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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3331)

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

"Healthy lifestyle starts from Vinda"

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

FINANCIAL HIGHLIGHTS

	2008 *HK$*	2007 *HK$*	**Changes** *%*
Revenue	**2,424,044,090**	1,777,721,432	**36.4%**
Profit attributable to equity holders of the Company	**165,911,568**	78,357,059	**111.7%**
Gross profit margin	**21.2%**	20.6%	**0.6%**
Net profit margin	**6.8%**	4.4%	**2.4%**
Earnings per share	**0.184**	0.103	
Debtors turnover	**32days**	37days	
Stock turnover	**95days**	107days	
Finished goods turnover	**32days**	37days	
Gearing ratio[1]	**43.5%**	44.6%	

Note:

1. Calculated on the basis of the amount of total borrowings as a percentage of the total shareholders' equity.

CONSOLIDATED INCOME STATEMENT

	Note	For the year ended 31 December 2008 HK$	2007 HK$
Revenue	2	**2,424,044,090**	1,777,721,432
Cost of sales	3	**(1,910,939,233)**	(1,411,775,105)
Gross profit		**513,104,857**	365,946,327
Selling and marketing costs	3	**(181,765,469)**	(175,162,720)
Administrative expenses	3	**(115,367,807)**	(78,647,307)
Other income		**4,041,388**	10,854,268
Operating profit		**220,012,969**	122,990,568
Finance income		**3,268,001**	22,703,473
Finance costs		**(28,465,727)**	(50,794,794)
Finance costs, net	4	**(25,197,726)**	(28,091,321)
Profit before income tax		**194,815,243**	94,899,247
Income tax expense	5	**(28,903,675)**	(16,542,188)
Profit for the year and attributable to equity holders of the Company		**165,911,568**	78,357,059
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in HK$ per share)			
— basic	6	**0.184**	0.103
— diluted	6	**0.184**	0.103
Dividend	7	**19,884,517**	25,000,000

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December **2008** *HK$*	 2007 *HK$*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,852,374,329**	1,391,200,294
Leasehold land and land use rights		**117,294,978**	95,396,490
Intangible assets		**740,895**	2,966,002
Deferred income tax assets		**47,508,724**	31,592,589
		2,017,918,926	1,521,155,375
Current assets			
Inventories		**491,755,387**	501,295,002
Trade receivables, other receivables and prepayments	8	**259,669,018**	245,497,749
Due from a related party		**5,300,643**	4,272,969
Pledged bank deposits		**884,454**	6,706,535
Derivative financial instruments		**—**	131,890
Cash and cash equivalents		**172,189,258**	252,081,481
		929,798,760	1,009,985,626
Total assets		**2,947,717,686**	2,531,140,001
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**90,384,169**	90,384,169
Share premium		**834,834,579**	834,834,579
Other reserves		**783,867,895**	541,373,559
Total equity		**1,709,086,643**	1,466,592,307

	Note	As at 31 December 2008 HK$	2007 HK$
LIABILITIES			
Non-current liabilities			
Borrowings		**465,875,506**	308,639,527
Deferred government grants		**33,127,079**	28,223,836
Deferred income tax liabilities		**1,556,700**	869,655
		500,559,285	337,733,018
Current liabilities			
Trade payables, other payables and accrued expenses	9	**429,879,934**	347,577,580
Due to a related party		**568,205**	—
Borrowings		**278,411,290**	345,535,483
Current income tax liabilities		**29,212,329**	33,702,613
		738,071,758	726,815,676
Total liabilities		**1,238,631,043**	1,064,548,694
Total equity and liabilities		**2,947,717,686**	2,531,140,001
Net current assets		**191,727,002**	283,169,950
Total assets less current liabilities		**2,209,645,928**	1,804,325,325

