notes 2.13 and 2.14).

2.11.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method. Financial assets carried at fair value through profit or losses are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category other than those related to financing activities are present in the consolidated statement of comprehensive income within 'other gains/(losses) — net' in the period in which they arise.

2 Summary of significant accounting policies *(continued)*

2.11 Financial assets *(continued)*

2.11.3 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in consolidated statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in consolidated statement of comprehensive income.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) and excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 Summary of significant accounting policies *(continued)*

2.13 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2 Summary of significant accounting policies *(continued)*

2.17 Borrowings and borrowing costs *(continued)*

Borrowings at nil or low interest rates from government are treated as government grants and recognised initially at the cost of consideration received.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

General and specific borrowing costs and related exchange gain/(losses) directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in consolidated statement of comprehensive income in the period in which they are incurred.

Borrowing costs include interest expense, finance charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

2.18 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 Summary of significant accounting policies *(continued)*

2.18 Current and deferred income tax *(continued)*

(b) Deferred income tax (continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(a) Pension obligations

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF"), a defined contribution plan. Under the MPF, each of the Group and its Hong Kong employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation, subject to a cap of HK$1,500 per person per month and any excess contributions are voluntary.

In accordance with the rules and regulations in the PRC, the Group has arranged for its PRC employees to join a defined contribution retirement benefit plan organised by the PRC government. The PRC government undertakes to assume the retirement benefit obligations of all existing and future retired employees payable under this plan. The assets of this plan are held separately from those of the Group in an independent fund managed by the PRC government.

The Group also operates two defined contribution schemes which are available to the employees in Australia and the United States. Contributions are made based on certain percentage of the employees' compensation or a fixed sum.

The Group has no further payment obligations once the contributions have been paid. The Group's contributions to these plans are charged to the consolidated statement of comprehensive income as incurred.

2 Summary of significant accounting policies *(continued)*

2.19 Employee benefits *(continued)*

(b) Other employee benefits

In addition to pension obligation, all PRC employees of the Group participate in various employee social security plans, including medical, housing and other welfare benefits, organised and administered by the governmental authorities. According to the relevant regulations, the premiums and welfare benefit contributions that should be borne by the Group are calculated based on percentages of the total salary of employees (or on other basis), subject to a certain ceiling, and are paid to the labour and social welfare authorities.

The Group has no further payment obligations once the contributions have been paid. The Group's contributions to these plans are charged to the consolidated statement of comprehensive income as incurred.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses after taking into consideration of the profit attributable to the Company's shareholders and certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.20 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and an employee remaining on service of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

2 Summary of significant accounting policies *(continued)*

2.20 Share-based payments *(continued)*

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purpose of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 Summary of significant accounting policies *(continued)*

2.22 Government assistance and grants

Government assistance is the action by government designed to provide an economic benefit specific to an entity. The government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity are not recognised.

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the acquisition of land use rights and property, plant and equipment are included in non-current liabilities as deferred government grants and are recognised in the consolidated statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

2.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes ("VAT"). The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognised when a Group entity has delivered products to the customer; the customer has accepted the products and collectability of the related receivables is reasonably assured.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2 Summary of significant accounting policies *(continued)*

2.24 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial market and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Foreign exchange risk

The Company and most of its subsidiaries' functional currency is RMB, since majority of the companies' revenues are derived from operations in Mainland China. Foreign exchange risk arises from the future commercial transactions of sales to and purchases from overseas.

The Company's functional currency is RMB and the Company's presentation currency is HK$. The depreciation/appreciation of RMB against HK$ may result in material impact to other comprehensive income.

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(i) Foreign exchange risk (continued)

As at 31 December 2015 and 2014, if RMB had strengthened/weakened by 10% against US$ with all other variables held constant, the post-tax profit for each year would have changed mainly as a result of foreign exchange gains/losses on translation of US$ denominated cash and cash equivalents, trade and other receivables, trade and other payables and borrowings. Details of the changes are as follows:

	2015	2014
	HK$	HK$
For the year ended:		
Post-tax profit increase/(decrease)		
— Strengthened by 10%	**144,525,876**	98,352,814
— Weakened by 10%	**(144,525,876)**	(98,352,814)
As at:		
Owners' equity increase/(decrease)		
— Strengthened by 10%	**144,525,876**	98,352,814
— Weakened by 10%	**(144,525,876)**	(98,352,814)

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(i) Foreign exchange risk (continued)

As at 31 December 2015 and 2014, if RMB had strengthened/weakened by 10% against HK$ with all other variables held constant, the post-tax profit for each year would have changed mainly as a result of foreign exchange gains/losses on translation of HK$ denominated cash and cash equivalents, trade and other receivables, trade and other payables, borrowings and due from/to related parties. Details of the changes are as follows:

	2015 **HK$**	2014 HK$
For the year ended: Post-tax profit increase/(decrease) — Strengthened by 10%	**149,380,259**	300,299,491
— Weakened by 10%	**(149,380,259)**	(300,299,491)
As at: Owners' equity increase/(decrease) — Strengthened by 10%	**149,380,259**	300,299,491
— Weakened by 10%	**(149,380,259)**	(300,299,491)

As the proportion of HK$ and US$ loans were decreased step by step in 2015, the impact from the RMB depreciation or appreciation was declined compared with last year. The balances for those loans by currencies are listed in Note 21.

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Details of the Group's borrowings have been disclosed in Note 21.

Under certain circumstances, the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

As at 31 December 2015 and 2014, if interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, the post-tax profit for each year would have changed mainly as a result of higher/lower interest expense on floating rate borrowings. Details of the changes are as follows:

	2015 **HK$**	2014 HK$
For the year ended: Post-tax profit (decrease)/increase — 10 basis points higher	**(2,210,488)**	(2,446,027)
— 10 basis points lower	**2,210,488**	2,446,027
As at: Owners' equity (decrease)/increase — 10 basis points higher	**(2,210,488)**	(2,446,027)
— 10 basis points lower	**2,210,488**	2,446,027

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, restricted bank deposits, due from related parties, and trade and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

As at 31 December 2015 and 2014, all restricted bank deposits and cash and cash equivalents were deposited in state-owned banks and reputable financial institutions and were hence without significant credit risk. Management does not expect any losses from non-performance by these counterparties. For further details, please refer to note 13(b).

Credit sales are made to selected customers with good credit history. The Group has policies in place to ensure that outstanding trade receivables are collected on a timely basis.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's objective is to maintain adequate committed credit lines to ensure sufficient and flexible funding is available to the Group. The Group also considers converting short-term borrowings into long-term borrowings to improve the Group's liquidity.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

	On demand HK$	Less than 1 year HK$	Between 1 and 2 years HK$	Between 2 and 5 years HK$
As at 31 December 2015				
Other bank loans (i)	**—**	**1,318,702,354**	**141,755,030**	**2,133,069,177**
Loans from a related party (i)	**—**	**39,644,826**	**686,610,893**	**688,806,444**
Other borrowings	**—**	**11,936,023**	**—**	**—**
Trade payables	**—**	**1,346,392,715**	**—**	**—**
Other payables	**—**	**466,538,591**	**—**	**—**
As at 31 December 2014				
Term loans subject to a repayment on demand clause (i)	328,637,908	—	—	—
Other bank loans (i)	—	1,316,011,355	820,848,074	104,091,927
Loans from a related party (i)	—	—	—	2,145,693,974
Trade payables	—	1,401,419,316	—	—
Other payables	—	360,134,031	—	—

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

3 Financial risk management *(continued)*

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents and restricted bank deposits.

The net gearing ratios at 31 December 2014 and 2015 were as follows:

	As at 31 December	
	2015	2014
	HK$	HK$
Total borrowings (Note 21)	**4,738,538,802**	4,464,804,644
Less: Cash and cash equivalents (Note 16)	**(393,247,986)**	(720,283,714)
Restricted bank deposits (Note 15)	**—**	(1,301,535)
Net debt	**4,345,290,816**	3,743,219,395
Total equity	**4,947,759,863**	5,081,004,805
Net gearing ratio	**87.82%**	73.67%

The increase in net gearing ratio as at 31 December 2015 is attributable to the increase of borrowings made by the Group for the Group's expansion.

3.3 Fair value estimation

As at 31 December 2015 and 2014, the carrying amounts of the Group's current assets and current liabilities approximate their fair values.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill and intangible assets with indefinite useful life

The Group tests annually whether goodwill and intangible assets with indefinite useful life have suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 8).

(b) Useful lives of property, plant and equipments

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management reassesses the useful lives on a regular basis. Management will increase the depreciation charge where useful lives are shorter than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(c) Current tax and deferred tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation in the periods in which such estimate is changed.

4 Critical accounting estimates and judgments *(continued)*

(d) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to industry cycles. Management reassesses the estimates at each balance sheet date.

(e) Provision for impairment of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Management reassesses the provision at each balance sheet date.

(f) Estimated impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgments and estimates.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related assets values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of comprehensive income.

5 Segment information

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

	For the year ended 31 December	
	2015	2014
	HK$	HK$
Sales of household paper products	**9,357,215,975**	7,869,996,440
Sales of personal care products	**338,781,682**	115,225,864
Total revenue (turnover)	**9,695,997,657**	7,985,222,304

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

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

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

The Company is domiciled in Hong Kong. The amount of its revenue from external customers in Mainland China, Hong Kong and overseas is HK$8,599,076,041 (2014: HK$7,261,519,290), HK$984,229,235 (2014: HK$684,684,457) and HK$112,692,381 (2014: HK$39,018,557) respectively.

