

Mission: Bringing clean and comfortable products to people in an environmental friendly way

Goal: Creating trend-setting products; maximizing operation scale and efficiency, improving quality; consolidating leadership position

Core value: Professional, focus, environmental friendly, advanced

Core competence: A highly committed team offering professional services and value-for-money products to customers





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CORPORATE INFORMATION



DIRECTORS

Executive Director
 Mr. IC (Chairman)
 Mr. F
 Mr. D G

Independent Director
 Mr. EE
 Mr. E G C
 Mr. A
 Mr. JKH, Mr. J SCHI E
 Mr. CHI B

Independent Director
 Mr. CA
 Mr. A
 Mr. H IC
 Mr. S I F

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Ms. SA G H, C A, ACCA

AUDIT COMMITTEE

Mr. A (Chairman)
 Mr. A
 Mr. H IC G

REMUNERATION COMMITTEE

Mr. CA (Chairman)
 Mr. E G C
 Mr. S I F

NOMINATION COMMITTEE

Mr. H IC G (Chairman)
 Mr. IC
 Mr. S I F

AUTHORISED REPRESENTATIVES

Mr. IC
 Ms. SA G H

REGISTERED OFFICE

Clarendon House, Hamilton, Bermuda
 P.O. Box 2681
 Grand Cayman, KY-11111
 Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

506, 1, S S C
 75, E, H
 Tel: 852-2782 5512
 Fax: 852-2782 5560

AUDITORS AND REPORTING ACCOUNTANTS

C

LEGAL ADVISERS TO THE COMPANY

S S & C (H)
 & (S)
 J & G (C)
 C D & (C I)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

B, F, S (C)
 B, H
 68F S
 P.O. Box 705
 Grand Cayman, KY-11107
 Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

C H I S
 S 1712-1716, 17 F
 H C, 183, E
 H

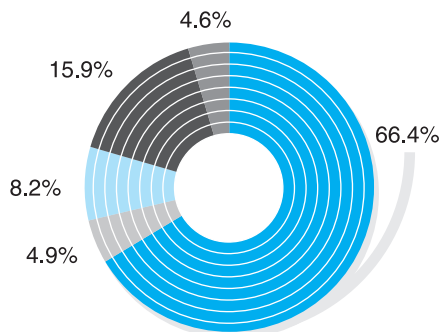
PRINCIPAL BANKERS

B C (H)
 C C B
 Cl IC B
 H S B
 I, C B C

INTERIM RESULTS AND FINANCIAL HIGHLIGHTS

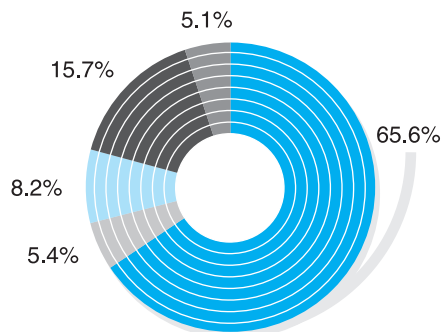


PRODUCTION VOLUME BY PRODUCT CATEGORIES



- Toilet Paper / ton
- Handkerchief Tissue / ton
- Facial Tissue / ton
- Meal Tissue / ton
- Others / ton

January-June, 2007



- Toilet Paper / ton
- Handkerchief Tissue / ton
- Facial Tissue / ton
- Meal Tissue / ton
- Others / ton

January-June, 2006

MANAGEMENT DISCUSSION AND ANALYSIS



D 4.1% 4.1% G H \$848,512,000, 36.4% H \$41,076,000, H \$6.4

Operation environment

I 2007, 7.1% B10,676 B4,200 11.5% 2007 5.2% 2007, GD 15.4% B3,549 15.2%

I H 2007.