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company			
	Share capital	**Share premium**	**Other reserves**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Balance at 1 January 2007	4,250,811	69,260,002	389,585,378	463,096,191
Income recognised directly in equity				
- currency translation differences	—	—	73,431,122	73,431,122
Profit for the year	—	—	78,357,059	78,357,059
Total recognised income for 2007	—	—	151,788,181	151,788,181
Issue of ordinary shares	26,622,001	850,085,934	—	876,707,935
Conversion of share premium to increase capital	59,511,357	(59,511,357)	—	—
Dividend	—	(25,000,000)	—	(25,000,000)
Balance at 31 December 2007	90,384,169	834,834,579	541,373,559	1,466,592,307
Balance at 1 January 2008	90,384,169	834,834,579	541,373,559	1,466,592,307
Income recognised directly in equity				
- currency translation differences	—	—	96,467,285	96,467,285
Profit for the year	—	—	165,911,568	165,911,568
Total recognised income for 2008	—	—	262,378,853	262,378,853
Dividend	—	—	(19,884,517)	(19,884,517)
Balance at 31 December 2008	90,384,169	834,834,579	783,867,895	1,709,086,643

CONSOLIDATED CASH FLOW STATEMENT

	For the year ended 31 December	
	2008	2007
	HK$	*HK$*
Cash flows from operating activities		
Cash generated from operations	**441,470,967**	10,117,417
Interest paid	**(27,615,337)**	(59,373,691)
Income tax paid	**(45,884,441)**	(20,433,656)
Net cash generated from / (used in) operating activities	**367,971,189**	(69,689,930)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(493,629,296)**	(348,020,999)
Proceeds from disposal of property, plant and equipment	**40,040**	133,000
Payment for leasehold land and land use rights	**(19,816,230)**	(8,760,021)
Purchase of intangible assets	**(95,986)**	(255,742)
Interest received	**3,268,001**	9,929,396
Net cash used in investing activities	**(510,233,471)**	(346,974,366)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares, net	**—**	881,416,333
Interest received on IPO subscription deposits	**—**	12,774,077
Proceeds from borrowings	**942,707,308**	1,585,423,399
Repayments of borrowings	**(876,963,413)**	(1,915,663,748)
Decrease in pledged bank deposits	**5,822,081**	36,406,322
Decrease in amounts due to a related party	**—**	(186,786)
Dividends paid	**(19,884,517)**	(31,102,892)
Net cash generated from financing activities	**51,681,459**	569,066,705
Net (decrease) / increase in cash and cash equivalents	**(90,580,823)**	152,402,409
Effect of foreign exchange rate changes	**10,688,600**	38,121,835
Cash and cash equivalents, beginning of the year	**252,081,481**	61,557,237
Cash and cash equivalents, end of the year	**172,189,258**	252,081,481

COMPANY BALANCE SHEET

	As at 31 December	
	2008	2007
	HK$	*HK$*
ASSETS		
Non-current assets		
Investments in subsidiaries	**1,006,935,617**	895,858,457
Current assets		
Other receivables	**240,096**	918,580
Dividend receivable	**60,136,070**	—
Cash and cash equivalents	**159,111**	94,662,426
	60,535,277	95,581,006
Total assets	**1,067,470,894**	991,439,463
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	**90,384,169**	90,384,169
Share premium	**834,834,579**	834,834,579
Other reserves	**138,801,879**	61,352,806
Total equity	**1,064,020,627**	986,571,554
LIABILITIES		
Current liabilities		
Other payables and accrued expenses	**3,450,267**	4,867,909
Total liabilities	**3,450,267**	4,867,909
Total equity and liabilities	**1,067,470,894**	991,439,463
Net current assets	**57,085,010**	90,713,097
Total assets less current liabilities	**1,064,020,627**	986,571,554

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

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

(a) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods that the Group has not early adopted:

- HKAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009).
- HKAS 23 (Revised), 'Borrowing costs' (effective from 1 January 2009).
- HKAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009).
- HKFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009).
- HKFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009).
- HKFRS 7 (Amendment), 'Financial instruments: Disclosure' (effective from 1 January 2009).
- HKFRS 8, 'Operating segments' (effective from 1 January 2009).
- HKICPA's improvements to HKFRS published in October 2008
  - ➢ HKAS 1 (Amendment), 'Presentation of financial statements' (effective from 1 January 2009).
  - ➢ HKAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2009).
  - ➢ HKAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance' (effective from 1 January 2009).
  - ➢ HKAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009).
  - ➢ HKAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009).
  - ➢ HKAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from 1 January 2009).

➢ HKFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations' (and consequential amendment to HKFRS 1, 'First-time adoption') (effective from 1 July 2009).