5 Segment information *(continued)*

The total non-current assets are analysed as follows:

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

6 Leasehold land and land use rights

The Group's interests in leasehold land and land use rights represent the prepaid operating lease payments and their net book values are analysed as follows:

	For the year ended 31 December	
	2015	2014
	HK$	HK$
At 1 January	**297,758,758**	290,468,442
Additions	**118,712,474**	14,888,647
Amortisation (Note 25)	**(6,895,600)**	(6,665,224)
Exchange differences	**(21,756,979)**	(933,107)
	387,818,653	297,758,758

7 Property, plant and equipment

	Land and buildings HK$	Leasehold improvements HK$	Machinery HK$	Furniture, fittings and equipment HK$	Vehicles HK$	Construction in progress HK$	Total HK$
Year ended 31 December 2014							
Opening net book amount	1,315,342,393	24,438,759	3,197,314,552	39,132,808	18,789,838	506,862,821	5,101,881,171
Acquisition of subsidiaries (Note 34)	320,321	203,506	62,563,726	2,871,873	566,566	2,461,782	68,987,774
Additions	18,125,344	18,281,195	16,014,419	15,715,464	3,801,808	1,020,403,920	1,092,342,150
Disposals	(12,642,407)	—	(2,410,832)	(1,732,297)	(48,718)	(126,199)	(16,960,453)
Reclassification	169,052,074	—	988,017,279	3,603,228	11,865	(1,160,684,446)	—
Transfer from investment property due to the acquisition (Note 9)	31,579,375	—	—	—	—	—	31,579,375
Depreciation (Note 25)	(49,851,435)	(7,784,535)	(281,712,666)	(11,368,028)	(5,469,506)	—	(356,186,170)
Impairment charges (Note 25)	—	—	(5,920,827)	(6,891)	—	—	(5,927,718)
Exchange differences	(3,807,058)	(33,912)	(7,661,392)	(86,005)	(56,448)	(2,340,463)	(13,985,278)
Closing net book amount	1,468,118,607	35,105,013	3,966,204,259	48,130,152	17,595,405	366,577,415	5,901,730,851
At 31 December 2014							
Cost	1,774,977,878	47,685,879	5,351,584,888	85,460,734	39,557,149	366,577,415	7,665,843,943
Accumulated depreciation and impairment	(306,859,271)	(12,580,866)	(1,385,380,629)	(37,330,582)	(21,961,744)	—	(1,764,113,092)
Net book amount	1,468,118,607	35,105,013	3,966,204,259	48,130,152	17,595,405	366,577,415	5,901,730,851
Year ended 31 December 2015							
Opening net book amount	**1,468,118,607**	**35,105,013**	**3,966,204,259**	**48,130,152**	**17,595,405**	**366,577,415**	**5,901,730,851**
Additions	**46,393,392**	**15,311,569**	**39,606,545**	**26,724,211**	**12,385,580**	**1,039,877,631**	**1,180,298,928**
Disposals	**—**	**—**	**(5,776,072)**	**(184,831)**	**(698,863)**	**(1,084,952)**	**(7,744,718)**
Reclassification	**127,947,750**	**—**	**892,772,220**	**8,458,208**	**7,945,622**	**(1,037,123,800)**	**—**
Depreciation (Note 25)	**(55,923,061)**	**(11,887,908)**	**(339,441,925)**	**(15,282,550)**	**(6,332,307)**	**—**	**(428,867,751)**
Impairment charges (Note 25)	**—**	**—**	**(10,739,209)**	**—**	**—**	**(699,150)**	**(11,438,359)**
Exchange differences	**(90,325,988)**	**(2,183,018)**	**(253,683,299)**	**(3,592,701)**	**(1,547,691)**	**(21,429,556)**	**(372,762,253)**
Closing net book amount	**1,496,210,700**	**36,345,656**	**4,288,942,519**	**64,252,489**	**29,347,746**	**346,117,588**	**6,261,216,698**
At 31 December 2015							
Cost	**1,838,893,133**	**59,614,708**	**5,923,882,674**	**112,755,126**	**52,683,109**	**346,789,366**	**8,334,618,116**
Accumulated depreciation and impairment	**(342,682,433)**	**(23,269,052)**	**(1,634,940,155)**	**(48,502,637)**	**(23,335,363)**	**(671,778)**	**(2,073,401,418)**
Net book amount	**1,496,210,700**	**36,345,656**	**4,288,942,519**	**64,252,489**	**29,347,746**	**346,117,588**	**6,261,216,698**

7 Property, plant and equipment *(continued)*

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

Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	For the year ended 31 December	
	2015	2014
	HK$	HK$
Cost of sales	**370,282,727**	308,255,774
Administrative expenses	**58,585,024**	47,930,396
	428,867,751	356,186,170

8 Intangible assets

	Goodwill HK$	Trademarks and licences HK$	Contractual customer relationships HK$	Computer software HK$	Total HK$
At 1 January 2014					
Cost	2,293,653	—	—	36,755,913	39,049,566
Accumulated amortisation and impairment	(2,293,653)	—	—	(15,520,765)	(17,814,418)
Net book amount	—	—	—	21,235,148	21,235,148
Year ended 31 December 2014					
Opening net book amount	—	—	—	21,235,148	21,235,148
Additions	—	—	—	16,219,799	16,219,799
Acquisition of subsidiaries (Note 34)	807,221,393	405,900,000	156,200,000	158,934	1,369,480,327
Disposal	—	—	—	(28,081)	(28,081)
Amortisation expense (Note 25)	—	(3,534,260)	(2,753,677)	(9,618,328)	(15,906,265)
Exchange differences	5,632,110	2,512,815	938,170	(42,122)	9,040,973
Closing net book amount	812,853,503	404,878,555	154,384,493	27,925,350	1,400,041,901
At 31 December 2014					
Cost	815,650,064	408,428,495	157,150,387	55,487,359	1,436,716,305
Accumulated amortisation and impairment	(2,796,561)	(3,549,940)	(2,765,894)	(27,562,009)	(36,674,404)
Net book amount	812,853,503	404,878,555	154,384,493	27,925,350	1,400,041,901
Year ended 31 December 2015					
Opening net book amount	**812,853,503**	**404,878,555**	**154,384,493**	**27,925,350**	**1,400,041,901**
Additions	**—**	**—**	**—**	**22,985,050**	**22,985,050**
Amortisation expense (Note 25)	**—**	**(12,528,626)**	**(10,842,304)**	**(11,433,890)**	**(34,804,820)**
Exchange differences	**(47,443,944)**	**(23,141,110)**	**(8,586,505)**	**(2,082,153)**	**(81,253,712)**
Closing net book amount	**765,409,559**	**369,208,819**	**134,955,684**	**37,394,357**	**1,306,968,419**
At 31 December 2015					
Cost	**768,042,893**	**384,589,688**	**147,977,966**	**74,175,261**	**1,374,785,808**
Accumulated amortisation and impairment	**(2,633,334)**	**(15,380,869)**	**(13,022,282)**	**(36,780,904)**	**(67,817,389)**
Net book amount	**765,409,559**	**369,208,819**	**134,955,684**	**37,394,357**	**1,306,968,419**

8 Intangible assets *(continued)*

During the year ended 31 December 2015, amortisation of intangible assets charged to the consolidated statement of comprehensive income is as follows:

	For the year ended 31 December 2015 HK$	2014 HK$
Administrative expenses	**23,962,516**	13,152,588
Selling expenses	**10,842,304**	2,753,677
	34,804,820	15,906,265

(a) Impairment assessments for goodwill

Management reviews the business performance based on type of business. There are two business segments have been identified — household paper products and personal care products segments. Goodwill is monitored by the management at the operating segment level. The following is a summary of goodwill allocation for each operating segment:

2015	**Opening HK$**	**Addition HK$**	**Exchange differences HK$**	**Closing HK$**
Personal care products	**241,766,230**	**—**	**(14,111,206)**	**227,655,024**
Household paper products	**571,087,273**	**—**	**(33,332,738)**	**537,754,535**
	812,853,503	**—**	**(47,443,944)**	**765,409,559**

2014	Opening HK$	Addition HK$	Exchange differences HK$	Closing HK$
Personal care products	—	239,669,992	2,096,238	241,766,230
Household paper products	—	567,551,401	3,535,872	571,087,273
	—	807,221,393	5,632,110	812,853,503

8 Intangible assets *(continued)*

(a) Impairment assessments for goodwill *(continued)*

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial plans approved by management covering a forecast period. A five-year forecast period is used for household paper products segment. For the personal care products segment, management has updated its business plan in 2015. Considering the personal care business is still in the incubation stage and requires continued investment in brand building as well as enlarging the sales network to achieve long-term profit growth, the impairment test on personal care products segment in 2015 is based on a ten-year forecast while in 2014 a five-year forecast was used. Cash flows beyond the forecast period are extrapolated using the estimated growth rates stated below. The long-term growth rate of the CGU does not exceed the long-term average growth rate for the household paper business and personal care business in which the CGU operates.

For each of the CGUs with a significant amount of goodwill, the key assumptions, long term growth rate and discount rate used in the value-in-use calculations in 2015 are as follows:

	Personal care products	Household paper products
Sales amount (% annual growth rate)	8%–35%	20%
Gross margin (% of revenue)	33%–44%	40%–50%
Long term growth rate	3.00%	3.00%
Pre-tax discount rate	13.00%	12.00%

For each of the CGUs with a significant amount of goodwill, the key assumptions, long term growth rate and discount rate used in the value-in-use calculations in 2014 were as follows:

	Personal care products	Household paper products
Sales amount (% annual growth rate)	45%	11%–14%
Gross margin (% of revenue)	46%	24%–41%
Long term growth rate	3.00%	2.50%–3.00%
Pre-tax discount rate	17.50%	13.00%–17.50%

These assumptions have been used for the analysis of each CGU within the operating segment.

Sales amount is the average annual growth rate over the forecast period. Considering the Company updated its business plan for personal care segment by introducing several world wide famous personal care brands from SCA, and Management further integrated its personal care segment by combining two parts of its personal care business operation and management team (namely the businesses acquired through the Vinda Personal Care acquisition and the acquisition of the China and Hong Kong operations from SCA in 2014), forecasted growth rate on personal care segment changed to 8% to 35%. The management reviewed the challenging market conditions and decided to put more focus on certain categories and brands. The changes in growth rate assumption was in line with the updated business plan, taking into consideration the Company's business strategy and the latest competitive landscape of the industry.

8 Intangible assets *(continued)*

(a) Impairment assessments for goodwill *(continued)*

Gross margin is the average margin as a percentage of revenue over the forecast period. It is based on the current sales margin levels and sales mix, with adjustments made to reflect the expected future changes due to the business integration and development.

The long term growth rates used are consistent with the forecasts included in industry reports.

The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

A fall in expected annual sales growth rate, gross margin, long term growth rate, or a rise in discount rate would remove the remaining headroom under the impairment test.

