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SAMSON PAPER HOLDINGS LIMITED

森信紙業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 731)

ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

The board of directors (the “Board”) of Samson Paper Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the financial year ended 31 March 2014 and consolidated balance sheet as at that date together with comparative figures for the financial year ended 31 March 2013. The annual results have been reviewed by the Company’s audit committee.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2014

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue	2	4,969,117	4,669,835
Cost of sales		(4,517,576)	(4,208,853)
Gross profit		451,541	460,982
Other gains and income, net		72,694	111,872
Selling expenses		(163,824)	(177,283)
Administrative expenses		(198,731)	(197,515)
Other operating income/(expenses)		17,970	(25,480)
Operating profit	3	179,650	172,576
Finance costs		(92,235)	(88,943)
Profit before taxation		87,415	83,633
Taxation	4	(26,916)	(18,626)
Profit for the year		60,499	65,007

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Attributable to:			
Owners of the Company		57,196	63,661
Non-controlling interests		3,303	1,346
		<u>60,499</u>	<u>65,007</u>
Earnings per share			
Basic	5	<u>HK4.8 cents</u>	<u>HK5.4 cents</u>
Diluted		<u>HK4.5 cents</u>	<u>HK5.0 cents</u>
Dividends	6	<u>16,551</u>	<u>19,097</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the year ended 31 March 2014*

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	60,499	65,007
Other comprehensive income		
<i>Items that will not be reclassified to profit and loss</i>		
Revaluation of land and buildings, net of deferred tax	94,210	8,290
Reversal of deferred tax on fair value gain, upon transfer from property, plant equipment to investment properties	5,400	6,720
	99,610	15,010
<i>Items that may be reclassified to profit and loss</i>		
Currency translation differences	(12,282)	22,130
Revaluation of available-for-sale financial assets	118	114
	(12,164)	22,244
Other comprehensive income for the year, net of tax	87,446	37,254
Total comprehensive income for the year	147,945	102,261
Attributable to:		
— Owners of the Company	144,735	99,423
— Non-controlling interests	3,210	2,838
Total comprehensive income for the year	147,945	102,261

CONSOLIDATED BALANCE SHEET*As at 31 March 2014*

		31 March 2014	31 March 2013
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,808,574	1,695,826
Prepaid premium for land leases		153,876	157,483
Investment properties		226,000	163,601
Intangible assets		46,323	47,536
Available-for-sale financial assets		5,490	5,624
Non-current deposits and prepayments		21,403	8,165
Deferred tax assets		7,120	8,249
		<hr/> 2,268,786	<hr/> 2,086,484
Current assets			
Inventories		760,655	704,536
Accounts receivable, deposits and prepayments	7	1,950,079	1,768,326
Financial assets at fair value through profit or loss		726	675
Taxation recoverable		3,749	890
Restricted bank deposits		205,893	182,948
Bank balances and cash		287,303	392,307
		<hr/> 3,208,405	<hr/> 3,049,682
Non-current assets held for sale			
		122,773	110,000
		<hr/> 3,331,178	<hr/> 3,159,682
Current liabilities			
Accounts payable and other payables	8	1,394,695	1,339,738
Trust receipt loans		639,453	774,408
Taxation payable		26,575	12,523
Derivative financial instruments		413	769
Borrowings		950,622	680,482
		<hr/> 3,011,758	<hr/> 2,807,920
Net current assets			
		<hr/> 319,420	<hr/> 351,762
Total assets less current liabilities			
		<hr/> 2,588,206	<hr/> 2,438,246

		31 March 2014	31 March 2013
	<i>Note</i>	HK\$'000	HK\$'000
Equity			
Equity attributable to owners of the Company			
Share capital		127,315	127,315
Reserves		1,604,830	1,476,646
Proposed final dividend		11,459	14,005
		<u>1,616,289</u>	<u>1,490,651</u>
		1,743,604	1,617,966
Non-controlling interests		169,999	107,446
		<u>1,913,603</u>	<u>1,725,412</u>
Non-current liabilities			
Accounts payable and other payables	8	126,702	1,486
Borrowings		456,382	641,581
Deferred tax liabilities		91,519	69,767
		<u>674,603</u>	<u>712,834</u>
		<u>2,588,206</u>	<u>2,438,246</u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of properties, available-for-sale financial assets and financial assets/liabilities (including derivative financial instruments) at fair value through profit or loss, which are carried at fair value.