➢ There are a number of minor amendments to HKFRS 7, 'Financial instruments: Disclosures', HKAS 8, 'Accounting policies, changes in accounting estimates and errors', HKAS 10, 'Events after the balance sheet date', HKAS 18, 'Revenue' and HKAS 34, 'Interim financial reporting' which are not addressed above. The Group is currently assessing the impact of these amendments on the Group's financial statements.

(b) Standards, amendments and interpretations that are not yet effective and not relevant for the Group's operations

The following standards, amendments and interpretations have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2008 or later periods but are not relevant for the Group's operations:

- HKFRS 1 (Amendment), 'First time adoption of HKFRS' and HKAS 27 'Consolidated and separate financial statements' (effective from 1 July 2009).

- HKAS 32 (Amendment), 'Financial instruments: Presentation', and HKAS 1 (Amendment), 'Presentation of financial statements' - 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2009).

- HK(IFRIC) - Int 13 , 'Customer loyalty programmes' (effective from 1 July 2008).

- HK(IFRIC) - Int 15, 'Agreements for construction of real estates' (effective from 1 January 2009).

- HK(IFRIC) - Int 16 , 'Hedges of a net investment in a foreign operation' (effective from 1 October 2008).

- HK(IFRIC) - Int 17 , 'Distributions of non-cash assets to owners' (effective from 1 July 2009).

- HK(IFRIC) - Int 18 - 'Transfers of assets from customers' (effective from 1 July 2009).

- HKICPA's improvements to HKFRS published in October 2008

  ➢ HKAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to HKAS 7, 'Statement of cash flows') (effective from 1 January 2009).

  ➢ HKAS 27 (Amendment), 'Consolidated and separate financial statements' (effective from 1 January 2009).

- ➢ HKAS 28 (Amendment), 'Investments in associates' (and consequential amendments to HKAS 32, 'Financial Instruments: Presentation' and HKFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009).

- ➢ IHKAS 29 (Amendment), 'Financial reporting in hyperinflationary economies' (effective from 1 January 2009).

- ➢ HKAS 31 (Amendment), 'Interests in joint ventures (and consequential amendments to HKAS 32 and HKFRS 7) (effective from 1 January 2009).

- ➢ HKAS 38 (Amendment), 'Intangible assets'(effective from 1 January 2009).

- ➢ HKAS 40 (Amendment), 'Investment property' (and consequential amendments to HKAS 16) (effective from 1 January 2009).

- ➢ HKAS 41 (Amendment), 'Agriculture' (effective from 1 January 2009).

- ➢ The minor amendments to HKAS 20 'Accounting for government grants and disclosure of government assistance', HKAS 29, 'Financial reporting in hyperinflationary economies', HKAS 40, 'Investment property' and HKAS 41, 'Agriculture', which have not been addressed above. These amendments are not relevant to the Group's operations as described above.

(c) Standards, amendments and interpretations effective in 2008 but have no significant impact to the Group's operations

The following amendment is mandatory for accounting periods beginning after 1 January 2008 but have no significant impact to the Group's operations:

- The HKAS 39, 'Financial instruments: Recognition and measurement', amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to HKFRS 7, 'Financial instruments: Disclosures', introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008. This amendment does not have any impact on the Group's financial statements, as the Group has not reclassified any financial assets.

(d) Interpretations effective in 2008 but not relevant for the Group's operations

The following interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008 but they are not relevant to the Group's operations:

- HK(IFRIC) - Int 11, "HKFRS 2 - Group and Treasury Share Transactions";

- HK(IFRIC) - Int 12 , "Service Concession arrangements";

- HK(IFRIC) - Int 14, "HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction".

2 **Segment information**

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

	For the year ended 31 December	
	2008	2007
	HK$	*HK$*
Sales of goods	**2,283,662,244**	1,683,533,327
Sales of semi-finished goods and other materials	**140,381,846**	94,188,105
Total revenue	**2,424,044,090**	1,777,721,432

The Group is principally engaged in a single business segment. More than 90% of the Group's turnover and operating profit is earned within the People's Republic of China (the "PRC") and all major operating assets of the Group are located in the PRC. Therefore, no business segment or geographical segment is presented.

