



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>

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“Healthy lifestyle starts from Vinda”

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

FINANCIAL HIGHLIGHTS

	2008	2007	Changes
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Revenue	1,184,801	848,512	39.6%
Profit attributable to equity holders			
of the Company	61,764	41,076	50.4%
Gross profit margin	18.7%	21.9%	-3.2%
Net profit margin	5.2%	4.8%	0.4%
Earnings per share	HK6.8cents	HK6.4cents	
Stock turnover	90 days	91 days	
Debtors turnover	32 days	35 days	

INTERIM RESULTS

The Board of Directors (the “Board”) of Vinda International Holdings Limited (“Vinda” or the “Company”) is pleased to present the unaudited condensed consolidated balance sheet as at 30 June 2008 and the unaudited condensed consolidated profit and loss account, unaudited condensed consolidated cash flow statement and unaudited condensed consolidated statement of changes in equity of the Company and its subsidiaries (“the Group”) for the six months ended 30 June 2008 (the “Period”), together with the comparative figures and selected explanatory notes. The unaudited interim financial statements have been reviewed by independent auditors and the Company’s audit committee.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

		Unaudited	
		For the six months	
		ended 30 June	
		2008	2007
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	1,184,801	848,512
Cost of sales		(963,006)	(662,734)
Gross profit		221,795	185,778
Selling and marketing costs		(81,551)	(88,007)
Administrative expenses		(49,293)	(32,075)
Other income		2,281	6,572
Operating profit	8	93,232	72,268
Finance income		1,503	3,204
Finance costs		(10,948)	(27,394)
Finance costs — net		(9,445)	(24,190)
Profit before income tax		83,787	48,078
Income tax expense	9	(22,023)	(7,002)
Profit for the period and attributable to equity holders of the Company		61,764	41,076
Earnings per share for profit attributable to the equity holders of the Company	10		
— basic	10(a)	HK6.8cents	HK6.4cents
— diluted	10(b)	HK6.8cents	HK6.4cents
Dividend	11	19,885	25,000

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Unaudited	Audited
	As at	As at
	30 June 2008	31 December 2007
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	1,576,284	1,391,200
Leasehold land and land use rights	119,442	95,396
Intangible assets	2,914	2,966
Deferred income tax assets	33,662	31,593
Total non-current assets	1,732,302	1,521,155
Current assets		
Inventories	462,386	501,295
Trade receivables, other receivables and prepayments	265,654	245,497
5		
Due from related parties	3,821	4,273
Pledged bank deposits	30,757	6,707
Derivative financial instruments	360	132
Cash and cash equivalents	202,069	252,081
Total current assets	965,047	1,009,985
Total assets	2,697,349	2,531,140
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	90,384	90,384
Share premium	834,835	834,835
Other reserves	682,883	541,373
Total equity	1,608,052	1,466,592

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (continued)

		Unaudited	Audited
		As at	As at
		30 June 2008	31 December 2007
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings	6	280,383	308,639
Deferred government grants		29,678	28,224
Deferred income tax liabilities		1,419	870
Total non-current liabilities		311,480	337,733
Current liabilities			
Trade payables, other payables and accrued expenses	7	406,610	347,577
Current income tax liabilities		38,462	33,703
Borrowings	6	332,745	345,535
Total current liabilities		777,817	726,815
Total liabilities		1,089,297	1,064,548
Total equity and liabilities		2,697,349	2,531,140
Net current assets		187,230	283,170
Total assets less current liabilities		1,919,532	1,804,325