J 2007, G C C C G H B H G H

Financial review

F 30 J 2007, G H \$848,512,000, 36.4% H \$41,076,000, 4.1% H \$6.4

MANAGEMENT DISCUSSION AND ANALYSIS



Operating expenses

Operating expenses for the first half of 2007, including depreciation and amortization, were \$88,007,000 (2006: H \$65,105,000), an increase of 35.3% from the first half of 2006. This increase was primarily due to an increase in depreciation and amortization of 10.5% and an increase in other operating expenses of 4.8%.

Operating expenses for the second half of 2007, including depreciation and amortization, were \$32,075,000 (2006: H \$30,591,000), an increase of 4.9% from the second half of 2006. This increase was primarily due to an increase in depreciation and amortization of 3.8% and an increase in other operating expenses of 1.1%.

Profit from business operations

Profit from business operations for the first half of 2007 was \$111,529,000 (2006: H \$91,534,000), an increase of 21.8% from the first half of 2006. This increase was primarily due to an increase in operating profit of 10.5% and an increase in other income of 11.3%.

BUSINESS REVIEW

Operating profit for the first half of 2007 was \$848,512,000 (2006: H \$630,000,000), an increase of 36.4% from the first half of 2006. This increase was primarily due to an increase in sales volume of 10.5% and an increase in operating profit margin of 3.9%.

Operating profit margin for the first half of 2007 was 10.5% (2006: H 9.8%), an increase of 0.7 percentage points from the first half of 2006. This increase was primarily due to an increase in operating profit margin of 0.7 percentage points and an increase in operating profit margin of 0.0 percentage points.

Operating profit margin for the second half of 2007 was 10.5% (2006: H 8.05%), an increase of 2.45 percentage points from the second half of 2006. This increase was primarily due to an increase in operating profit margin of 2.45 percentage points and an increase in operating profit margin of 0.0 percentage points.

Operating profit margin for the first half of 2007 was 10.5% (2006: H 8.05%), an increase of 2.45 percentage points from the first half of 2006. This increase was primarily due to an increase in operating profit margin of 2.45 percentage points and an increase in operating profit margin of 0.0 percentage points.

MANAGEMENT DISCUSSION AND ANALYSIS



FUTURE OUTLOOK

G... C. I... G...
 G... C. A...
 C... G... F...
 24 J... 27 J 2007, G...
 240,000 320,000
 G... S... C... C... C...
 I... B... H... G... S...
 C... B... E... C... G...
 G... C...

OTHER FINANCIAL INFORMATION

Liquidity, financial resources and bank loans

G... A 30 J 2007, G... ()
 H \$55,759,000 (31 D 2006: H \$43,113,000)) H \$163,414,000 (31 D 2006: H \$104,670,000),
 H \$1,119,491,000 (31 D 2006: H \$927,762,000). D G H \$143,455,000.
 5.51% 8.25%. A 30 J 2007, H \$402,623,000 (31 D 2006: H \$444,516,000) 225.2% (31 D 2006: 200.3%),
 A 30 J 2007, 192.4% (31 D 2006: 177.7%).
 : H \$813.8) : H \$165.9),
 J 2007.
 A 30 J 2007, 31 D 2006, G

MANAGEMENT DISCUSSION AND ANALYSIS



Foreign exchange risk

Our financial statements are presented in Hong Kong dollars. The functional currency of our subsidiaries is the local currency of the respective countries. The exchange rates of the local currencies against the Hong Kong dollar are as follows:

Year	Local Currency	Exchange Rate (Local Currency per HK\$)
2007	US Dollar	0.78
2006	US Dollar	0.78
2007	Japanese Yen	100
2006	Japanese Yen	100
2007	Chinese Yuan	7.79
2006	Chinese Yuan	7.79

Contingent liabilities

As at 30 June 2007, 31 December 2006, there are no contingent liabilities.

Capital commitments

	Unaudited	As at 31 December 2006
As at 30 June 2007	127,514	161,767
	HK\$'000	H \$'000

Material acquisitions and disposals of subsidiaries and associated companies

There were no material acquisitions or disposals of subsidiaries and associated companies during the period.

Interim dividend

There was no interim dividend paid or declared for the period ending 30 June 2007.