3 **Expenses by nature**

	For the year ended 31 December	
	2008	2007
	HK$	*HK$*
Staff costs	**157,276,402**	114,789,084
Depreciation of property, plant and equipment	**93,986,941**	65,503,786
Provision for impairment of property, plant and equipment	**6,973,472**	—
(Reversal of write-down) / write-down of inventories	**(252,855)**	133,923
Provision for impairment of goodwill	**2,206,207**	—
Amortisation of intangible assets	**313,545**	253,589
Amortisation of leasehold land and land use rights	**3,953,688**	2,561,964
Transportation expenses	**89,913,245**	79,066,014
Travel and office expenses	**13,017,571**	8,538,487
Auditor's remuneration	**5,993,314**	2,519,059
Material costs	**1,572,555,789**	1,138,957,493
Provision / (write-back of provision) for impairment of receivables	**1,545,851**	(716,922)
Utilities	**130,823,410**	98,673,921
Real estate tax, stamp duty and other taxes	**8,194,835**	4,070,110
Advertising costs	**14,932,332**	15,480,404
Promotion fee	**29,698,490**	54,047,831
Operating lease rental	**2,452,474**	2,956,437
Bank charges	**5,051,059**	6,326,187
Other expenses	**69,436,739**	72,423,765
Total cost of sales, selling and marketing costs and administrative expenses	**2,208,072,509**	1,665,585,132

4 **Finance income and costs**

	For the year ended 31 December	
	2008	2007
	HK$	*HK$*
Interest expense		
- bank borrowings	**(40,969,724)**	(60,812,492)
Less: Amounts capitalised in property, plant and equipment	**36,866**	1,646,590
	(40,932,858)	(59,165,902)
Net foreign exchange transaction gain	**12,467,131**	8,371,108
Finance costs	**(28,465,727)**	(50,794,794)
Finance income		
- interest income on bank deposits	**3,268,001**	9,929,396
- interest income on IPO subscription deposits	**—**	12,774,077
	3,268,001	22,703,473
Net finance costs	**(25,197,726)**	(28,091,321)

5 **Taxation**

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries or regions in which the Group operates.

	For the year ended 31 December	
	2008	2007
	HK$	*HK$*
Current income tax		
- Hong Kong profits tax	**7,835,238**	9,416,917
- PRC enterprise income tax	**34,131,874**	14,366,093
- Overseas profits tax	**—**	93,535
Deferred income tax	**(13,063,437)**	(7,334,,357)
	28,903,675	16,542,188

6 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	
	2008	2007
Profit attributable to equity holders of the Company (HK$)	**165,911,568**	78,357,059
Weighted average number of ordinary shares in issue	**903,841,686**	762,334,783
Basic earnings per share (HK$ per share)	**0.184**	0.103

On 10 July 2007, a total of 595,113,568 new ordinary shares of HK$0.10 each were issued and allotted to the then equity shareholders of the Company (namely Fu An International Company Limited, Lee Der Fung Company Limited, Cathay Paper Limited, SCA Hygiene Holding AB and ML GCRE IBK LLC) in proportion to their respective shareholdings, by the capitalisation and application of HK$59,511,357 from the share premium account as payment in full of 595,113,568 shares at par value.

b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all diluted potential ordinary sharers.

The diluted earnings per share for the year ended 31 December 2008 is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the year.

7 Dividend

At a meeting held on 26 March 2007, the Board of Directors proposed an interim dividend in respect of the year ended 31 December 2006 of HK$ 25,000,000, representing HK$ 0.59 per ordinary share. The dividend was paid in June 2007.

At a meeting held on 27 May 2008, the Board of Directors proposed a final dividend in respect of the year ended 31 December 2007 of HK$ 19,884,517, representing HK$ 0.022 per ordinary share. The dividend was paid in June 2008.

8 Trade receivables, other receivables and prepayments

	As at 31 December	
	2008	2007
	HK$	*HK$*
Trade receivables	**216,077,878**	196,836,708
Less: Provision for impairment of trade receivables	**(4,788,288)**	(4,673,758)
Trade receivables, net	**211,289,590**	192,162,950
Other receivables		
- deductible input value-added tax ("VAT")	**9,390,833**	23,080,985
- prepaid income tax recoverable	**4,420,330**	4,993,285
- VAT refundable on goods exported	**—**	523,185
- purchase rebates	**10,390,439**	5,456,806
- others	**15,019,571**	6,204,355
Other receivables, net	**39,221,173**	40,258,616
Trade and other receivables, net	**250,510,763**	232,421,566
Notes receivable	**2,145,811**	2,889,040
Prepayments		
- for purchase of raw materials	**4,818,501**	7,239,021
- others	**2,193,943**	2,948,122
	259,669,018	245,497,749

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

	As at 31 December	
	2008	2007
	HK$	*HK$*
Renminbi ("RMB")	**172,972,153**	183,285,537
HK$	**70,024,178**	49,964,156
United States dollar ("US$")	**12,406,376**	9,304,592
Other currencies	**4,266,311**	2,943,464
	259,669,018	245,497,749

As at 31 December 2008 and 2007, the carrying amounts of the Group's trade and other receivables approximated their fair values due to short duration.