(b) Impairment assessments for trademarks and licences with indefinite useful life

Management assesses the value of trademarks and licences with indefinite useful life annually by using the relief-from-royalty method calculated based on cash flow projections approved by management. A five-year cash flow projection for household paper products trademark and license is used. For personal care trademark and license, a ten-year cash flow projection is used in 2015, while in 2014 a five-year cash flow projection was used for the same reason stated above in Note 8(a). Cash flows beyond the forecast period are extrapolated using the estimated growth rates stated below. The value is determined by estimating the value of future forgone royalty payments with the royalty saving ratio over the life of the asset by virtue of owning the asset. The following is current year movement of trademarks and licences with indefinite useful life:

2015	**Opening HK$**	**Addition HK$**	**Exchange differences HK$**	**Closing HK$**
Trademarks and licences with indefinite useful life	**350,419,204**	**—**	**(20,452,971)**	**329,966,233**

2014	Opening HK$	Addition HK$	Exchange differences HK$	Closing HK$
Trademarks and licences with indefinite useful life	—	348,300,000	2,119,204	350,419,204

8 Intangible assets *(continued)*

(b) Impairment assessments for trademarks and licences with indefinite useful life *(continued)*

The key assumptions, long term growth rate and discount rate used in the annual impairment assessments for trademarks and licences with indefinite useful life in 2015 are as follows:

	Personal care products trademark and license	**Household paper products trademark and license**
Sales amount (% annual growth rate)	5%–25%	10%–20%
Royalty saving ratio (%)	1%	3%–8%
Long term growth rate	3.00%	3.00%
Pre-tax discount rate	13.00%	12.00%

The key assumptions, long term growth rate and discount rate used in the annual impairment assessments for trademarks and licences with indefinite useful life in 2014 were as follows:

	Personal care products trademark and license	**Household paper products trademark and license**
Sales amount (% annual growth rate)	45%	11%–14%
Royalty saving ratio (%)	1%	3%–8%
Long term growth rate	3.00%	2.50%–3.00%
Pre-tax discount rate	17.50%	13.00%–17.50%

Sales amount is the average annual growth rate over the forecast period. It is based on past performance and management's expectations of market development of the trademarks and licenses.

The changes in growth rate assumption was in line with the updated business plan, taking into consideration the Company's business strategy and the latest competitive landscape of the industry.

9 Investment property

	For the year ended 31 December	
	2015	2014
	HK$	HK$
Opening net book amount	—	32,427,614
Transfer to property, plant and equipment due to the acquisition (Note 7)	—	(31,579,375)
Amortisation expense (Note 24)	—	(594,514)
Exchange differences	—	(253,725)
Year-end net book amount	—	—

On 1 March 2012, the Group entered into a contract with V-Care (China) Limited (a subsidiary of V-Care Holdings Limited, the Group's associate at that time) to lease certain of the Group's plant to V-Care (China) Limited. The lease term is of 3 years starting from 1 March 2012 to 28 February 2015 with a monthly rent of RMB138,000. Accordingly, the Group transferred the factory plant from property, plant and equipment to investment property and has accounted for that investment property with cost method.

On 10 July 2014, the Group acquired further 59% equity interests in Vinda Personal Care Holdings Limited ("Vinda Personal Care", formerly known as "V-Care Holdings Limited"). After the acquisition, Vinda Personal Care became a wholly-owned subsidiary of the Group (Note 34). Accordingly, the plant leased to Vinda Personal Care (China) Limited ("VPC (China)", formerly known as "V-Care (China) Limited") was reclassified to property, plant and equipment upon completion of the acquisition.

10 Investment in an associate

	2015	2014
	HK$	HK$
1 January	—	58,757,692
Share of post-tax loss of an associate	—	(4,805,242)
Additional investment in an unlisted associate	—	—
Associate to subsidiary through step acquisition (i)	—	(53,810,354)
Exchange differences	—	(142,096)
31 December	—	—

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

11 Subsidiaries

As at 31 December 2015, the Company had direct and indirect interests in the following subsidiaries:

Name	Place of incorporation/ operation and kind of legal entity	Principal activities	Issued and fully paid capital	Interest held (directly)	Interest held (indirectly)
Vinda Household Paper (China) Limited ("Vinda Household Paper (China)")	British Virgin Islands, limited liability company	Investment holding and trading of wood pulp and machinery	US$1	100%	—
Vinda Household Paper (Hong Kong) Limited ("Vinda Household Paper (Hong Kong)")	British Virgin Islands, limited liability company	Investment holding	US$10,002	100%	—
Vinda Household Paper (U.S.A.) Limited	British Virgin Islands, limited liability company	Investment holding	US$1	100%	—
Vinda Household Paper (Australia) Limited	British Virgin Islands, limited liability company	Investment holding	US$1	100%	—
Vinda Paper (U.S.A.) Inc.	United States of America, limited liability company	Trading of wood pulps	US$1	—	100%
Vinda Paper (Australia) Pty Limited	Australia, limited liability company	Manufacturing and sale of household consumable paper	Australian dollar 100,000	—	100%
Forton Enterprises Limited ("Forton Enterprises")	Hong Kong, limited liability company	Investment holding and trading of household consumable paper	HK$10,100	—	100%
Vinda Paper Industrial (H.K.) Company Limited ("Vinda Industrial HK")	Hong Kong, limited liability company	Property investments and trading of household consumable paper	HK$10,000	—	100%
Vinda Investment (China) Limited ("Vinda Investment")	Hong Kong, limited liability company	Investment holding	HK$1	—	100%
Vinda Paper (Sichuan) Company Limited ("Vinda Paper (Sichuan)")	The PRC, limited liability company	Manufacturing and sale of household consumable paper	HK$183,900,000	—	100%
Vinda Paper (Hubei) Company Limited ("Vinda Paper (Hubei)")	The PRC, limited liability company	Manufacturing and sale of household consumable paper	HK$53,030,000	—	100%
Vinda Paper (Beijing) Company Limited ("Vinda Paper (Beijing)")	The PRC, limited liability company	Trading of household consumable paper	US$350,000	—	100%
Vinda North Paper (Beijing) Company Limited ("Vinda Northern Paper")	The PRC, limited liability company	Manufacturing and sale of household consumable paper	HK$75,000,000	—	100%
Vinda Paper (Xiaogan) Company Limited ("Vinda Paper (Xiaogan)")	The PRC, limited liability company	Manufacturing and sale of household consumable paper	US$55,000,000	—	100%

11 Subsidiaries *(continued)*

Name	Place of incorporation/ operation and kind of legal entity	Principal activities	Issued and fully paid capital	Interest held (directly)	Interest held (indirectly)
Vinda Paper (Zhejiang) Company Limited ("Vinda Paper (Zhejiang)")	The PRC, limited liability company	Manufacturing and sale of household consumable paper and paper diaper	HK$850,000,000 (Note (i))	—	100%
Vinda Personal Care (Hong Kong) Limited ("Vinda Personal Care HK")	Hong Kong, limited liability company	Investment holding and trading of household consumable paper	HK$1	100%	—
Vinda Trading Company Limited ("Vinda Trading")	The PRC, limited liability company	Trading of household consumable paper and sale of sanitary napkins and paper diaper	RMB50,000,000	—	100%
Vinda Paper (Liaoning) Company Limited ("Vinda Paper (Liaoning)")	The PRC, limited liability company	Manufacturing and sale of household consumable paper	HK$200,000,000	—	100%
Vinda Investment Group Limited ("Vinda Investment Group")	Hong Kong, limited liability company	Investment holding and trading of household consumable paper	HK$1	—	100%
Vinda Paper (Shandong) Company Limited ("Vinda Paper (Shandong)")	The PRC, limited liability company	Manufacturing and sale of household consumable paper	HK$200,000,000	—	100%
Vinda Paper (China) Company Limited ("Vinda Paper (China)")	The PRC, limited liability company	Manufacturing and sale of household consumable paper	US$150,000,000	—	100%
Sparkle Sunshine Limited	British Virgin Islands, limited liability company	Investment holding company	US$1	—	100%
Vinda Personal Care Holdings Limited	British Virgin Islands, limited liability company	Investment holding company	HK$250,000,000	—	100%
Vinda Hygiene Care (Hong Kong) Limited ("VHC")	Hong Kong, limited liability company	Investment holding company	HK$1	—	100%
Vinda Personal Care Limited ("VPC")	Hong Kong, limited liability company	Investment holding company	HK$1	—	100%
Vinda Personal Care (China) Limited ("VPC (China)")	The PRC, limited liability company	Manufacturing and sale of sanitary napkins and paper diaper	RMB100,000,000	—	100%
Everbeauty Industry (Fujian) Company Limited ("Everbeauty (Fujian)")	The PRC, limited liability company	Manufacturing and sale of household consumable paper	RMB50,000,000	—	100%

11 Subsidiaries *(continued)*

Name	Place of incorporation/ operation and kind of legal entity	Principal activities	Issued and fully paid capital	Interest held (directly)	Interest held (indirectly)
SCA Healthcare Management Pte Limited ("SCA Healthcare")	Singapore, limited liability company	Investment holding company	SGD1,000,000	—	100%
Vinda (Shanghai) Healthcare Management Company Limited ("Vinda Healthcare Shanghai", formerly known as "SCA (Shanghai) Healthcare Management Company Limited")	The PRC, limited liability company	Providing home health care services and health management consulting	RMB4,531,039	—	100%
SCA Tissue Hong Kong Limited	Hong Kong, limited liability company	Trading of household paper products and adult diapers	HK$1	—	100%
Guangdong Xinjiang Energy Company Limited ("Xinjiang Energy")	The PRC, limited liability company	Manufacturing and sale of steam	— (note (ii))	—	100%
Vinda Personal Care (Guangdong) Company Limited ("VPC (Guangdong)")	The PRC, limited liability company	Manufacturing and sale of household consumable paper, sanitary napkins and paper diaper	HK$78,000,000 (note (iii))	—	100%

(i) The paid in capital of Vinda Paper (Zhejiang) was increased from HK$696,332,739 to HK$850,000,000 during the current year.

(ii) Xinjiang Energy was incorporated on 18 September 2015. The registered capital of Xinjiang Energy is RMB34,000,000. As at 31 December 2015, the paid in capital of Xinjiang Energy is nil.

(iii) VPC (Guangdong) was incorporated on 21 September 2015. The registered capital of VPC (Guangdong) is HK$250,000,000. As at 31 December 2015, the paid in capital of VPC (Guangdong) is HK$78,000,000.

12 Inventories

	As at 31 December	
	2015	2014
	HK$	HK$
Raw materials	**1,421,498,228**	1,357,085,068
Finished goods	**945,909,403**	672,030,013
	2,367,407,631	2,029,115,081

The cost of inventories recognised as expenses and included in cost of sales amounted to HK$5,389,862,150 (2014: HK$4,544,613,556) for the year ended 31 December 2015.

13a Financial instruments by category

	Loans and receivables	
	As at 31 December	
	2015	2014
	HK$	HK$
Assets as per balance sheet		
Trade and other receivables excluding prepayments and prepaid expenses	**1,428,758,098**	1,488,159,294
Due from related parties excluding prepayments	**8,941,533**	2,876,107
Restricted bank deposits	**—**	1,301,535
Cash and cash equivalents	**393,247,986**	720,283,714
Total	**1,830,947,617**	2,212,620,650

	Financial liabilities at amortised cost	
	As at 31 December	
	2015	2014
	HK$	HK$
Liabilities as per balance sheet		
Loans from a related party	**1,308,080,688**	2,030,138,167
Bank borrowings	**3,418,522,091**	2,434,666,477
Other borrowings	**11,936,023**	—
Trade and other payables excluding non-financial liabilities	**1,812,931,306**	1,761,553,347
Due to related parties	**60,202,591**	39,899,848
Total	**6,611,672,699**	6,266,257,839

13b Credit quality of financial assets

Trade receivables and notes receivables

The Group has policies in place to ensure credit sales are made to customers with an appropriate credit history. The credit quality of trade receivables that are neither past due nor further impaired being assessed by reference to the reputation and management judgement about counterparty.