Human resources and management

As at 30 June 2007, there were 4,039 employees. The remuneration policy is to attract and retain qualified staff. The remuneration is determined by reference to the market conditions and the performance of the employees.



OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2007, the interests and short positions of the directors and the chief executive officer in the shares, underlying shares and debentures of the Company are as follows:

As at 30 June 2007, the interests and short positions of the directors and the chief executive officer in the shares, underlying shares and debentures of the Company are as follows:

Name	Company name of associated corporations	Nature of Interest	Number of securities	Approximate percentage of interest
C (1)	C	I	272,270,235	30.12%
	F A I C	I	280	73.68%
	S H	I	1	100%
	E A	S C F	1	100%
F (2)	C	I	272,270,235	30.12%
	F A I C	I	60	15.79%
	J I	I	10	100%
	A	S F F	1	100%
D (3)	C	I	272,270,235	30.12%
	F A I C	I	40	10.53%
	D	I	10	100%
	A	S D F	1	100%

OTHER INFORMATION



SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2007, the following persons or entities held 1% or more of the issued shares of the Company:

As at 30 June 2007, the following persons or entities held 1% or more of the underlying shares of the Company:

Name of shareholder	Number of shares held	Nature of Interest	Percentage of issued share capital
F A I C	272,270,235	B	30.12%
S H (1)	272,270,235	I	30.12%
E A (1)	272,270,235	I	30.12%
HSBC I (1)	272,270,235	C F	30.12%
C (1)	272,270,235	S C F	30.12%
SCA H H AB	127,524,330	B	14.11%
SCA G H B (2)	127,524,330	I	14.11%
S A C A (2)	127,524,330	I	14.11%
C	84,567,232	B	9.36%
C C H (3)	84,567,232	I	9.36%
C G (3)	84,567,232	I	9.36%
C B A (4)	54,245,000	I	6.00%

1. S F A I C 73.68% S H , 15.79% J I , 10.53% D E A H S B C I F C S H , E A , H S B C I C S F A I C
2. S C A H H AB, S A C A (AD) S C A H H AB, S A C A
3. S C C H (3) C C H (3) S C

OTHER INFORMATION



4. **S** **F** **S** **I** **(H** **)** **C** **B** **x**
A
S **C** **336** **SF**

SHARE OPTION SCHEME

A **(S** **)** **C**
19 J 2007 **B** **19 J 2007.** **S**
C **17**
S **C** **G**
G
S **10** **10 J 2007,**
B
(**)** **S** **B**
S **XE** **(** **)** **S**
(**)** **S** **XE**
S **C** **S** **30%**
S **(** **)** **12-**
1% **A**
C
12- **(** **)** **0.1%**
S **H \$5**
S **C** **S** **XE** **10 J 2007,**
C **C** **30 J 2007.**

CORPORATE GOVERNANCE

S **C** **S** **XE** **10 J 2007 (** **D** **),** **C** **C**
G **(** **C** **)** **A** **14** **C**
H **C**
C **D**
C **G** **C** **A.2.1**
C



OTHER INFORMATION

C, A.2.1
 E B G C C E B C

AUDIT COMMITTEE

C H C G
 B C
 30 J 2007.

REMUNERATION COMMITTEE

C D.C F C H
 D.C

NOMINATION COMMITTEE

C H C G F C
 B H C G
 B

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

C A 10
 C C C
 C A C
 C D

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

C E 10 J 2007. C
 C 30 J 2007.



CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited	A , ,
		As at	A
		30 June	31 D
		2007	2006
		HK\$'000	H \$'000
ASSETS			
Non-current assets			
	9	1,247,623	1,072,053
		25,260	23,243
		1,272,883	1,095,296
Current assets			
	10	337,724	330,181
		171,535	149,861
		190,477	54,956
		56,339	43,454
		107,655	61,557
		863,730	640,009
Total assets		2,136,613	1,735,305
EQUITY			
Capital and reserves attributable to the Company's equity holders			
	13	4,251	4,251
		44,260	69,260
		448,526	389,585
Total equity		497,037	463,096

CONDENSED CONSOLIDATED BALANCE SHEET



		Unaudited	A , ,
		As at	A
		30 June	31 D
		2007	2006
		HK\$'000	H \$'000
LIABILITIES			
Non-current liabilities			
B	11	317,563	192,413
D		33,868	27,166
D		1,116	788
		<u>352,547</u>	<u>220,367</u>
Current liabilities			
	12	454,454	282,503
C		30,647	27,700
B	11	801,928	735,349
		—	6,290
		<u>1,287,029</u>	<u>1,051,842</u>
Total liabilities		<u>1,639,576</u>	<u>1,272,209</u>
TOTAL EQUITY AND LIABILITIES		<u>2,136,613</u>	<u>1,735,305</u>
NET CURRENT LIABILITIES		<u>(423,299)</u>	<u>(411,833)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>849,584</u>	<u>683,463</u>



CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Unaudited	
		For the six months	
		ended 30 June	
		2007	2006
		HK\$'000	H \$'000
Revenue	4	848,512	622,284
C		(662,734)	(465,778)
Gross profit		185,778	156,506
S		(88,007)	(65,105)
A		(32,075)	(30,591)
		6,572	4,310
Operating profit	5	72,268	65,120
F		3,204	329
F		(27,394)	(21,333)
F		(24,190)	(21,004)
Profit before income tax		48,078	44,116
I	6	(7,002)	(1,303)
Profit for the period and attributable to equity holders of the Company		41,076	42,813
Earnings per share for profit attributable to the equity holders of the Company			
	7	HK6.4 cents	H 6.7
Dividend	8	25,000	12,000



CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited
Attributable to equity holders
of the Company for the
six months ended 30 June

	Share capital and share premium HK\$'000	Other reserves HK\$'000	Total HK\$'000
Balance as at 1 January 2006	73,511	267,503	341,014
Issue of shares	·	·	·
- Foreign currency translation	·	4,420	4,420
1	·	42,813	42,813
1	·	47,233	47,233
1	20,000	·	20,000
Dividends	(12,000)	·	(12,000)
Balance as at 30 June 2006	<u>81,511</u>	<u>314,736</u>	<u>396,247</u>
Balance as at 1 January 2007	73,511	389,585	463,096
Issue of shares	·	·	·
- Foreign currency translation	·	17,865	17,865
1	·	41,076	41,076
1	·	58,941	58,941
1	·	·	·
Dividends	(25,000)	·	(25,000)
Balance as at 30 June 2007	<u>48,511</u>	<u>448,526</u>	<u>497,037</u>



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	2007	2006
Operating activities	63,171	(15,904)
Investing activities	(136,611)	(74,851)
Financing activities	101,673	135,342
Change in cash and cash equivalents	28,233	44,587
Net change in cash and cash equivalents	61,557	48,579
Change in cash and cash equivalents	17,865	4,420
Change in cash and cash equivalents	107,655	97,586

Unaudited
For the six months
ended 30 June

2007 HK\$'000	2006 H \$'000
63,171	(15,904)
(136,611)	(74,851)
101,673	135,342
28,233	44,587
61,557	48,579
17,865	4,420
107,655	97,586



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 General information

The Company is a public company incorporated in the Cayman Islands. The Company's principal office is located at 11/F, Vinda Building, No. 2681, Gongbei Road, Zhuhai, Guangdong, P.R. China. The Company's registered office is located at 11/F, Vinda Building, No. 2681, Gongbei Road, Zhuhai, Guangdong, P.R. China. The Company's website is www.vinda.com. The Company's fiscal year ends on 31 December.

2 Basis of preparation

The financial statements are prepared on an accrual basis of accounting. The financial statements are prepared in accordance with the accounting policies set out in Note 3. The financial statements are prepared in Renminbi Yuan (RMB). The financial statements are prepared in accordance with the accounting policies set out in Note 3. The financial statements are prepared in accordance with the accounting policies set out in Note 3.