Customers are generally granted with credit terms ranging from 30 to 90 days.

Ageing analyses of trade receivables of the Group as at 31 December 2008 and 2007 are as below:

	As at 31 December	
	2008	2007
	HK$	*HK$*
Within 3 months	**203,101,400**	183,276,212
4 months to 6 months	**7,346,585**	8,791,787
7 months to 12 months	**841,605**	94,951
	211,289,590	192,162,950

As at 31 December 2008, trade receivables of HK$ 12,976,477 (2007: HK$ 13,560,496) were impaired. The amount of provision was HK$ 4,788,288 (2007: HK$ 4,673,758) as at 31 December 2008. The individually impaired receivables mainly relate to customers with different credit ratings. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	As at 31 December	
	2008	2007
	HK$	*HK$*
4 months to 6 months	**8,464,321**	9,367,847
7 months to 12 months	**1,652,545**	189,902
over 1 year	**2,859,611**	4,002,747
	12,976,477	13,560,496

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

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

	For the year ended 31 December	
	2008	2007
	HK$	*HK$*
As at 1 January	**(4,673,758)**	(6,211,929)
Provision for receivable impairment	**(1,545,851)**	(97,288)
Receivables written off during the year as uncollectible	**1,720,153**	1,530,350
Unused amounts reversed	**—**	814,210
Exchange differences	**(288,832)**	(709,101)
As at 31 December	**(4,788,288)**	(4,673,758)

The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivable mentioned above. The Group does not hold any collateral as security.

9 Trade payables, other payables and accrued expenses

	Group As at 31 December 2008 *HK$*	2007 *HK$*
Trade payables	**208,576,180**	146,937,979
Notes payable	**704,697**	—
Other payables		
- salaries payable	**19,909,923**	13,796,751
- taxes payable other than income tax	**19,388,652**	12,898,187
- advances from customers	**29,759,211**	19,467,599
- payables for property, plant and equipment	**50,264,390**	69,074,563
- others	**47,732,078**	33,037,898
Accrued expenses		
- promotion fees	**23,707,019**	19,602,376
- utility charges	**11,242,883**	8,271,346
- transportation fees	**5,795,130**	7,279,990
- others	**12,799,771**	17,210,891
	429,879,934	347,577,580

As at 31 December 2008 and 2007, the carrying amounts of the Group's trade payables, other payables and accrued expenses approximated their fair values.

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

	Group As at 31 December 2008 *HK$*	2007 *HK$*
RMB	**310,998,343**	278,900,998
US$	**108,634,278**	59,289,116
HK$	**3,340,963**	9,267,492
Other currencies	**6,906,350**	119,974
	429,879,934	347,577,580

The credit period granted by the creditors generally ranged from 30 to 90 days. Ageing analysis of trade payables as at 31 December 2008 and 2007 are as follows:

	Group	
	As at 31 December	
	2008	2007
	HK$	*HK$*
Within 3 months	**181,107,904**	127,862,267
4 months to 6 months	**15,496,792**	16,135,442
7 months to 12 months	**2,683,468**	113,392
1 year to 2 years	**7,436,675**	1,192,601
2 years to 3 years	**99,357**	63,418
Over 3 years	**1,751,984**	1,570,859
	208,576,180	146,937,979

	Company	
	As at 31 December	
	2008	2007
	HK$	*HK$*
Other payables and accrued expenses — denominated in HK$	**3,450,266**	4,867,909

As at 31 December 2008 and 2007, the carrying amount of the Company's other payables and accrued expenses approximated their fair values.