Bank deposits

The management considers the credit risks in respect of bank deposits are relatively minimal as each counter party either has a high credit rating or is a state-owned PRC bank. The management believes the PRC government is able to support the state-owned PRC banks in the event of a liquidity difficulty.

The Group categorises its bank balance and restricted bank deposits into the following:

Group 1 — Major international banks (Citi Bank, Australia and New Zealand Banking Group Limited, The Hong Kong and Shanghai Banking Corporation Limited, Deutsche Bank, Handelsbanken, Hang Seng Bank and Standard Chartered Bank)

Group 2 — Top 4 banks in Mainland China (China Construction Bank, Bank of China, Agricultural Bank of China and Industrial and Commercial Bank of China)

Group 3 — Other state-owned banks in Mainland China

	As at 31 December	
	2015	2014
	HK$	HK$
Group 1	**262,466,393**	145,112,872
Group 2	**71,958,112**	523,045,632
Group 3	**58,780,232**	52,971,520
Total	**393,204,737**	721,130,024

14 Trade receivables, other receivables and prepayments

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

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

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

14 Trade receivables, other receivables and prepayments *(continued)*

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

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

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

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

As at 31 December 2015, trade receivables of HK$54,958,160 (2014: HK$59,978,741) were past due but not impaired. These balances relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables based on invoice date is as follows:

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

As at 31 December 2015, trade receivables of HK$11,590,775 (2014: HK$6,870,426) were impaired and fully provided for. The individually impaired receivables mainly relate to customers with financial difficulty. The ageing of these receivables is as follows:

	As at 31 December	
	2015	2014
	HK$	HK$
7 months to 12 months	**7,121,393**	4,129,829
Over 1 year	**4,469,382**	2,740,597
	11,590,775	6,870,426

14 Trade receivables, other receivables and prepayments *(continued)*

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

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

	For the year ended 31 December	
	2015	2014
	HK$	HK$
As at 1 January	**(6,870,426)**	(9,617,461)
Acquisition of subsidiaries	**—**	(1,207,468)
(Provision for)/reversal of impairment of receivables (Note 25)	**(5,460,177)**	2,275,228
Receivables written off	**130,150**	1,639,552
Exchange differences	**609,678**	39,723
As at 31 December	**(11,590,775)**	(6,870,426)

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

15 Restricted bank deposits

	As at 31 December	
	2015	2014
	HK$	HK$
Restricted bank deposits	**—**	1,301,535

As at 31 December 2014, bank deposits of HK$1,301,535 were restricted as deposits for the issuance of letters of credit. These deposits mainly have a maturity ranging from 0 to 90 days.

All the restricted bank deposits were denominated in RMB and have been released in current year.

16 Cash and cash equivalents

	As at 31 December 2015 HK$	2014 HK$
Cash in hand	**43,249**	455,225
Cash at bank	**393,204,737**	719,828,489
	393,247,986	720,283,714

The effective weighted average annual interest rate on cash at bank was 1.00% (2014: 0.50%) for the year ended 31 December 2015.

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	As at 31 December 2015 HK$	2014 HK$
RMB	**333,212,423**	592,392,415
US$	**8,862,800**	5,103,850
HK$	**26,870,313**	102,659,258
Other currencies	**24,302,450**	20,128,191
	393,247,986	720,283,714

17 Share capital and share premium

	Number of authorised shares	Number of issued and fully paid shares	Amount: Ordinary shares HK$	Share premium HK$	Total HK$
At 1 January 2014	80,000,000,000	998,362,686	99,836,269	1,676,529,981	1,776,366,250
Employee share option scheme (Note 18)					
— Exercise of share options	—	40,000	4,000	493,625	497,625
At 31 December 2014	80,000,000,000	998,402,686	99,840,269	1,677,023,606	1,776,863,875
Employee share option scheme (Note 18)					
— Exercise of share options	—	685,000	68,500	10,990,100	11,058,600
At 31 December 2015	**80,000,000,000**	**999,087,686**	**99,908,769**	**1,688,013,706**	**1,787,922,475**

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

18 Share-based payment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 Share-based payment *(continued)*

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

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

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

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

Movements in the number of share options outstanding and their related weighted average exercise prices for the year ended 31 December 2015 and 2014 were as follows:

	For the year ended 31 December			
	2015		2014	
	Weighted average exercise price in HK$	**Number of options**	Weighted average exercise price in HK$	Number of options
At 1 January	**12.64**	**12,966,000**	12.73	13,986,000
Exercised (Note (a))	**11.85**	**(685,000)**	9.28	(40,000)
Forfeited (Note (b))	**14.06**	**(90,000)**	14.60	(980,000)
At 31 December	**12.67**	**12,191,000**	12.64	12,966,000

(a) All of the outstanding options are exercisable. Options exercised during the year ended 31 December 2015 resulted in 685,000 shares (2014: 40,000 shares) being issued with net proceeds of HK$8,115,740 (2014: HK$371,300). The related weighted average share price at the time of exercise was HK$17.31 (2014: HK$13.14) per share.

(b) 90,000 options (2014: 980,000 options) were forfeited during the year ended 31 December 2015 due to employee resignation.

18 Share-based payment *(continued)*

Share options outstanding as at 31 December 2015 have the following expiry dates and exercise prices:

Expiry date	Exercise price HK$ per share	Number of options
23 February 2019	2.98	460,000
14 April 2021	8.648	1,420,000
01 May 2022	14.06	9,192,000
01 May 2023	10.34	1,119,000

19 Other reserves

	Statutory reserves (Note (a)) HK$	Translation reserve HK$	Retained earnings HK$	Employee option reserve HK$	Hedging reserve HK$	Total HK$
At 1 January 2014	379,068,161	553,547,961	1,876,099,022	63,600,789	(1,805,786)	2,870,510,147
Employee share options scheme:						
— Exercise of options	—	—	—	(126,325)	—	(126,325)
Profit for the year	—	—	593,467,132	—	—	593,467,132
Appropriation of reserves	55,181,565	—	(55,181,565)	—	—	—
Dividends	—	—	(147,759,277)	—	—	(147,759,277)
Currency translation differences	—	(13,756,533)	—	—	—	(13,756,533)
Hedging reserve	—	—	—	—	1,805,786	1,805,786
At 31 December 2014	434,249,726	539,791,428	2,266,625,312	63,474,464	—	3,304,140,930
At 1 January 2015	**434,249,726**	**539,791,428**	**2,266,625,312**	**63,474,464**	**—**	**3,304,140,930**
Employee share options scheme:						
— Exercise of options	**—**	**—**	**—**	**(2,942,860)**	**—**	**(2,942,860)**
Profit for the year	**—**	**—**	**314,441,112**	**—**	**—**	**314,441,112**
Appropriation of reserves	**76,223,838**	**—**	**(76,223,838)**	**—**	**—**	**—**
Dividends	**—**	**—**	**(169,818,506)**	**—**	**—**	**(169,818,506)**
Currency translation differences	**—**	**(285,983,288)**	**—**	**—**	**—**	**(285,983,288)**
At 31 December 2015	**510,473,564**	**253,808,140**	**2,335,024,080**	**60,531,604**	**—**	**3,159,837,388**

19 Other reserves *(continued)*

(a) Statutory reserves

In accordance with the "Law of the PRC on Enterprises Operated Exclusively with Foreign Capital" and the Articles of Association of those subsidiaries of the Group, which are wholly foreign owned enterprises in the PRC, an appropriation to the Reserve Fund from the statutory net profit after offsetting accumulated losses of previous years in advance should be made prior to profit distribution to the shareholders. The appropriation for the Reserve Fund is no less than 10% of the statutory net profit and it can cease to accrue when the accumulated appropriation exceeds 50% of the registered capital. For the year ended 31 December 2015, the appropriation for the Reserve Fund is 15% (2014:15%) of the statutory net profits of the year for the subsidiaries in the PRC.

20 Trade payables, other payables and accrued expenses

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

As at 31 December 2015 and 2014, the carrying amounts of the Group's trade payables, notes payable and other payables approximated their fair values.

20 Trade payables, other payables and accrued expenses *(continued)*

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

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

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

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

21 Borrowings

	As at 31 December 2015 HK$	2014 HK$
Non-current		
Unsecured bank borrowings	**2,177,485,991**	878,667,606
Loans from a related party (Note 35(c))	**1,308,080,688**	2,030,138,167
Total non-current borrowings	**3,485,566,679**	2,908,805,773
Current		
Portion of loans from banks due for repayment within one year		
— Unsecured	**1,241,036,100**	1,244,253,403
Portion of loans from banks due for repayment after one year which contain a repayment on demand clause		
— Unsecured	**—**	311,745,468
Other borrowings due for repayment within one year		
— Unsecured (Note (a))	**11,936,023**	—
Total current borrowings	**1,252,972,123**	1,555,998,871
Total borrowings	**4,738,538,802**	4,464,804,644

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

(b) The maturity of borrowings is as follows:

	Bank borrowings As at 31 December 2015 HK$	2014 HK$	Loans from a related party As at 31 December 2015 HK$	2014 HK$	Other borrowings As at 31 December 2015 HK$	2014 HK$
Portion of loans due for repayment within 1 year:	**1,241,036,100**	1,244,253,403	**—**	—	**11,936,023**	—
Loans due for repayment after 1 year (Note 1):						
Between 1 and 2 years	**83,552,160**	939,761,910	**650,000,000**	—	**—**	—
Between 2 and 5 years	**2,093,933,831**	250,651,164	**658,080,688**	2,030,138,167	**—**	—
	3,418,522,091	2,434,666,477	**1,308,080,688**	2,030,138,167	**11,936,023**	—

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

As at 31 December 2015 and 2014, all of the borrowings of the Group are wholly repayable within 5 years.