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Unaudited			
	Attributable to equity holders			
	of the Company			
	Share	Share	Other	Total
	capital	premium	reserves	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance as at 1 January 2007	4,251	69,260	389,585	463,096
Income recognised directly in equity				
- currency translation differences	—	—	17,865	17,865
Profit for the period	—	—	41,076	41,076
	<hr/>	<hr/>	<hr/>	<hr/>
Total recognised income for the six months ended 30 June 2007	—	—	58,941	58,941
	<hr/>	<hr/>	<hr/>	<hr/>
Dividend	—	(25,000)	—	(25,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2007	<u>4,251</u>	<u>44,260</u>	<u>448,526</u>	<u>497,037</u>
Balance as at 1 January 2008	90,384	834,835	541,373	1,466,592
Income recognised directly in equity				
- currency translation differences	—	—	99,581	99,581
Profit for the period	—	—	61,764	61,764
	<hr/>	<hr/>	<hr/>	<hr/>
Total recognised income for the six months ended 30 June 2008	—	—	161,345	161,345
	<hr/>	<hr/>	<hr/>	<hr/>
Dividend	—	—	(19,885)	(19,885)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2008	<u>90,384</u>	<u>834,835</u>	<u>682,833</u>	<u>1,608,052</u>

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Unaudited	
	For the six months	
	ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities:		
– continuing operations	145,218	63,171
Cash flows from operating activities - net	145,218	63,171
Cash flows from investing activities:		
– purchases of property, plant and equipment	(90,012)	(143,454)
– proceeds on disposal of property, plant and equipment	—	47
– other investing cash flows - net	(18,209)	6,796
Cash flows from investing activities - net	(108,221)	(136,611)
Cash flows from financing activities:		
– dividends paid	(19,884)	(31,013)
– repayments of borrowings	(503,115)	(893,918)
– proceeds from borrowings	431,049	1,054,368
– increase in pledged deposits	(24,051)	(12,646)
– initial public offerings expenses	—	(14,828)
– other finance cash flows - net	—	(200)
Cash flows from financing activities - net	(116,001)	101,673
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of period	252,081	61,557
Exchange differences	28,992	17,865
Cash and cash equivalents at end of period	202,069	107,655

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 services to its subsidiaries. The Company and its subsidiaries are collectively referred to as the “Group”. The principal activities of the Group are mainly manufacture and sale of household consumable paper.

The Company’s shares have been listed on the Stock Exchange of Hong Kong Limited 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.

This condensed consolidated interim financial information was approved for issue on 13 September 2008.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with HKAS 34, ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3 Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007, which has been approved by the Board of Directors (the “Board”) on 18 April 2008.

The following new interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the Group:

- 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’

3 Accounting policies (continued)

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- HKFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009.
- HKAS 23 (amendment), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009.
- HKFRS 2 (amendment) 'Share-based payment', effective for annual periods beginning on or after 1 January 2009.
- HKFRS 3 (amendment), 'Business combinations' and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates' and HKAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.
- HKAS 1 (amendment), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009.
- HKAS 32 (amendment), 'Financial instruments: presentation', and consequential amendments to HKAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009.
- HK(IFRIC) – Int 13, 'Customer loyalty programmes', effective for annual periods beginning on or after 1 July 2008.
- HK(IFRIC) – Int 15, 'Agreements for the Construction of Real Estate', effective for annual periods beginning on or after 1 January 2009.
- HK(IFRIC) – Int 16, 'Hedges of a Net Investment in a Foreign Operation', effective for annual periods beginning on or after 1 October 2008.

4 Segment information

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

	Unaudited	
	For the six months	
	ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Sales of goods	1,114,914	803,154
Sales of semi-finished goods and other materials	69,887	45,358
Total revenue	<u>1,184,801</u>	<u>848,512</u>

The Group is principally engaged in a single business segment. More than 85% of the Group's turnover and operating profit is earned within the People's Republic of China (the "PRC") for the six months ended 30 June 2008 and all major operating assets of the Group are located in the PRC. Therefore, no business segment or geographical segment is presented.