FINANCIAL REVIEW

For the year ended 31 December 2008, the Group generated operating revenue of HK$2,424,044,090, representing an increase of 36.4% over the previous year. Earnings before interest, taxes, depreciation and amortization (EBITDA) were HK$334,002,275, representing an increase of 50.2% over the previous year. Profit attributable to equity holders of the Company was HK$165,911,568, representing an increase of 111.7% over the previous year. Basic earnings per share were HK$18.4 cents, representing an increase of 78.6% over the previous year.

Distribution costs in 2008 accounted for approximately 7.5% of the Group's total revenue and increased by 3.8% over the previous year to HK$181,765,469. The increase in distribution costs was comparatively smaller than that of revenue, which was mainly due to the expansion of the sales scale, the more stringent sales management and the adoption of commercial discount settlement method.

Administrative expenses for 2008 were HK$115,367,807, accounting for 4.8% of the revenue of the Group. The increase of administrative expenses was a result of our adding new production facilities and the implementation of stricter professional internal control.

BUSINESS REVIEW

As a leading manufacturer of household paper products in China, the Group has been focusing on the research and development, production and sales of a series of household paper products. In 2008, the Group overcame various challenges, such as natural disasters, price volatility in raw materials and the global financial crisis, and managed to maintain satisfactory growth in both sales revenue and earnings.

During the year, the Group seized the opportunities brought by the Beijing Olympic Games and continued to fully leverage on sports marketing to build its brand and conduct market promotion. In addition, the Group reinforced its brand promotion through sponsorship activities conducted by the Group as an official partner of NBA and the title sponsor of the Bowling Championships, and carried out product presentation and marketing by capitalizing on such sports events. Meanwhile, the Group developed a series of sports fashion products. As a result, the healthy, clean and vigorous brand image of Vinda was strengthened and the brand value of Vinda was further enhanced. Furthermore, the Group captured the opportunities emerging at a time when demand exceeded supply in the market to duly adjust the selling prices of its products, which laid a solid foundation for the further improvement of the profitability of its products.

It is a constant and important objective of the Group to optimize its product mix and enhance product profitability. Nevertheless, in light of the improving living standard of domestic residents and the phasing out of small paper manufacturing plants, the demand for the medium to high end toilet tissue paper rolls has been increasing. In this regard, the Group has strengthened its marketing efforts and production capability of toilet tissue paper rolls while the production capacity expanded steadily during the year so as to capture such growing demand. As such, in terms of product mix, the proportion of high gross profit products in sales for the year remained at 32.5% (2007: 34.2%) while the proportion of the toilet tissue paper rolls in sales stayed at 62.1% (2007: 60.6%). On the other hand, in terms of the absolute value, the value of the Group's high gross profit products increased by 29.7% from HK$608,006,233 in 2007 to HK$788,468,789 in 2008, indicating that the Group will further optimize the product mix.

Furthermore, in further pursuit of our development strategy focusing on mass production and a multi-point layout, the Group commenced the construction of a new production base in Longyou, Zhejiang in February 2008. Eight months later, the first phase of the base with a production capacity of 40,000 tons commenced operation as scheduled. Currently, the production base in Zhejiang has begun to provide products directly to "four provinces and one city" in eastern China, namely Jiangxi, Zhejiang, Jiangsu, Anhui and Shanghai. As a result, the transportation and other related costs of the Group in these markets have been significantly reduced. The effect of such a reduction will filter through gradually in 2009. In addition, a new paper manufacturing machine installed in the plant in Jiangmen, Guangdong commenced trial operation as scheduled in December 2008. As of December 2008, the production capacity of the Group reached 300,000 tons, which further strengthened the leading position of the Group in the household paper market and the competitiveness of the Group.

BUSINESS STRATEGY

In 2008, China's household paper industry maintained its rapid growth, with the medium to high end household paper sector ranking first in terms of growth rate. In view of the expansion of the domestic household paper market, the Group intensified efforts to expand the market in second-tier and third-tier cities and townships while consolidating and expanding the market in first-tier cities, and increased its investment in modern distribution channels so as to build up a more extensive distribution network. On the front of new product development, the Group continued to launch products catering to the demands of different consumer preferences so as to expand its market share. On the front of marketing, the Group is committed to the study and exploration of an innovative business model. The Group will also continue to improve its brand value through sports marketing and reinforced its marketing team to improve marketing quality.