21 Borrowings *(continued)*

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

	Bank borrowings		Loans from a related party	
	2015	2014	**2015**	2014
HK$	**1.08%–2.94%**	1.52%–3.32%	**1.50%–2.29%**	1.48%–2.29%
US$	**0.93%–2.28%**	1.03%–2.27%	**—**	—
RMB	**3.70%–5.54%**	4.50%–6.90%	**3.39%–6.65%**	3.39%
EUR	**0.80%**	—	**—**	—

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

	Borrowings As at 31 December	
	2015	2014
HK$	**2.03%**	2.32%
US$	**2.13%**	2.27%
RMB	**4.56%**	5.07%
EUR	**0.80%**	—

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

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

22 Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 December	
	2015	2014
	HK$	HK$
Deferred tax assets		
— Deferred income tax assets to be recovered after 12 months	**42,930,140**	44,999,204
— Deferred income tax assets to be recovered within 12 months	**216,581,399**	222,406,608
	259,511,539	267,405,812
Deferred tax liabilities		
— Deferred income tax liability to be settled after 12 months	**(91,803,295)**	(90,666,471)
— Deferred income tax liability to be settled within 12 months	**(4,445,561)**	(4,121,378)
	(96,248,856)	(94,787,849)
Deferred income tax assets, net	**163,262,683**	172,617,963

The gross movement on the deferred income tax account is as follows:

	For the year ended 31 December	
	2015	2014
	HK$	HK$
Beginning of the year	**172,617,963**	197,586,125
Acquisition of subsidiaries (Note 34)	**—**	(43,038,013)
Credited to the consolidated statement of comprehensive income (Note 28)	**901,373**	19,034,706
Exchange differences	**(10,256,653)**	(964,855)
End of the year	**163,262,683**	172,617,963

22 Deferred income tax *(continued)*

The movement of the deferred tax assets is as follows:

	Impairment of assets	Deferred government grants	Unrealised profits-sales of inventories	Unrealised profits-sales of property, plant and equipment	Accrued expenses	Taxable loss carried forward	Share option expenses	Others	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
At 31 December 2013 and 1 January 2014	5,547,974	25,120,559	28,922,089	21,480,164	74,727,108	42,969,403	3,496,189	2,545,066	204,808,552
Credited/(charged) to the consolidated statement of comprehensive income	(1,703,186)	(827,169)	6,136,724	2,047,249	27,398,071	(10,344,710)	(328,118)	(1,044,891)	21,333,970
Acquisition of subsidiaries (Note 34)	799,639	—	60,953	—	1,370,697	39,538,652	—	—	41,769,941
Exchange differences	(19,550)	(89,644)	(71,226)	(64,433)	(122,214)	(112,818)	(13,421)	(13,345)	(506,651)
At 31 December 2014	4,624,877	24,203,746	35,048,540	23,462,980	103,373,662	72,050,527	3,154,650	1,486,830	267,405,812
At 31 December 2014 and 1 January 2015	**4,624,877**	**24,203,746**	**35,048,540**	**23,462,980**	**103,373,662**	**72,050,527**	**3,154,650**	**1,486,830**	**267,405,812**
Credited/(charged) to the consolidated statement of comprehensive income	**5,123,810**	**(84,469)**	**7,314,917**	**479,949**	**(10,197,343)**	**7,104,234**	**(63,311)**	**(1,457,093)**	**8,220,694**
Exchange differences	**(470,530)**	**(1,409,397)**	**(2,332,064)**	**(1,388,257)**	**(5,634,399)**	**(4,668,934)**	**(181,649)**	**(29,737)**	**(16,114,967)**
At 31 December 2015	**9,278,157**	**22,709,880**	**40,031,393**	**22,554,672**	**87,541,920**	**74,485,827**	**2,909,690**	**—**	**259,511,539**

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$7,083,184 (2014: HK$1,942,778) in respect of losses amounting to HK$26,797,166 (2014: HK$8,099,335) that can be carried forward against future taxable income.

22 Deferred income tax *(continued)*

The movement of the deferred tax liabilities is as follows:

	Accelerated depreciation HK$	Interest capitalised HK$	Fair value gains through business combination HK$	Total HK$
At 31 December 2013 and 1 January 2014	1,623,574	5,598,853	—	7,222,427
(Credited)/charged to the consolidated statement of comprehensive income	(370,573)	4,018,674	(1,348,837)	2,299,264
Acquisition of subsidiaries (Note 34)	370,978	—	84,436,976	84,807,954
Exchange differences	(64,719)	(1,333)	524,256	458,204
At 31 December 2014	1,559,260	9,616,194	83,612,395	94,787,849
At 31 December 2014 and 1 January 2015	**1,559,260**	**9,616,194**	**83,612,395**	**94,787,849**
(Credited)/charged to the consolidated statement of comprehensive income	**(404)**	**10,599,077**	**(3,279,352)**	**7,319,321**
Exchange differences	**(130,259)**	**(976,226)**	**(4,751,829)**	**(5,858,314)**
At 31 December 2015	**1,428,597**	**19,239,045**	**75,581,214**	**96,248,856**

Deferred income tax liabilities of HK$141,608,361 (2014: HK$120,743,559) have not been recognised for the withholding tax that would otherwise be payable on the unremitted earnings of certain subsidiaries. Management currently has no intention to remit those earnings in the foreseeable future. Such unremitted earnings totalled HK$2,832,167,226 as at 31 December 2015 (2014: HK$2,414,871,183).

23 Deferred government grants

	HK$
At 1 January 2014	
Cost	125,412,557
Accumulated amortisation	(22,539,073)
Net book amount	102,873,484
Year ended 31 December 2014	
Opening net book amount	102,873,484
Amortisation (Note 24)	(3,778,232)
Exchange differences	(368,846)
Closing net book amount	98,726,406
At 31 December 2014	
Cost	124,805,826
Accumulated amortisation	(26,079,420)
Net book amount	98,726,406
Year ended 31 December 2015	
Opening net book amount	**98,726,406**
Additions	**2,968,944**
Amortisation (Note 24)	**(3,458,468)**
Exchange differences	**(5,743,214)**
Closing net book amount	**92,493,668**
At 31 December 2015	
Cost	**119,381,687**
Accumulated amortisation	**(26,888,019)**
Net book amount	**92,493,668**

In 2015, Vinda Paper (Sichuan) received government grants with total amount of RMB2,390,000 (equivalent to HK$2,968,944). The government grant was recorded as deferred government grants and credited to the consolidated statement of comprehensive income on a straight-line basis over the expected useful lives of the corresponding property, plant and equipment.

23 Deferred government grants *(continued)*

The balance of deferred government grants as at 31 December 2015 mainly includes the grants from local government related to the land use rights purchased:

	As at 31 December	
	2015	2014
	HK$	HK$
Vinda Paper (Liaoning)	**35,944,390**	39,041,607
Vinda Paper (Shandong)	**17,840,519**	19,357,063
Vinda Paper (Sichuan)	**17,565,376**	16,432,383
Vinda Paper (Xiaogan)	**14,309,006**	15,669,450
Vinda Paper (Hubei)	**3,867,268**	4,791,481
	89,526,559	95,291,984
Others	**2,967,109**	3,434,422
	92,493,668	98,726,406

24 Other income and (losses)/gains — net

	For the year ended 31 December	
	2015	2014
	HK$	HK$
Subsidy income received from local government (Note (a))	**37,029,477**	36,482,142
Amortisation of deferred government grants (Note 23)	**3,458,468**	3,778,232
(Loss)/gain on disposal of property, plant and equipment	**(2,182,379)**	7,103,781
Foreign exchange loss — net (Note 29)	**(107,774,379)**	(16,848,150)
Rental income	**511,744**	1,219,081
Depreciation of investment property (Note 9)	**—**	(594,514)
Gain on re-measuring of existing interest in connection with an acquisition	**—**	40,864,236
Others	**6,060,665**	2,367,030
	(62,896,404)	74,371,838

(a) In 2015, certain subsidiaries of the Group in the PRC received subsidy income from government authorities amounting to RMB29,808,728 (equivalent to HK$37,029,477) (2014: RMB28,908,449 (equivalent to HK$36,482,142)).

25 Expenses by nature

	For the year ended 31 December 2015 HK$	2014 HK$
Raw materials and trading merchandise consumed	**4,972,600,834**	4,061,273,718
Staff costs (Note 26)	**963,506,952**	806,865,523
Utilities	**723,937,074**	633,216,010
Transportation expenses	**417,125,088**	325,279,871
Promotion expenses	**604,991,749**	466,404,791
Depreciation of property, plant and equipment (Note 7)	**428,867,751**	356,186,170
Operating lease rent	**144,864,593**	105,445,428
Advertising costs	**65,278,978**	45,775,700
Travel and office expenses	**72,292,754**	51,797,411
Real estate tax, stamp duty and other taxes	**38,422,348**	35,503,162
Bank charges	**7,196,336**	8,509,273
Provision for/(Reversal of) impairment of receivables (Note 14)	**5,460,177**	(2,275,228)
Auditor's remuneration		
— Audit services	**7,703,416**	7,450,393
— Non-audit services	**7,900,000**	1,958,222
Amortisation of leasehold land and land use rights (Note 6)	**6,895,600**	6,665,224
Amortisation of intangible assets (Note 8)	**34,804,820**	15,906,265
Provision for write-down of inventories	**4,867,549**	28,973
Impairment charges on property, plant and equipment (Note 7)	**11,438,359**	5,927,718
Other expenses	**362,319,150**	305,363,412
Total cost of sales, selling and marketing costs and administrative expenses	**8,880,473,528**	7,237,282,036

26 Employee benefit expenses

The aggregate amounts of staff costs including directors' emoluments are as follows:

	For the year ended 31 December 2015 HK$	2014 HK$
Defined contribution for Hong Kong employees		
— MPF	**908,769**	791,632
Social security and benefits for the PRC employees	**114,380,860**	101,379,284
	115,289,629	102,170,916
Wages, salaries and bonus	**790,882,522**	664,203,147
Staff welfare	**57,334,801**	40,491,460
	963,506,952	806,865,523

26 Employee benefit expenses *(continued)*

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2015 include three directors (2014: four directors) whose emoluments are reflected in the analysis show in Note 38. The emoluments payable to the remaining two individuals (2014: one individual) for the year ended 31 December 2015 is as follows:

	For the year ended 31 December	
	2015	2014
	HK$	HK$
— Basic salaries, housing allowances, other allowances and benefits-in-kind	**25,950,794**	13,746,651
— Contributions to retirement plans	**82,878**	99,604
	26,033,672	13,846,255

No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2015 and 2014.

27 Finance income and costs

	For the year ended 31 December	
	2015	2014
	HK$	HK$
Interest expense		
— bank borrowings (Note (a))	**(107,591,408)**	(82,701,752)
Foreign exchange loss — net (Note 29)	**(200,789,370)**	(1,022,634)
Interest income		
— bank deposits	**4,629,445**	3,220,911
Net finance costs	**(303,751,333)**	(80,503,475)

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

28 Taxation

(a) Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year. The applicable corporate income tax rate for Mainland China subsidiaries is 25% except for subsidiaries which are qualified as High and New Technology Enterprises ("HNTE") and would be entitled to enjoy a beneficial tax rate of 15%. The subsidiaries which are qualified as HNTE can additionally deduct 50% of qualified research and development expenses when calculating the taxable income. Taxation on profits outside Mainland China and Hong Kong has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries or cities in which the Group operates.