3 Accounting policies

The accounting policies are consistent with those of the Company's financial statements for the year ended 31 December 2006, except for the following changes:

31 December 2007:

- H F S 7: Financial instruments: Derivatives
- H AS 1 (): Assets
- H (IF IC)-I 7: Assets
- H (IF IC)-I 8: Assets
- H (IF IC)-I 9: Assets
- H (IF IC)-I 10: Assets

2007:

- H F S 8: Assets
- H AS 23 (): Assets
- H (IF IC)-I 11, H F S 2: Assets
- H (IF IC)-I 12: Assets
- H (IF IC)-I 13: Assets



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 Segment information

		Unaudited For the six months ended 30 June	
		2007 HK\$'000	2006 H \$'000
S	...	803,154	590,275
S	...	45,358	32,009
		<u>848,512</u>	<u>622,284</u>
G	...		
	90% G		
	C		

5 Operating profit

		Unaudited For the six months ended 30 June	
		2007 HK\$'000	2006 H \$'000
C	...		
G	...	(4,987)	
A	...	(382)	(330)
G	...	(194)	(81)
F	...	(966)	(1,946)
(...	(865)	216
(...	(308)	527
D	...	31,517	25,575
		<u>835</u>	<u>200</u>



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 Income tax

	Unaudited For the six months ended 30 June	
	2007 HK\$'000	2006 H \$'000
H	4,401	7,174
C	4,160	1,690
D	(1,559)	(7,561)
	<u>7,002</u>	<u>1,303</u>
() H	17.5% (2006: 17.5%)	
() C	C	
() D	C G	
() 16	2007, C C I	
	C (CI); CI 25% 1 J 2008. A H \$	
	1,734,841 30 J 2007.	
	CI	
	S C A	

7 Earnings per share

H	\$41,076,000 (C	2006: H \$42,813,000)	G	C
	17,	637,621,680	1 J	2006.

8 Dividend

	B	26	2007,	H \$25,000,000
	31 D	2006.	J	2007.
A			31 D	2005
	H \$12,000,000.			



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9 Tangible and intangible assets

	Unaudited HK\$'000
Six months ended 30 June 2006	
A 1J 2006	818,658
A ,	64,853
D	(6,604)
D ,	(25,575)
E ,	8,738
	<hr/>
As at 30 June 2006	860,070
	<hr/> <hr/>
Six months ended 30 June 2007	
A 1J 2007	1,072,053
A ,	172,019
D	(882)
D ,	(31,517)
E ,	35,950
	<hr/>
As at 30 June 2007	1,247,623
	<hr/> <hr/>

10 Trade receivables

	Unaudited As at 30 June 2007 HK\$'000	A , , A 31 D 2006 H \$'000
3	165,098	142,674
4 6	5,605	6,649
7 12	832	538
	<hr/>	<hr/>
	171,535	149,861
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION



11 Borrowings

	Unaudited As at 30 June 2007 HK\$'000	As at 31 December 2006 HK\$'000
Financial liabilities	317,563	192,413
Financial assets	801,928	735,349
	<u>1,119,491</u>	<u>927,762</u>
		Unaudited HK\$'000
Financial liabilities		627,629
Financial assets		896,104
		(741,321)
		<u>6,275</u>
		<u>788,687</u>
		Unaudited HK\$'000
Financial liabilities		927,762
Financial assets		1,054,368
		(893,917)
		<u>31,278</u>
		<u>1,119,491</u>



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12 Trade payables, other payables and accrued expenses

As at 30 June 2007

As at 30 June 2006

As at 30 June 2007

As at 30 June 2006

As at 30 June 2007

As at 30 June 2006

()

3

4 6

7 12

1 2

2 3

3

Unaudited	A , ,
As at	A
30 June	31 D
2007	2006
HK\$'000	H \$'000
209,344	141,365
—	2,524
9,880	9,727
12,095	6,305
11,344	9,603
190,975	93,347
20,816	19,632
454,454	282,503