CONTINGENT LIABILITIES

As at 31 December 2008 and 31 December 2007, the Group had no material contingent liabilities.

HUMAN RESOURCES AND MANAGEMENT

The Group considers employees as its most valuable assets and endeavours to retain and attract talents by adhering to competitive remuneration policies and providing employees with ample opportunities for career development. In order to strengthen team unity and maintain the vigour of the organization, the Group also provides employees with relevant trainings to improve their abilities in continuous study.

The sustained development of the Group relies not only on our dedication, but also on its unique corporate culture and values, as well as a stable and diligent management team and its aspiring employees. We conduct annual target responsibility assessment on senior management and determine the annual remuneration of senior management based on the fulfilment of the Group's annual operating goals and the results of annual individual assessment.

As at 31 December 2008, the Group has 4,379 full-time staff. During the year, the remuneration expenses of the Group grew steadily while other remunerations and benefits, including contributions to social security funds, common reserve funds and mandatory provident fund schemes, were maintained at a reasonable level.

FOREIGN EXCHANGE RISKS

The majority of the Group's sales operations and purchases of auxiliary materials are conducted in the PRC and are denominated and settled in RMB, while the majority of key raw materials are imported from overseas and paid in US dollar. As at 31 December 2008, the Group had not entered into any material financial hedging instruments. It is the Group's policy not to enter into any derivative contracts.

LIQUIDITY, FINANCIAL RESOURCES AND BANK LOANS

The Group's financial position remained healthy. As at 31 December 2008, the Group's bank and cash balances (including pledged bank deposits of HK$884,454 (31 December 2007: HK$6,706,535)) amounted to HK$173,073,712 (31 December 2007: HK$258,788,016), and short-term and long-term loans in aggregate amounted to HK$744,286,796 (31 December 2007: HK$654,175,010). The annual interest rates of bank loans ranged from 2.77% to 8.47%.

As at 31 December 2008, the gearing ratio was 43.5% (31 December 2007: 44.6%), which was calculated on the basis of the amount of total borrowings as a percentage of the total shareholders' equity. The net gearing ratio, which was calculated on the basis of the amount of total borrowings less cash and cash equivalents as a percentage of the total shareholders' equity, was 33.5% (31 December 2007: 27.4%).

USE OF THE PROCEEDS FROM INITIAL PUBLIC OFFERING ("IPO")

In July 2007, the Company issued 266,220,006 ordinary shares of HK$0.1 par value pursuant to the IPO at an Offer Price of HK$3.68, raising net proceeds of HK$881,416,333 (after deducting underwriting fees and expenses incurred by the Company in connection with the Global Offering). The proceeds were used up to 31 December 2008 in the following manner:

	Estimates Per Prospectus	**Amount Utilised**		
		2007	**2008**	**Total**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
To construct new manufacturing facilities	144.7	85.7	67.5	153.2
To acquire paper making machine	254.3	182.6	60.7	243.3
To acquire processing machines and related facilities	127.4	84.0	43.4	127.4
To repay short-term loans	297.6	289.1	—	289.1
To meet working capital needs	46.0	57.0	—	57.0
	870.0	698.4	171.6	870.0

FUTURE PROSPECTS

Looking ahead to 2009, we expect that the Chinese economy will continue to grow in spite of the challenging economic situation. The economic stimulus measures introduced by the Chinese government and the stricter requirements of the State on environmental protection indicate that the household paper market of China is still filled with opportunities.

In the coming year, the Group will make efforts to consolidate its core competitive strength and, by leveraging on its established marketing infrastructures, premium products, extensive distribution network and diversified layout of production bases and supply centers, will further enhance the penetration of its distribution channels and terminals and further explore the Northeast market and the East China market in order to maintain its robust business growth. Furthermore, the Group will continue to capitalize on the results of its fruitful strategy on same-point production expansion and multi-point layout to effectively enhance the economy of scale and the logistics cost management of the Group so as to consolidate its leading position in the market.