	For the year ended 31 December	
	2015	2014
	HK$	HK$
Current income tax		
— Hong Kong and overseas profits tax	**51,013,494**	40,246,062
— PRC enterprise income tax	**82,355,493**	120,892,908
— Under provision of income tax for prior year	**1,967,666**	1,431,993
Deferred income tax (Note 22)	**(901,373)**	(19,034,706)
	134,435,280	143,536,257

The tax on the Group's profit before tax differs from the theoretical amount that would arise using weighted average tax rate applicable to profits of the Group as follows:

	For the year ended 31 December	
	2015	2014
	HK$	HK$
Profit before income tax	**448,876,392**	737,003,389
Applicable tax rates	**26.36%**	22.21%
Tax calculated at weighted average tax rate	**118,323,817**	163,688,453
Income not subject to tax	**(8,927,499)**	(19,262,866)
Expenses not deductible for tax purposes	**60,692,572**	14,225,079
Unrecognised tax losses	**3,045,389**	257,375
Utilisation of previously unrecognised tax losses	**(833,626)**	—
Under provision of income tax for prior year	**1,967,666**	1,431,993
Tax exemption on the profit of subsidiaries	**(34,796,759)**	(13,520,488)
Additional deduction of research and development expenses	**(5,036,280)**	(3,283,289)
Income tax expense	**134,435,280**	143,536,257

28 Taxation *(continued)*

(b) VAT

Sales of self-manufactured products of the Company's PRC subsidiaries are subject to VAT. The applicable tax rate for domestic sales is 17%. Vinda Paper (China) has received approval to use the "exempt, credit, refund" method on goods exported. The tax refund rates are 5% and 13%.

Input VAT on purchases of raw materials, fuel, utilities, certain fixed assets and other production materials (merchandise, transportation costs) are creditable against output VAT. VAT payable is the net difference between output VAT and creditable input VAT.

29 Net foreign exchange losses

	For the year ended 31 December	
	2015	2014
	HK$	HK$
Other income and losses — net (Note 24)	**(107,774,379)**	(16,848,150)
Finance income — exchange loss (Note 27)	**(200,789,370)**	(1,022,634)
	(308,563,749)	(17,870,784)

30 Earnings per share

(a) Basic

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

	For the year ended 31 December	
	2015	2014
Profit attributable to equity holders of the Company (HK$)	**314,441,112**	593,467,132
Weighted average number of ordinary shares in issue	**998,824,774**	998,379,563
Basic earnings per share (HK$ per share)	**0.315**	0.594

30 Earnings per share *(continued)*

(b) Diluted

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

	For the year ended 31 December	
	2015	2014
Profit attributable to equity holders of the Company (HK$)	**314,441,112**	593,467,132
Weighted average number of ordinary shares in issue	**998,824,774**	998,379,563
Adjustments for share options	**1,675,708**	949,953
Weighted average number of ordinary shares for diluted earnings per share	**1,000,500,482**	999,329,516
Diluted earnings per share (HK$ per share)	**0.314**	0.594

31 Dividends

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

On 27 January 2016, the Board of Directors proposed a final dividend in respect of the year ended 31 December 2015 of HK$49,954,384, representing HK$0.050 per ordinary share. Such dividend is to be approved by the shareholders at the Annual General Meeting of the Company. These financial statements do not reflect this dividend payable.

The actual final dividends paid for the year ended 31 December 2014 was HK$119,864,122 based on the 998,867,686 issued shares outstanding at that time.

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

32 Cash generated from operations

(a) Reconciliation of profit before income tax to cash generated from operations

	For the year ended 31 December	
	2015	2014
	HK$	HK$
Profit before income tax	**448,876,392**	737,003,389
Adjustments for:		
— Depreciation of property, plant and equipment (Note 7)	**428,867,751**	356,186,170
— Depreciation of investment property (Note 9)	**—**	594,514
— Amortisation of intangible assets (Note 8)	**34,804,820**	15,906,265
— Amortisation of leasehold land and land use rights (Note 6)	**6,895,600**	6,665,224
— Amortisation of deferred government grants (Note 23)	**(3,458,468)**	(3,778,232)
— Loss/(gain) on disposals of property, plant and equipment (Note 24)	**2,182,379**	(7,103,781)
— Provision for/(reversal of) impairment of receivables (Note 14)	**5,460,177**	(2,275,228)
— Provision for inventory impairment	**4,867,549**	28,973
— Impairment charge on property, plant and equipment (Note 7)	**11,438,359**	5,927,718
— Net finance costs (Note 24, Note 27)	**411,525,712**	97,351,625
— Share of post-tax loss of an associate (Note 10)	**—**	4,805,242
— Gains on revaluation of existing investments	**—**	(40,864,236)
	1,351,460,271	1,170,447,643
Changes in working capital (excluding the effect of exchange differences on consolidation):		
— Increase in inventories	**(480,043,631)**	(302,689,032)
— Increase in trade receivables, other receivables and prepayments	**(28,392,662)**	(214,307,381)
— Decrease in restricted bank deposits	**1,275,505**	2,265,735
— Increase in amount due from related parties	**(6,551,673)**	(14,381,432)
— Increase in trade payables, other payables and accrued expenses	**220,852,109**	322,785,496
— Increase in amount due to related parties	**22,234,273**	32,859,416
Cash generated from operations	**1,080,834,192**	996,980,445

32 Cash generated from operations *(continued)*

(b) Reconciliation of proceeds from disposal of property, plant and equipment

In the cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	For the year ended 31 December	
	2015	2014
	HK$	HK$
Net book amount (Note 7)	**7,744,718**	16,960,453
Loss/(gain) on disposal of property, plant and equipment (Note 24)	**(2,182,379)**	7,103,781
Proceeds from disposal of property, plant and equipment	**5,562,339**	24,064,234

33 Commitments

(a) Capital commitments

	As at 31 December	
	2015	2014
	HK$	HK$
Property, plant and equipment and intangible assets	**436,773,776**	312,047,942

(b) Commitments under operating leases

As at 31 December 2015, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	As at 31 December	
	2015	2014
	HK$	HK$
Not later than one year	**105,496,706**	94,493,719
Later than one year but not later than two years	**91,946,161**	89,393,706
Later than two years but not later than five years	**238,512,361**	236,915,727
Later than five years	**396,540,458**	481,089,183
	832,495,686	901,892,335

34 Business Combination

Acquisitions during year 2014 comprised:

(a) On 10 July 2014, the Company acquired further 59% equity interests in Vinda Personal Care for HK$295,000,000 (Note 10) and from the start of the following month, i.e. 1 August 2014, Vinda Personal Care was consolidated in the accounts of the Group as a wholly-owned subsidiary. Details of the above acquisition are set out in the announcement of the Company dated 7 July 2014. Upon completion of the acquisition, the Group holds 100% equity interests in Vinda Personal Care.

As a result of the acquisition, the Group is expected to increase its presence in the Mainland China personal care markets, and to reduce costs through economies of scale. The goodwill of HK$239,669,992 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 Vinda Personal Care. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Vinda Personal Care, the fair value of assets acquired and liabilities assumed at the acquisition date:

	HK$
Consideration as at 1 August 2014	
Total cash consideration transferred	295,000,000
Fair value of equity interest in Vinda Personal Care held before the business combination	94,500,000
Total consideration	389,500,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	23,080,161
Property, plant and equipment (Note 7)	54,091,954
Trademarks (included in intangibles) (Note 8)	22,100,000
Intangible assets (Note 8)	158,934
Deferred tax assets (Note 22)	41,769,941
Inventories	16,374,422
Trade and other receivables	5,006,742
Due from related parties	6,410,637
Trade and other payables	(12,967,702)
Deferred tax liabilities (Note 22)	(6,195,081)
Total identifiable net assets	149,830,008
Goodwill (Note 8)	239,669,992
	389,500,000

34 Business Combination *(continued)*

(a) *(continued)*

Acquisition-related costs of HK$629,947 have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2014.

The Group recognised a gain of HK$40,864,236 as a result of measuring at fair value its 41% equity interests in Vinda Personal Care held before the business combination. The gain is included in other income in the Group's income statement for the year ended 31 December 2014.

The revenue included in the consolidated income statement since 1 August 2014 contributed by the above subsidiaries was HK$31,982,275.

Had the above subsidiaries been consolidated from 1 January 2014, the consolidated income statement would show pro-forma revenue of HK$7,986,347,354 as Vinda acted as Vinda Personal Care's main distributor from the beginning of that year.

(b) On 1 October 2014, the Group acquired 100% equity interests of certain companies and China distribution business from Svenska Cellulosa Aktiebolaget. These subsidiaries and business are mainly engaged in distribution of household paper products and personal care products to extend the market share and business diversity of the Group. The subsidiaries and business acquired are as follows:

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

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

34 Business Combination *(continued)*

(b) *(continued)*

The following table summarises the consideration paid for the acquired subsidiaries and China distribution business, the fair value of assets acquired and liabilities assumed at the acquisition date:

	HK$
Consideration as at 1 October 2014:	
Total cash consideration	1,175,473,086
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	97,488,494
Property, plant and equipment (Note 7)	14,895,820
Trademarks (included in intangibles) (Note 8)	15,200,000
Licences (included in intangibles) (Note 8)	368,600,000
Contractual customer relationship (included in intangibles) (Note 8)	156,200,000
Inventories	71,195,000
Trade and other receivables	44,219,856
Trade and other payables	(81,264,612)
Deferred tax liabilities (Note 22)	(78,612,873)
Total identifiable net assets	607,921,685
Goodwill (Note 8)	567,551,401
	1,175,473,086

Acquisition-related costs of HK$20,831,448 have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2014.

The revenue included in the consolidated income statement since 1 October 2014 contributed by the above subsidiaries and business was HK$172,683,533.

Had the above subsidiaries and business been consolidated from 1 January 2014, the consolidated income statement would show pro-forma revenue of HK$8,616,842,756.

35 Related party transactions

The immediate holding company of the Group is SCA Group (incorporated in Netherlands). The ultimate holding company of the Group is Svenska Cellulosa Aktiebolaget (incorporated in Sweden).