(a) New and amended standards

(a) The following amended standards are mandatory for the first time for the financial year beginning 1 April 2013 but either have no significant impact to the Group’s results and financial position or are not currently relevant to the Group:

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 19 (Amendment)	Employee benefits
HKAS 27 (Revised 2011)	Separate financial statements
HKAS 28 (Revised 2011)	Associates and joint ventures
HKFRS 1 (Amendment)	First time adoption — government loans
HKFRS 7 (Amendment)	Financial instruments: Disclosures — Offsetting financial assets and liabilities
HKFRS 10	Consolidated financial statements
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transitional guidance
HKFRS 11	Joint arrangements
HKFRS 12	Disclosures of interests in other entities
HKFRS 13	Fair value measurements
HK (IFRIC) — Int 20	Stripping costs in the production phase of a surface mine

(b) *The following new and amended standards have been issued but are not effective for the financial year beginning 1 April 2014 and the Group has not early adopted:*

		Effective for accounting periods beginning on or after
HKAS 19 (2011) (Amendment)	Defined benefit plans: employee contributions	1 July 2014
HKAS 32 (Amendment)	Financial instruments: Presentation — offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non- financial assets	1 January 2014
HKAS 39 (Amendment)	Financial instruments: Recognition and measurement — novation of derivatives	1 January 2014
HKFRS 9	Financial instruments	To be determined
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment entities	1 January 2014
HKFRS 7, HKFRS 9 (Amendments)	Disclosures: Mandatory effective date of HKFRS and transactional disclosures	1 January 2015
HKFRS 14	Regulatory deferral accounts	1 January 2016
HK(IFRIC) — Int 21	Levies	1 January 2014
Annual Improvements Projects	Annual improvements 2010–2012 cycle	1 July 2014
Annual Improvements Projects	Annual improvements 2011–2013 cycle	1 July 2014

The Group has commenced an assessment of the impact of the above new and amended standards and interpretations and considers that they will not have any significant impact on the results of the Group's operations and financial position. The Group plans to adopt the above new and amended standard and interpretations when they become effective.

2. SEGMENT INFORMATION

As at 31 March 2014, the Group is organised on a worldwide basis into three main business segments:

- (1) Paper trading: trading and marketing of paper products;
- (2) Paper manufacturing: manufacturing of paper products in Shandong, the PRC;
- (3) Others: including trading and marketing of aeronautic parts and provision of related services and the provision of marine services to marine, oil and gas industries.

The segment information for the year ended and as at 31 March 2014 is as follows:

	Paper trading HK\$'000	Paper manufacturing HK\$'000	Others HK\$'000	Total HK\$'000
Total segment revenue	4,288,689	767,634	153,676	5,209,999
Inter-segment revenue	(44,042)	(189,997)	(6,843)	(240,882)
Revenue from external customers	4,244,647	577,637	146,833	4,969,117
Reportable segment results	134,153	52,625	3,613	190,391
Corporate expenses				(10,741)
Operating profit				179,650
Finance costs				(92,235)
Profit before taxation				87,415
Taxation				(26,916)
Profit for the year				60,499
Other items for the year ended 31 March 2014				
Interest income	8,170	947	17	9,134
Depreciation of property, plant and equipment	10,626	48,938	9,100	68,664
Amortisation of prepaid premium for land leases	864	3,409	77	4,350
Amortisation of intangible assets	847	45	4	896
Reportable segment assets	3,091,638	2,328,190	169,192	5,589,020
Taxation recoverable				3,749
Deferred tax assets				7,120
Corporate assets				75
Total assets				5,599,964
Reportable segment liabilities	1,848,156	277,142	35,538	2,160,836
Taxation payable				26,575
Deferred tax liabilities				91,519
Corporate liabilities				1,407,431
Total liabilities				3,686,361

The segment information for the year ended and as at 31 March 2013 is as follows:

	Paper trading <i>HK\$'000</i>	Paper manufacturing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total segment revenue	4,097,377	843,631	139,746	5,080,754
Inter-segment revenue	(153,815)	(249,302)	(7,802)	(410,919)
Revenue from external customers	3,943,562	594,329	131,944	4,669,835
Reportable segment results	132,580	47,735	2,193	182,508
Corporate expenses				(9,932)
Operating profit				172,576
Finance costs				(88,943)
Profit before taxation				83,633
Taxation				(18,626)
Profit for the year				65,007
Other items for the year ended 31 March 2013				
Interest income	9,321	1,566	10	10,897
Depreciation of property, plant and equipment	10,143	39,102	8,375	57,620
Amortisation of prepaid premium for land leases	178	3,237	72	3,487
Amortisation of intangible assets	721	38	—	759
Reportable segment assets	2,930,047	2,134,514	172,387	5,236,948
Taxation recoverable				890
Deferred tax assets				8,249
Corporate assets				79
Total assets				5,246,166
Reportable segment liabilities	1,652,817	427,751	35,368	2,115,936
Taxation payable				12,523
Deferred tax liabilities				69,767
Corporate liabilities				1,322,528
Total liabilities				3,520,754