Unaudited	A , ,
As at	A
30 June	31 D
2007	2006
HK\$'000	H \$'000
195,536	137,139
9,839	2,145
2,048	211
251	192
6	38
1,664	1,640
209,344	141,365



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13 Share capital

			Number of authorised shares	Number of issued and fully paid shares	Amount Ordinary shares HK\$'000
	1 J	2006	46,000,000	41,674,620	4,167
				833,492	84
	A 30 J	2006	<u>46,000,000</u>	<u>42,508,112</u>	<u>4,251</u>
	1 J	2007	46,000,000	42,508,112	4,251
			79,954,000,000		
	A 30 J	2007	<u>80,000,000,000</u>	<u>42,508,112</u>	<u>4,251</u>

19 J 2007, C 79,954,000,000 H \$0.1 H \$4,600,000 H \$8,000,000,000.

() SCA H AB (SCA H)

29 2007, SCA H 2,736,137 1,939,755 3,825,730 F A
I C (F A); I (I) D F C
(D F), 20%
C (B) 366 (H \$ 370).

() GC E IB C (GC E)

30 2007, GC E 2,121,155 D F 4.99%
C H \$ 99.8

() S I D F

31 2007, I 42,095 C D F

() 19 J 2007, C
G



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 Capital commitments

	Unaudited As at 30 June 2007 HK\$'000	As at 31 D 2006 H \$'000
Capital commitments	127,514	161,767

15 Contingent liabilities

As at 30 June 2007, 31 December 2006.

16 Related party transactions

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

Name of related party	Relationship
D F C (D F)	Director
F A I C (F A)	Director
C (C)	Director
()	Director
SCA H H AB (SCA H)	Director
GC E IB C (GC E)	Director
G (G)	Director
C	Director
S F	Director
C	Director

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION



16 Related party transactions (Continued)

(b) Significant related party transactions

(1) The Group entered into a purchase agreement with SCA Hygiene Products AB (SCA Hygiene) for the purchase of certain products. The purchase price is determined by a formula based on the volume of products purchased and the prevailing market prices. The purchase agreement is for a period of 29 months, from 1 July 2007 to 30 June 2011.

	2007 HK\$'000	2006 H \$'000
Unaudited For the six months ended 30 June	<u>26,819</u>	<u>48,122</u>

(2) The Group entered into a license agreement with SCA Hygiene for the use of certain trademarks. The license fee is determined by a formula based on the volume of products purchased and the prevailing market prices. The license agreement is for a period of 29 months, from 1 July 2007 to 30 June 2011.

	2007 HK\$'000	2006 H \$'000
Unaudited For the six months ended 30 June	<u>—</u>	<u>68</u>

(3) The Group entered into a license agreement with SCA Hygiene for the use of certain trademarks. The license fee is determined by a formula based on the volume of products purchased and the prevailing market prices. The license agreement is for a period of 29 months, from 1 July 2007 to 30 June 2011.

	2007 HK\$'000	2006 H \$'000
Unaudited For the six months ended 30 June	<u>1,278</u>	<u>1,097</u>
	<u>572</u>	<u>501</u>
	<u>1,850</u>	<u>1,598</u>



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16 Related party transactions (Continued)

(c) Year-end balances with related parties

	Unaudited As at 30 June 2007 HK\$'000	As at 31 D 2006 H \$'000
(1) B		
- SCA H ()	1,849	18,667
- F A	—	72
- I	—	19
	<u>1,849</u>	<u>18,758</u>
(2) D		
- G	—	134
- S F	—	53
	<u>—</u>	<u>187</u>

17 Events after the balance sheet date

10 J 2007, C	221,135,006	H \$0.10	H \$3.68
E	H \$813.8	19 J 2007,	B
H \$3.68	45,085,000	H \$0.10	S
10 J 2007,	595,113,568	H \$0.10	
C (F A , D F , C		SCA H , GC E)	
		H \$59,511,356.80	