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

Name of related party	Relationship
Asaleo Care Australasia Pty Ltd ("Asaleo")	An associate of Svenska Cellulosa Aktiebolaget
SCA Tissue Hong Kong Limited ("SCA HK")	Subsidiary of Svenska Cellulosa Aktiebolaget
Fu An International Company Limited ("Fu An")	Shareholder
VPC (China)	Subsidiary of Vinda Personal Care
Taiyuan Paper	A subsidiary of Fu An
AB SCA Finans (Publ) ("SCA Finans")	Subsidiary of Svenska Cellulosa Aktiebolaget
Everbeauty Industry (Shanghai) Ltd. ("EB Shanghai")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA (China) Holding Co., Ltd. ("SCA (China)")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Malaysia Sdn Bhd ("SCA HM")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Taiwan	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products GMBH ("SCA GMBH")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Logistics AB	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products Gennep B.V. ("SCA HP B.V.")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products S.P.A. ("SCA S.P.A.")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products AB ("SCA HP")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Singapore Pte Ltd. ("SCA SG")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Korea Co. Ltd. ("SCA HP Korea")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA North America Canada Inc. ("SCA NA")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products sp. Z o.o ("SCA HP sp. Z o.o")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products Slovakia, S.R.O. ("SCA HP S.R.O.")	Subsidiary of Svenska Cellulosa Aktiebolaget
SCA Hygiene Products Hoogezand B.V. ("SCA HP Hoogezand B.V.")	Subsidiary of Svenska Cellulosa Aktiebolaget

35 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 year ended 31 December 2015 include:

(1) Sales of products to related parties:

	For the year ended 31 December	
	2015	2014
	HK$	HK$
— Asaleo	**10,314,131**	26,979,470
— SCA (China)	**8,403,751**	1,557,273
— EB Shanghai	**4,129,038**	—
— SCA HM	**1,617,207**	423,548
— SCA SG	**251,672**	107,862
— SCA HP Korea	**81,352**	—
— SCA GMBH	**—**	18,651
	24,797,151	29,086,804

	For the year ended 31 December 2015	For the period ended 31 July 2014
	HK$	HK$
— VPC (China) (Note (a))	**—**	318,325

(a) On 10 July 2014, the Company acquired further 59% equity interests in Vinda Personal Care for HK$295,000,000 and from the start of the following month, i.e. 1 August 2014, Vinda Personal Care was consolidated in the accounts of the Group as a wholly-owned subsidiary.

35 Related party transactions *(continued)*

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

(2) Processing trade to a related party:

	For the year ended 31 December 2015 HK$	For the period ended 30 September 2014 HK$
— SCA HK (Note (b))	**—**	18,910,218

(b) On 1 October 2014, the Group acquired 100% equity interests of certain companies and China distribution business from Svenska Cellulosa Aktiebolaget.

(3) Purchase of products from related parties:

	For the year ended 31 December	
	2015 HK$	2014 HK$
— SCA Taiwan	**53,435,904**	11,172,874
— SCA HP	**39,847,767**	1,215,400
— SCA HM	**12,502,437**	1,976,314
— SCA GMBH	**9,494,741**	170,273
— SCA (China)	**8,641,167**	18,371,921
— EB Shanghai	**8,063,060**	1,961,304
— SCA HP B.V.	**7,134,083**	1,193,600
— SCA HP sp. Z o.o	**6,439,241**	82,484
— SCA Logistics AB	**4,507,852**	696,839
— SCA HP S.R.O.	**1,242,603**	—
— SCA HP Korea	**454,971**	—
— SCA HP Hoogezand B.V.	**5,374**	—
— SCA S.P.A.	**—**	2,405,623
— SCA NA	**—**	21,707
	151,769,200	39,268,339

	For the year ended 31 December 2015 HK$	For the period ended 31 July 2014 HK$
— VPC (China)	**—**	32,619,174

35 Related party transactions *(continued)*

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

(4) Rental income from a related party:

	For the year ended 31 December 2015 HK$	For the period ended 31 July 2014 HK$
— VPC (China)	**—**	1,219,081

(5) Rental expense paid to a related party:

	For the year ended 31 December	
	2015 HK$	2014 HK$
— Taiyuan Paper (Note (c))	**76,954,233**	66,606,202

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

(6) Loans from a related party:

	For the year ended 31 December	
	2015 HK$	2014 HK$
— SCA Finans (Note (d))	**531,465,839**	2,030,138,167

35 Related party transactions *(continued)*

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

(7) Interest expense to a related party:

	For the year ended 31 December	
	2015	2014
	HK$	HK$
— SCA Finans (Note (d))	**54,286,295**	11,095,000

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

On 19 January 2015 and 11 March 2015, the Group made two loans drawdowns under the term facility agreements dated 22 August 2014 and 19 December 2014 with principal amounts of RMB150,000,000 and HK$350,000,000, and maturity dates of 29 September 2017 and 28 December 2018 respectively.

(8) Transition expenses paid to a related party:

	For the year ended 31 December	
	2015	2014
	HK$	HK$
— SCA (China) (Note (e))	**—**	965,716

(e) SCA (China) charged the Group certain transition expenses on cost basis after the acquisition of SCA China distribution business in 2014.

35 Related party transactions *(continued)*

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

(9) Key management compensation:

	For the year ended 31 December 2015 HK$	2014 HK$
Directors		
— Basic salaries, housing allowances, other allowances, benefits-in-kind, pensions and other benefits	**21,718,779**	13,291,224
Senior management		
— Basic salaries, housing allowances, other allowances, benefits-in-kind, pensions and other benefits	**21,728,078**	11,529,027
	43,446,857	24,820,251

The emoluments of senior management (excluding directors) fell within the following bands:

	Number of individuals 2015	2014
— HK$1,000,000 to HK$1,500,000	**2**	2
— HK$1,500,000 to HK$2,000,000	**2**	1
— Above HK$2,000,000	**3**	2

No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2015 and 2014.

35 Related party transactions *(continued)*

(c) Year-end balances with related parties

	As at 31 December	
	2015	2014
	HK$	HK$
(1) Receivables from related parties		
— EB Shanghai	**4,706,704**	—
— Asaleo	**2,303,527**	2,181,957
— SCA (China)	**1,362,864**	497,843
— SCA HM	**374,983**	196,307
— SCA GMBH	**120,946**	—
— SCA SG	**72,509**	—
	8,941,533	2,876,107

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

	As at 31 December	
	2015	2014
	HK$	HK$
(2) Prepayments to a related party		
— Taiyuan Paper	**55,502,506**	58,877,117

35 Related party transactions *(continued)*

(c) Year-end balances with related parties *(continued)*

	As at 31 December	
	2015	2014
	HK$	HK$
(3) Trade payables to related parties		
— SCA HP	**15,944,369**	1,200,854
— SCA (China)	**14,012,690**	21,359,223
— SCA Taiwan	**8,125,661**	10,014,946
— EB Shanghai	**8,022,035**	1,970,005
— SCA GMBH	**5,229,822**	166,615
— SCA HM	**2,657,450**	2,066,204
— SCA HP B.V.	**1,546,634**	861,062
— SCA Logistics AB	**1,042,443**	82,090
— SCA HP S.R.O.	**692,335**	—
— SCA HP sp. Z o.o	**314,646**	754,118
— SCA HP Hoogezand B.V.	**5,147**	—
	57,593,232	38,475,117

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

35 Related party transactions *(continued)*

(c) Year-end balances with related parties *(continued)*

	As at 31 December	
	2015	2014
	HK$	HK$
(4) Loans from a related party — SCA Finans	**1,308,080,688**	2,030,138,167
(5) Interest payable to a related party — SCA Finans	**2,609,359**	1,424,731

The loan balance as at 31 December 2015 represented long term loans with principal of RMB300,000,000 and HK$950,000,000 respectively and the weighted average interest rate is 3.02%.

36 Events after the balance sheet date

(a) On 28 October 2015, the Company entered into a sales and purchase agreement and an amendment agreement dated 27 December 2015 ("Agreement") with SCA Group in relation to the sale and purchase of SCA Hygiene Korea Co, Ltd., SCA Hygiene Malaysia Snd Bhd, and SCA Taiwan at a purchase price of HK$2,800,000,000. The Agreement was approved by the Independent Shareholders at the Extraordinary General Meeting held on 13 January 2016 by way of poll.

(b) On 1 November 2015, the Company entered into an equity transfer agreement with Fu An Trading (Hong Kong) Limited (a connected person of the Company, as transferor) and Vinda Paper (China) (an indirect wholly-owned subsidiary of the Company, as transferee), to transfer the entire equity interest in Jiangmen Dynasty Fortune Paper Limited at a transfer price of HK$976,000,000 (debt and cash free). The equity transfer agreement was approved by the Independent Shareholders at the Extraordinary General Meeting held on 13 January 2016 by way of poll.

37 Balance sheet and reserve movement of the Company

	As at 31 December 2015 HK$	2014 HK$
ASSETS		
Non-current assets		
Investments in and balances with subsidiaries	**1,286,281,161**	1,363,108,196
Current assets		
Other receivables and prepayments	**555,223**	5,528,603
Dividends receivable	**218,874,453**	162,364,524
Due from subsidiaries	**2,126,687,957**	2,249,818,951
Cash and cash equivalents	**1,341,336**	1,787,116
	2,347,458,969	2,419,499,194
Total assets	**3,633,740,130**	3,782,607,390
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	**99,908,769**	99,840,269
Share premium	**1,688,013,706**	1,677,023,606
Other reserves (Note (a))	**249,539,664**	427,431,625
Total equity	**2,037,462,139**	2,204,295,500
LIABILITIES		
Non-current liabilities		
Loan from a related party	**650,000,000**	1,200,000,000
	650,000,000	1,200,000,000
Current liabilities		
Other payables and accrued expenses	**28,446,983**	8,155,819
Borrowing	**31,330**	149,379,464
Due to subsidiaries	**912,044,473**	211,009,280
Due to a related party	**62,916**	98,680
Current income tax liabilities	**5,692,289**	9,668,647
	946,277,991	378,311,890
Total liabilities	**1,596,277,991**	1,578,311,890
Total equity and liabilities	**3,633,740,130**	3,782,607,390

The balance sheet of the Company was approved by the Board of Directors on 27 January 2016 and were signed on its behalf

LI Chao Wang
Director

Johann Christoph MICHALSKI
Director

37 Balance sheet and reserve movement of the Company *(continued)*

Note (a) Reserve movement of the Company

	Translation reserve HK$	Retained earnings HK$	Company Employee option reserve HK$	Hedging reserve HK$	Total HK$
At 1 January 2014	284,178,344	121,353,232	63,600,789	(1,681,819)	467,450,546
Employee share options scheme:					
— Exercise of options	—	—	(126,325)	—	(126,325)
Dividends	—	(147,759,277)	—	—	(147,759,277)
Profit for the year	—	157,598,925	—	—	157,598,925
Currency translation differences	(51,414,063)	—	—	—	(51,414,063)
Hedging reserve	—	—	—	1,681,819	1,681,819
At 31 December 2014	232,764,281	131,192,880	63,474,464	—	427,431,625
At 1 January 2015	**232,764,281**	**131,192,880**	**63,474,464**	**—**	**427,431,625**
Employee share options scheme:					
— Exercise of options	**—**	**—**	**(2,942,860)**	**—**	**(2,942,860)**
Dividends	**—**	**(169,818,506)**	**—**	**—**	**(169,818,506)**
Profit for the year	**—**	**106,936,296**	**—**	**—**	**106,936,296**
Currency translation differences	**(112,066,891)**	**—**	**—**	**—**	**(112,066,891)**
At 31 December 2015	**120,697,390**	**68,310,670**	**60,531,604**	**—**	**249,539,664**