The Group's operating segments operate in the following geographical areas, even though they are managed on a worldwide basis.

	Group			
	Revenue		Non-current assets ¹	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	915,984	1,070,755	327,458	259,386
The PRC ²	3,432,939	3,051,142	1,854,979	1,730,755
Singapore	135,752	125,092	62,493	72,502
Korea	402,390	357,696	2,900	1,298
Malaysia	71,432	60,520	13,825	14,277
USA	10,620	4,630	11	17
	<u>4,969,117</u>	<u>4,669,835</u>	<u>2,261,666</u>	<u>2,078,235</u>

¹ Non-current assets excluded deferred tax assets.

² The PRC, for the presentation purpose in these accounts, excludes Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan.

3. OPERATING PROFIT

Operating profit is stated after charging and crediting the following:

	Group	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Charging		
Cost of inventories sold	4,359,390	3,757,519
Depreciation of property, plant and equipment	68,664	57,620
Amortisation of prepaid premium for land leases	4,350	3,487
Amortisation of intangible assets	896	759
Operating lease rentals in respect of:		
— land and buildings	17,054	17,196
Transportation costs	175,873	120,917
Provision for impairment on inventories	—	25,979
Provision for impairment on receivables	3,900	11,272
Employee benefit expenses	110,585	123,068
Auditor's remuneration	3,206	2,620
Losses on disposal of non-current assets held for sale	—	726
	<u> </u>	<u> </u>
Crediting		
Gains on disposal of property, plant and equipment	2,662	174
Net exchange gains	2,799	5,865
Realised and unrealised gains on derivative financial instruments	88	14
Provision for impairment on inventories written back	10,782	—
Provision for impairment on receivables written back	8,717	6,830
	<u> </u>	<u> </u>

4. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profit has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Hong Kong profits tax	4,937	4,619
Overseas taxation	12,029	9,370
Under/(over) — provision in previous years	66	(30)
Deferred taxation relating to origination and reversal of temporary differences	9,884	4,667
	<u>26,916</u>	<u>18,626</u>

5. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company less preference dividends of HK\$55,215,000 (2013: HK\$61,839,000) by the weighted average number of 1,141,076,000 (2013: 1,141,076,000) ordinary shares in issue during the year.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: preference shares. The Company has a share option scheme but no share option (2013: Nil) has been granted under the scheme. Such scheme has been expired on 26 February 2014.

	Group	
	2014	2013
Profit attributable to the owner of the Company (<i>HK\$'000</i>)	<u>57,196</u>	<u>63,661</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	1,141,076	1,141,076
Adjustment for:		
— Preference shares (<i>'000</i>)	<u>132,065</u>	<u>132,065</u>
Weighted average number of shares for diluted earnings per share (<i>'000</i>)	<u>1,273,141</u>	<u>1,273,141</u>
Diluted earnings per share	<u>HK\$ 4.5 cents</u>	<u>HK 5.0 cents</u>

6. DIVIDENDS

	Group and Company	
	2014	2013
	HK\$'000	HK\$'000
Interim — HK\$0.004 (2013: HK\$0.004) per ordinary share	4,564	4,564
Interim — HK\$0.004 (2013: HK\$0.004) per preference share	528	528
Proposed final — HK\$0.009 (2013: HK\$0.011) per ordinary share	10,270	12,552
Proposed final — HK\$0.009 (2013: HK\$0.011) per preference share	1,189	1,453
	<u>16,551</u>	<u>19,097</u>

At a meeting held on 24 June 2014, the directors proposed a final dividend of HK\$0.009 per share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2015.

7. ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

	Group	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts receivable — net of provision	1,226,996	1,100,971
Other receivables, deposits and prepayments	<u>723,083</u>	<u>667,355</u>
	<u>1,950,079</u>	<u>1,768,326</u>

The aging analysis of accounts receivable is as follows:

	Group	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 60 days	905,999	838,037
61 to 90 days	166,828	136,097
Over 90 days	<u>154,169</u>	<u>126,837</u>
	<u>1,226,996</u>	<u>1,100,971</u>

The Group normally grants credit to customers ranging from 30 to 90 days.