We will not underestimate the current economic environment and the challenges lying ahead. The global economic recession and the slowdown of the Chinese economy will bring some pressure on the price rise of the Group. However, pulp prices in the international market will remain low or even decline further, which, together with the decreasing oil price, will help the Group achieve a sharp reduction in production costs. In view of the current economic situation, the Group will concentrate on the implementation of the following strategies:

- ➢ To maintain financial stability by strengthening assets and liabilities management;

- ➢ To prepare a capital utilization plan and put it into effect so as to strengthen unified management on capital and enhance the capital utilization rate;

- ➢ To reduce production costs constantly by boosting the renovation and advancement of processes and technology through technical renovation;

- ➢ To pursue the construction of an information technology infrastructure that would provide a common platform and support for the management in areas of procurement, production, distribution, finance and logistics, thereby enhancing the efficiency in the gathering and analysis of information with a view to timely identify problems and provide solutions to management;

- ➢ To further forge a core team in sales and marketing, who, by adopting a dual brand marketing strategy, consolidates and extends our sales and marketing channels, standardizes the management of sales and marketing, and sets up different modes of marketing co-operation.

We will adhere to our prudent strategies and duly expand and optimize our business in order to create maximum value for shareholders.

FINAL DIVIDEND

The Board has resolved to propose to shareholders the distribution of a final dividend for the year ended 31 December 2008 at HK4.6 cents (2007: HK2.2 cents) totaling HK$41,576,718, subject to approval by shareholders at the annual general meeting (the “AGM”) on 25 May 2009. If so approved by shareholders, it is expected that the final dividend will be paid on or about 25 June 2009 to shareholders whose names appear on the register of member of the Company on 20 May 2009.

CLOSE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 May 2009 to 22 May 2009 (both days inclusive), during which period no transfer of shares will be registered. In order to establish entitlement to the final dividend to be approved at the "AGM" (and payable on or about 25 June 2009), all transfers 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, not later than 4:30 pm on 19 May 2009 for registration of transfer.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares.

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.

The Company has complied with the Code on Corporate Governance Practices (the "Code") except for deviations from provision A.2.1 of the Code, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Li Chao Wang is currently both the Chairman of the Board and the Chief Executive Officer. The Board believes that the posts of Chairman and Chief Executive Officer being performed by the same person would provide the Group with strong and consistent leadership in the development and execution of long-term business strategies and development plans. The Board believes that there is adequate balance between the power and duty.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange as its code for dealing in securities of the Company by the directors of the Company. The Company has made specific enquiry of all its directors regarding any non-compliance with the Model Code. All the directors of the Company confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 December 2008.

AUDIT COMMITTEE

The Company has established an audit committee comprising three independent non-executive directors, namely Mr. Kam Robert and Mr. Hui Chin Tong Godfrey, Mr. Mak Kin Kwong (resigned on 31 December 2008) and Mr. Tsui King Fai (appointed on 12 January 2009). The chairman of the audit committee is Mr. Kam Robert.

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements for the year ended 31 December 2008.

REMUNERATION COMMITTEE

The Company's remuneration committee has three members comprising two independent non-executive directors, namely Dr. Cao Zhen Lei and Mr. Tsui King Fai, and a non-executive director Mr. Leung Ping Chung Hermann. The chairman of the remuneration committee is Dr. Cao Zhen Lei. The principle duty of the remuneration committee is to regularly monitor the remuneration of all the directors and senior management to ensure that levels of their remuneration and compensation are appropriate.

NOMINATION COMMITTEE

The Company's nomination committee has three members comprising two independent non-executive directors, namely Mr. Hui Chin Tong Godfrey and Mr. Tsui King Fai, and an executive director Mr. Li Chao Wang. The chairman of the nomination committee is Mr. Hui Chin Tong Godfrey. The principle duty of the nomination committee is to consider and recommend to the Board suitably qualified persons to become the directors and is responsible for reviewing the structure, size and composition of the Board on a regular basis.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of (http://www.vindapaper.com) and the Stock Exchange (http://www.hkexnews.hk). The 2008 annual report of the Company will be dispatched to the shareholders and available on the same websites in due course.

ACKNOWLEDGEMENT

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

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

Jiangmen, PRC, 7 April 2009

As at the date of this announcement, the executive Directors are Mr. LI Chao Wang, Ms. YU Yi Fang and Mr. DONG Yi Ping; the non-executive Directors are Mr. LEUNG Ping Chung Hermann, Mr. Johann Christoph MICHALSKI and Mr. CHIU Bun; and the independent non-executive Directors are Dr. CAO Zhen Lei, Mr. KAM Robert, Mr. HUI Chin Tong Godfrey and Mr. TSUI King Fai.