5 Trade receivables, other receivables and prepayments

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2008	2007
	HK\$'000	HK\$'000
Trade receivables	213,536	192,163
Other receivables	28,052	40,258
Notes receivable	1,132	2,889
Prepayments	22,934	10,187
	<u>265,654</u>	<u>245,497</u>

5 Trade receivables, other receivables and prepayments (continued)

The majority of the Group's sales is with credit terms ranging from 30 to 90 days. Ageing analysis of the trade receivables (including amounts due from related parties of trading in nature) were as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables		
Within 3 months	208,549	183,276
4 months to 6 months	4,585	8,792
7 months to 12 months	402	95
	<hr/> 213,536 <hr/>	<hr/> 192,163 <hr/>

6 Borrowings

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current	280,383	308,639
Current	332,745	345,535
	<hr/> 613,128 <hr/>	<hr/> 654,174 <hr/>

6 Borrowings (continued)

Movements in borrowings are analysed as follows:

	Unaudited <i>HK\$'000</i>
For the six months ended 30 June 2007	
Opening amount as at 1 January 2007	927,762
New borrowings	1,054,368
Repayments of borrowings	(893,917)
Exchange differences	31,278
	<hr/>
Closing amount as at 30 June 2007	1,119,491
	<hr/> <hr/>
For the six months ended 30 June 2008	
Opening amount as at 1 January 2008	654,174
New borrowings	431,049
Repayments of borrowings	(503,115)
Exchange differences	31,020
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Closing amount as at 30 June 2008	613,128
	<hr/> <hr/>

Interest expense on borrowings and loans for the six months ended 30 June 2008 amounted to approximately HK\$ 28,119,000 (six months ended 30 June 2007: approximately HK\$ 31,934,000).

7 Trade payables, other payables and accrued expenses

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	220,726	146,938
Other payables	132,960	148,274
Accrued expenses	52,924	52,365
	<hr/>	<hr/>
	406,610	347,577
	<hr/> <hr/>	<hr/> <hr/>

7 Trade payables, other payables and accrued expenses (continued)

Ageing analysis of trade payables as at 30 June 2008 and 31 December 2007 (including amounts due to related parties of trading in nature) were as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2008	2007
	HK\$'000	HK\$'000
Trade payables		
Within 3 months	179,687	127,862
4 months to 6 months	18,869	16,136
7 months to 12 months	13,554	113
1 year to 2 years	5,925	1,193
2 years to 3 years	1,057	63
Over 3 years	1,634	1,571
	<u>220,726</u>	<u>146,938</u>

8 Operating profit

The following items have been charged / (credited) to the operating profit during the six months ended 30 June 2008 and 2007:

	Unaudited	
	For the six months	
	ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Government grants for reinvestment (a)	—	(4,987)
Amortisation of deferred government grants	(541)	(382)
Gain on derivative financial instruments	(522)	(194)
Foreign exchange gain, net	(1,951)	(966)
Provision for / (write-back) of provision for impairment of receivables	789	(865)
Write-back of provision for impairment of inventories	(188)	(308)
Depreciation of Property, plant and equipment	45,739	30,235
Amortisation of intangible assets	150	137
Amortisation of leasehold land and land use rights	1,488	1,145
Loss on disposal of property, plant and equipment	—	835
	<u> </u>	<u> </u>

- (a) In 2007, Vinda Paper (Guangdong) Company Limited (“Vinda Paper (Guangdong)”) appropriateded dividends to Forton Enterprises Limited (“Forton Enterprises”) with a total amount of approximately RMB 14,956,000 (equivalent to approximately HK\$15,168,000) and Forton Enterprises reinvested in Vinda Paper (Guangdong) by using the same dividends appropriated from Vinda Paper (Guangdong). Accordingly, Forton Enterprises received government grants amounting to approximately RMB 4,917,000 (equivalent to approximately HK\$ 4,987,000) from the PRC local tax bureau in July 2007.

9 Income taxes

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 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.

	Unaudited	
	For the six months	
	ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	2,553	4,400
– PRC enterprise income tax	20,291	4,161
Deferred income tax	(821)	(1,559)
	<hr/>	<hr/>
	22,023	7,002
	<hr/> <hr/>	<hr/> <hr/>

10 Earnings per share

(a) Basic

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

	Unaudited	
	For the six months	
	ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	61,764	41,076
Weighted average number of ordinary shares in issue	903,841,686	637,621,680
Basic earnings per share	HK6.8cents	HK6.4cents

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, Lee Der Fung, Cathay Paper Limited, SCA Hygiene and ML GCRE) 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 (the “Capitalisation Issue”).