8. ACCOUNTS PAYABLE AND OTHER PAYABLES

	Group	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts and bills payables	1,217,049	1,154,538
Accruals and other payables	<u>304,348</u>	<u>186,686</u>
	1,521,397	1,341,224
Less: non-current portions:		
Accounts payable and other payables	<u>(126,702)</u>	<u>(1,486)</u>
	<u>1,394,695</u>	<u>1,339,738</u>

The aging analysis of accounts and bills payables is as follows:

	Group	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 60 days	733,272	922,722
61 to 90 days	176,890	126,027
Over 90 days	<u>306,887</u>	<u>105,789</u>
	<u>1,217,049</u>	<u>1,154,538</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Economy

During the financial year under review, the global economy remained complicated but was improving. The United States recovered slowly while Europe showed signs of stabilization. In view of this global economic situation, the Chinese government took various support measures to foster its own economic development, and maintained a steady growth.

In Hong Kong, the economy experienced a modest growth, with real GDP in the first quarter of 2014 up by 2.5% over the preceding year, slightly slower than that in the fourth quarter of 2013. Exports continued in weak position due to the uncertain economic growth globally.

The Paper Industry

Paper and board prices hovered at low levels due to continued lackluster demand amid a slowdown of the economy in China. Most grades' paper prices were gradually stable with some grades of paper products attaining price hikes towards the second half of the year as a result of a decrease in the growth of paper supply in the industry and elimination of outdated production capacity under stricter clean production standards implemented by the government authority. The cautious market sentiment and an impact of the tight monetary policy have caused competition to intensify, with some of competitors sacrificing margins to alleviate their liquidity position.

Overview of Operations

Financial Performance

Facing the complicated market climate, the Group adopted flexible sales strategies and proactively responded to the market to ensure a balance between growth in turnover and profitability. At the same time, the Group timely adjusted its procurement strategies in different regions while watching closely the customer credit risks in the situation of tight money supplies in the Mainland China. For the year, the Group registered a growth of 6.4% reaching HK\$4,969 million. In terms of sales volume, the growth was achieved as high as 13.9%.

To further combat the weak market conditions, the Group continued to optimize earning quality, taking further steps to streamline the logistics and warehousing arrangement with customers and suppliers. The operating profit for the year increased moderately by 4.1% to HK\$179.7 million. Profit attributable to the owners of the Company was HK\$57.2 million. Earning per share were HK4.8 cents, compared to HK5.4 cents for the preceding year.

The Board has recommended the payment of a final dividend of HK0.9 cent per share. Together with an interim dividend of HK0.4 cent per share already paid, total dividend for the year will amount to HK1.3 cents per share, translating to a dividend payout ratio of 29%.

The Group has always taken steps to controlling costs, improving operating efficiency, strengthening inventory reduction and minimizing credit risk. Under a tight monetary supply environment and more stringent credit policies in China, the management has maintained an appropriate level of cash and bank balance (including restricted bank deposit), which reached HK\$493.2 million as at 31 March 2014. This enables the Group to utilize its own resources when necessary, bargain better price on procurement, lower interest costs and maintain a healthy gearing ratio — currently at approximately

44.8%. In terms of provisions for doubtful debt, it presently represents 0.07% of the Group's total revenue before taking into account of the write back of the provision of HK\$8.7 million. All of the measures taken also serve to highlight the Group's healthy financial position.

By business segment, paper trading, paper manufacturing and other businesses accounted for 85.4%, 11.6% and 3% of the Group's total turnover respectively.

Paper Business

With sales offices in over 20 cities scattering across the PRC and other Asian countries, the Group placed great emphasis on serving quality customers extensively in various cities and expanding its sales for packaging boards on indent basis. The Group's paper product business recorded an increase of 6.3% in turnover from HK\$4,538 million to HK\$4,822 million. In volume term, the Group's sales of paper products has a rise of 13.9% to 949,500 metric tonnes. Operating profit amounted to HK\$186.8 million, representing an increase of 3.6% when compared to HK\$180.3 million last year.

For paper trading business, the Group boosted its sales by 7.6% to HK\$4,245 million with a 15.3% rise in sales tonnage, ascribed by expanding the sales of packaging boards in various cities in the PRC and other Asian countries in addition to the sales of printing and writing papers.