38 Benefits and interests of directors

(a) Directors' emoluments

	For the year ended 31 December 2015 HK$	2014 HK$
Directors		
— Basic salaries, housing allowances, other allowances and benefits-in-kind	**21,616,135**	13,182,262
— Contributions to retirement plans	**102,644**	108,962
	21,718,779	13,291,224

38 Benefits and interests of directors *(continued)*

(a) Directors' emoluments *(continued)*

The emoluments received/receivable by individual directors are set out below:

(i) For the year ended 31 December 2015:

	Fees HK$	Salaries HK$	Discretionary bonuses HK$	Housing allowance HK$	Estimated money value of other benefits (Note (a)) HK$	Contributions to a retirement benefit scheme HK$	Total HK$
Directors							
— Mr. LI Chao Wang	—	3,208,076	1,800,000	—	11,716	18,000	5,037,792
— Ms. YU Yi Fang	—	2,501,919	600,000	—	11,716	18,000	3,131,635
— Ms. LI Jielin (b)	—	1,397,588	50,000	315,023	5,346	18,000	1,785,957
— Mr. DONG Yi Ping	—	2,501,919	600,000	—	11,716	18,000	3,131,635
— Mr. KAM Ting To, Robert	374,443	—	—	—	—	—	374,443
— Mr. HUI Chin Tong, Godfrey (c)	218,285	—	—	—	—	—	218,285
— Mr. TSUI King Fai	280,835	—	—	—	—	—	280,835
— Mr. Johann Christoph MICHALSKI (d)	20,412	1,160,733	—	—	—	—	1,181,145
— Mr. Ulf Olof Lennart SODERSTROM	27,579	—	—	—	—	—	27,579
— Mr. CHIU Bun	—	—	—	—	—	—	—
— Mr. Jan Christer JOHANSSON	458,847	—	—	—	—	—	458,847
— Mr. Jan Lennart PERSSON (e)	13,608	—	—	—	—	—	13,608
— Mr. WONG Kwai Huen, Albert	280,835	—	—	—	—	—	280,835
— Mr. Gert Mikael SCHMIDT	—	—	—	—	—	—	—
— Ms. ZHANG Dong Fang (f)	—	3,610,046	1,800,000	270,000	8,763	30,644	5,719,453
— Mr. CHIA Yen On (g)	62,759	—	—	—	—	—	62,759
— Mr. Carl Magnus GROTH (h)	13,971	—	—	—	—	—	13,971
	1,751,574	14,380,281	4,850,000	585,023	49,257	102,644	21,718,779

38 Benefits and interests of directors *(continued)*

(a) Directors' emoluments *(continued)*

(i) For the year ended 31 December 2015*: (continued)*

Notes:

(a) Other benefits include medical and life insurance premium.

(b) Ms. LI Jielin was appointed as an Executive Director and deputy Chief Executive Officer on 1 October 2015.

(c) Mr. HUI Chin Tong, Godfrey resigned as an Independent Non-Executive Director on 16 October 2015.

(d) Mr. Johann Christoph MICHALSKI was appointed as the Chief Executive Officer and re-designated as an Executive Director on 1 October 2015.

(e) Mr. Jan Lennart PERSSON resigned as a Non-Executive Director on 30 June 2015.

(f) Ms. ZHANG Dong Fang resigned as an Executive Director and the Chief Executive Officer on 1 October 2015.

(g) Mr. CHIA Yen On was appointed as an Independent Non-Executive Director on 16 October 2015.

(h) Mr. Carl Magnus GROTH was appointed as a Non-Executive Director on 1 July 2015.

38 Benefits and interests of directors *(continued)*

(a) Directors' emoluments *(continued)*

(ii) For the year ended 31 December 2014:

	Fees HK$	Salaries HK$	Discretionary bonuses HK$	Housing allowance HK$	Estimated money value of other benefits (Note (a)) HK$	Contributions to a retirement benefit scheme HK$	Total HK$
Directors							
— Mr. LI Chao Wang	—	3,008,233	—	—	13,842	16,750	3,038,825
— Ms. ZHANG Dong Fang	—	3,008,232	—	360,000	12,752	41,962	3,422,946
— Ms. YU Yi Fang	—	2,346,055	—	—	13,842	16,750	2,376,647
— Ms. LI Jielin	—	1,033,470	—	—	3,683	16,750	1,053,903
— Mr. DONG Yi Ping	—	2,346,055	—	—	13,842	16,750	2,376,647
— Mr. KAM Ting To, Robert	334,368	—	—	—	—	—	334,368
— Mr. HUI Chin Tong, Godfrey	250,776	—	—	—	—	—	250,776
— Mr. TSUI King Fai	250,776	—	—	—	—	—	250,776
— Mr. Johann Christoph MICHALSKI	25,200	—	—	—	—	—	25,200
— Mr. Ulf Olof Lennart SODERSTROM	25,200	—	—	—	—	—	25,200
— Mr. CHIU Bun	—	—	—	—	—	—	—
— Mr. Jan Christer JOHANSSON	25,200	—	—	—	—	—	25,200
— Mr. Jan Lennart PERSSON	25,200	—	—	—	—	—	25,200
— Mr. WONG Kwai Huen, Albert	85,536	—	—	—	—	—	85,536
— Mr. Gert Mikael SCHMIDT	—	—	—	—	—	—	—
	1,022,256	11,742,045	—	360,000	57,961	108,962	13,291,224

For the year ended 31 December 2015 and 2014, no directors of the Company waived any emoluments and no emoluments were paid by the Company to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Consolidated Statement of Comprehensive Income

	For the year ended 31 December				
	2011 HK$	2012 HK$	2013 HK$	2014 HK$	**2015** **HK$**
Revenue	4,765,299,413	6,024,046,812	6,797,959,594	7,985,222,304	**9,695,997,657**
Cost of sales	(3,468,791,744)	(4,169,104,798)	(4,826,278,040)	(5,576,508,718)	**(6,737,327,688)**
Gross profit	1,296,507,669	1,854,942,014	1,971,681,554	2,408,713,586	**2,958,669,969**
Selling and marketing costs	(574,773,574)	(770,366,428)	(945,647,960)	(1,188,369,898)	**(1,565,457,775)**
Administrative expenses	(238,878,433)	(367,866,260)	(371,666,865)	(472,403,420)	**(577,688,065)**
Other income and gains — net	22,786,442	58,407,732	58,091,368	74,371,838	**(62,896,404)**
Operating profit	505,642,104	775,117,058	712,458,097	822,312,106	**752,627,725**
Finance costs, net	18,646,923	(40,712,035)	(12,991,659)	(80,503,475)	**(303,751,333)**
Share of post-tax loss of an associate	(2,358,175)	(15,934,119)	(26,976,817)	(4,805,242)	**—**
Profit before income tax	521,930,852	718,470,904	672,489,621	737,003,389	**448,876,392**
Income tax expense	(116,216,462)	(181,909,149)	(129,581,932)	(143,536,257)	**(134,435,280)**
Profit attributable to equity holders of the Company	405,714,390	536,561,755	542,907,689	593,467,132	**314,441,112**
Other comprehensive income:					
Items that may be reclassified to profit or loss					
Currency translation differences	137,951,695	(357,577)	136,338,309	(13,756,533)	**(285,983,288)**
Hedging reserve	(3,586,084)	(2,808,603)	4,588,901	1,805,786	**—**
Total comprehensive income attributable to equity holders of the Company	540,080,001	533,395,575	683,834,899	581,516,385	**28,457,824**

Consolidated Balance Sheet

	As at 31 December				
	2011 HK$	2012 HK$	2013 HK$	2014 HK$	**2015 HK$**
ASSETS					
Property, plant and equipment	3,022,040,685	3,987,486,971	5,101,881,171	5,901,730,851	**6,275,872,642**
Leasehold land and land use right	184,797,092	185,167,942	290,468,442	297,758,758	**373,162,709**
Intangible assets	10,445,847	12,954,724	21,235,148	1,400,041,901	**1,306,968,419**
Deferred income tax assets	115,700,768	175,685,073	204,808,552	267,405,812	**259,511,539**
Investment property	—	32,435,570	32,427,614	—	**—**
Investment in an associate	59,800,509	64,357,657	58,757,692	—	**—**
Inventories	1,372,221,620	1,446,576,241	1,642,844,200	2,029,115,081	**2,367,407,631**
Trade receivables, other receivables and prepayments	939,353,259	1,115,984,965	1,286,276,545	1,523,602,317	**1,463,321,731**
Prepayments to and receivables from related parties	43,273,883	42,303,573	40,961,155	61,753,224	**64,444,039**
Restricted bank deposits	1,292,449	6,101,567	3,567,270	1,301,535	**—**
Cash and cash equivalents	714,611,721	736,586,651	689,702,649	720,283,714	**393,247,986**
Total Assets	6,463,537,833	7,822,640,934	9,372,930,438	12,202,993,193	**12,503,936,696**
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	93,818,369	99,938,269	99,836,269	99,840,269	**99,908,769**
Share premium	1,119,423,427	1,668,318,024	1,676,529,981	1,677,023,606	**1,688,013,706**
Other reserves	1,925,352,703	2,350,661,375	2,870,510,147	3,304,140,930	**3,159,837,388**
Total equity	3,138,594,499	4,118,917,668	4,646,876,397	5,081,004,805	**4,947,759,863**
LIABILITIES					
Long-term borrowings	1,151,334,272	850,317,747	1,705,003,809	878,667,606	**2,177,485,991**
Loans from a related party	—	—	—	2,030,138,167	**1,308,080,688**
Deferred government grants	74,289,746	100,597,180	102,873,484	98,726,406	**92,493,668**
Derivative financial instruments	17,424,745	15,070,503	12,918,422	—	**—**
Deferred income tax liabilities	1,662,617	4,491,714	7,222,427	94,787,849	**96,248,856**
Other current liabilities	2,080,231,954	2,733,246,122	2,898,035,899	4,019,668,360	**3,881,867,630**
Total Liabilities	3,324,943,334	3,703,723,266	4,726,054,041	7,121,988,388	**7,556,176,833**
Total equity and liabilities	6,463,537,833	7,822,640,934	9,372,930,438	12,202,993,193	**12,503,936,696**
Net current assets	990,520,978	631,306,875	752,397,498	316,387,511	**406,553,757**
Total assets less current liabilities	4,383,305,879	5,089,394,812	6,461,976,117	8,183,324,833	**8,622,069,066**