In determining the weighted average number of ordinary shares in issue for the period ended 30 June 2007, a total of 595,113,568 ordinary shares adjusted for the Capitalisation Issue were deemed to be in issue since 1 January 2007.

10 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 diluted potential ordinary sharers.

The diluted earnings per share for six months ended 30 June 2008 is the same as the basic earnings per share as the Company has no potential dilutive ordinary shares outstanding as at 30 June 2008.

11 Dividends

On 26 March 2007, the Board of Directors proposed a final dividend in respect of the year ended 31 December 2006 of HK\$ 25,000,000, representing HK\$ 0.59 per ordinary share. Such dividend was paid in June 2007.

On 27 May 2008, the Board of Directors proposed a 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The first half of 2008 was a period full of challenges. At the beginning of the year, the central and western regions of China experienced the worst snowstorm in 50 years, followed by a massive earthquake that hit Wenchuan County of Sichuan Province on 12 May, and widespread flooding in mid to late June brought by heavy rainstorms in Guangdong and Guangxi provinces. All these have affected China's business environment. Nevertheless, Vinda International still managed to generate record-high revenue for the Period, posting handsome growth in profits. Despite numerous challenges, Vinda's competitive advantages and the concerted efforts of our staff had made the satisfactory operation results possible.

Although instances of natural disasters in China, which occurred during the Period, did affect production at the Group's production bases in Hubei, Sichuan and Guangdong, the overall production volume of the Group still grew by 22.93% and revenue rose by 39.6% to HK\$1,185 million as a result of increased sales volume and prices.

During the Period, the Group also achieved quantum progress in enhancing production capacity and furthering market penetration. In March, construction began at the new production base in Longyou, Zhejiang Province, and the construction project concerning additional production capacity in Jiangmen, Guangdong Province, also progressed smoothly. All members of staff in the production, technical and management teams were well-equipped to make the best preparation for production, and the preset timetable for an adjustment test and pilot production was unaffected despite the unstable climate.

On the new equipment's gradual commission and commencement of production there, production volume will increase further during the second half of the year. The total annual production capacity of the Group is expected to reach 300,000 tonnes by the end of December 2008. It is believed that we should continue to expand our production capacity so as to stay competitive.

During the Period under review, the Group raised the price of various products considerably and effectively transferred part of the pressure of increased raw materials costs. During the first half of the year, the proportion of high gross profit products in sales was 33.3%, increased by 0.1% when compared with the same period of 2007 (2007: 33.2%), while the proportion of the Group's toilet tissue paper rolls in sales was 60.8%, fell by 0.7% year-on-year (2007: 61.5%). Along with the rapid expansion of sales of the group, products with higher profit margin managed to keep or slightly increase its weight. Product mix is an important factor driving profitability. The Group will continue to improve it with diligent efforts.

Future Prospects

Although the world economy was plagued by uncertainties as a result of the persistently high oil prices, the subprime mortgage crisis and continuing inflation during the first half of 2008, these economic factors were not completely reflected in China. We predict that the economy of China will slow down but will not be stagnant at all. Driven by urbanization, industrialization and further opening of markets, the economic giant with a huge population will continue to maintain reasonable growth, and there will still be ample room for further growth in the household paper consumption market of China.

As regards raw materials, with the continuous rise in the past years, the price rise of wood pulp has shown signs of slowdown and even downward trend. Transactions in the commodity market indicate that pulp price may enter a phase of adjustment. Looking forward, we shall establish a balanced business scale, a production base compatible with distribution and a supply centre in order to capture more business opportunities for development. As such, the Group will focus on the implementation of the following strategies in the second half of the year:

- Make persistent efforts in market development. Markets are the soil beds of products. The Group will focus on maintaining the speed of market expansion and market shares before the price rise and on this basis enhance market development in the Eastern China as well as Hong Kong and Macau. Meanwhile, the Group will expand the export market through cooperation with key major customers and commercial customers of multinational companies to carry out central purchase.
- Continue to adopt technology innovations and increase production efficiency. Technology innovation is the driving force for the continuous progress of enterprises. We shall continue to enhance product quality, increase operation efficiency of equipment and reduce wastage of materials through the innovations of proprietary technology.
- Continue to implement the strategy of human resource development and create an excellent corporate culture environment. For the provision of more staff development opportunities and to encourage more personal progress and diligent efforts, the Group will continue to implement the development strategy of internal training and promotion and the absorption of external talents, while maintaining a healthy and harmonious working environment and a corporate culture atmosphere with autonomy, innovations and team spirit for staff.

Through product mix optimization, increase in production capacity, an excellent management team and brand advantages, we have full confidence in the Group's development in the second half of the year, and we will implement the development plan step by step to consolidate the leading position of the Group in the domestic household paper sector.

Liquidity, financial resources and bank loans

The Group's financial position remained healthy. As at 30 June 2008, the Group's bank and cash balances (including pledged bank deposits of approximately HK\$30,757,000 (31 December 2007 : approximately HK\$6,707,000)) amounted to approximately HK\$232,826,000 (31 December 2007: HK\$258,788,000), and short-term and long-term loans in aggregate amounted to approximately HK\$613,128,000 (31 December 2007: approximately HK\$654,174,000). The annual interest rates of bank loans ranged from approximately 3.96% to 8.51%.

As at 30 June 2008, the gross gearing ratio was approximately 38.1% (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 bank balances and cash, and restricted deposits as a percentage of the total shareholders' equity, was approximately 23.6% (31 December 2007: 27%).

Foreign Exchange Risks

The majority of Group's sales revenue and purchases of auxiliary materials are made in the PRC and denominated and settled in RMB, while the majority of key raw materials are imported and paid in US dollar. A significant part of the Group's capital expenditure are payable in Japanese yen in respect of imported machinery. Foreign exchange risks were mainly resulted from future business transactions, recognized assets and liabilities denominated in currencies other than the functional currencies of the entities. As at 30 June 2008, the Group had no regular and existing hedging policies.

Human Resources and Management

Employees are the most important capital of the Company. Our excellent performance was the result of not only our dedication, but also our non-duplicable corporate culture and values, of a stable, experienced and diligent management team and a team of active and conscientious staff.

As at 30 June 2008, the Group had 4,413 full-time staff. To maintain the employees' ability to acquire new knowledge and further unlock their potential, the Company organized a series of job-related vocational training, Vinda Sports Day, and external training activities, among others, during the first half of the year. The activities were designed to strengthen continued team unity and maintain the vigour and progress of the organization.

Interim dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2008.

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

During the six months ended 30 June 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices by emphasizing a quality board of directors, sound internal control, transparency and accountability to all the shareholders of the Company.

For the six months ended 30 June 2008, 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 during the six months ended 30 June 2008.

AUDIT COMMITTEE

The audit committee of the Company has three members comprising two independent non-executive directors, namely Mr. Kam, Robert and Mr. Hui Chin Tong, Godfrey, and a non-executive director Mr. Mak Kin Kwong. The chairman of the audit committee is Mr. Kam, Robert.

The audit committee is accountable to the Board and the principal duties of the audit committee include the reviews and supervision of the financial reporting process. It also reviews the effectiveness of internal audit, internal controls and risk evaluation, including the interim report for the six months ended 30 June 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 principal duty of the remuneration committee is to regularly monitor the remuneration and other benefits of all the directors and senior management to ensure that levels of their remuneration and compensation are appropriate.

NOMINATION COMMITTEE

The Company's nomination committee has 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 principal 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 INTERIM REPORT

This announcement is published on the websites of Vinda International Holdings Limited (<http://www.vindapaper.com>) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The 2008 interim report of the Company will be dispatched to the shareholders and available on the same websites in due course.

ACKNOWLEDGEMENT

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

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

Hong Kong, 13 September 2008

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. MAK Kin Kwong, 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.