The Group's effort on expanding its presence in China has attained fruitful results. The PRC continues to be the Group's largest market. Turnover from paper trading business in the market rose significantly by 16.3% to HK\$2,850 million with a growth of 25.3% in volume. The Hong Kong market, the Group's second key market, represented approximately 21% of its total paper trading sales, reported a turnover of HK\$910 million, a drop of 15% compared to last year, as a result of the downturn of the export market to overseas. For other countries, the business grew by 14.6% in sales to HK\$484.4 million. This is mainly attributable to more sales being achieved by the Korea and Malaysia office for the year compared to last year.

For paper manufacturing business, the segment reported a 1.8% rise in sales tonnage, with a decrease of 9% in turnover, including inter-segment revenue, to HK\$578 million. With the softened raw material costs, the effective cost control measures and streamlining work flow procedures, operating profit increased 10.3% to HK\$52.6 million compared to last year with operating profit margin stood at 9.1%.

Other Businesses

The aeronautic parts and services business and marine services business recorded turnover of HK\$58.5 million and HK\$77.2 million respectively during the year.

Prospects

In China, the economy will continue to see within a range of 7.5% growth, which while slower than the decade ended in 2011, is still relatively healthy and will be enough to support positive growth in paper consumption. It is forecasted that world paper demand growth in 2014 will accelerate compared to the paltry gains posted over the past three years. Optimism is based on a better performance in the general economy, with both Europe and North America showing improvements. To foster the economic development, the PRC government authority considers using various tools to expand loans and financing for supporting emerging industries, the agriculture sector, micro and small-sized enterprises and the building for subsidized housing and infrastructure. This helps to ease funding

difficulties and high borrowing costs on various sectors in the country's economy. Paper demand is expected to pick up gradually. Coupled with a recovery in demand, the industry consolidation and the capacity closures should bring the market into balance in the coming years.

The Group's core business, paper trading business will expand its sales network in Korea, Malaysia and the central and south-western part of China in the coming years. By expanding its sales coverage, the Group will be able to speedily leverage its extensive sales network upon the economy picking up and capture the market share further in the domestic market. For the other core business, paper manufacturing business, the management will continue to optimize the productivity and efficiency to further enhance its profitability. At the same time, the Group will carry out the business quality enhancement measure including organization restructuring, warehouse consolidation and procurement flexibility to shorten working capital flow and sustain the Group's development.

FINAL DIVIDEND

The Board has resolved to recommend a final dividend of HK0.9 cent per share (2013: HK1.1 cents) payable on or around 21 October 2014 to persons who are registered shareholders of the Company on 26 September 2014 subject to the approval of shareholders at the forthcoming annual general meeting. Together with the interim dividend of HK0.4 cent per share (2013: HK0.4 cent), the total dividend for the financial year is HK1.3 cents per share (2013: HK1.5 cents).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 17 September 2014 to 19 September 2014 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the entitlement to attend and vote at the Meeting, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at 31/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on 16 September 2014.

The Register of Members of the Company will be closed from 29 September 2014 to 30 September 2014 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at 31/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on 26 September 2014.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2014, the Group employed 1,752 staff members, 131 of whom are based in Hong Kong and 1,253 are based in the PRC and 368 are based in other countries. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the Group and of the individuals concerned. Remuneration policies are reviewed regularly to ensure that the Group is offering competitive employment packages. In addition to salary payments, other staff benefits include performance bonuses, education subsidies, provident fund and medical insurance. Training for various levels of staff is undertaken on a regular basis, consisting of development in the strategic, implementation, sales and marketing disciplines.

LIQUIDITY AND FINANCIAL RESOURCES

The Group normally finances short term funding requirements with cash generated from operations, credit facilities available from suppliers and banking facilities (both secured and unsecured) provided by our bankers. The Group uses cash flows generated from operations, long term borrowings and shareholders' equity for the financing of long-term assets and investments. As at 31 March 2014, short term deposits plus bank balances amounted to HK\$493 million (2013: HK\$575 million) (including restricted bank deposits of HK\$206 million (2013: HK\$183 million)) and bank borrowings amounted to HK\$2,046 million (2013: HK\$2,096 million).

The Group continues to implement prudent financial management policy and strives to maintain a reasonable gearing ratio during expansion. As at 31 March 2014, the Group's gearing ratio was 44.8% (2013: 46.9%), calculated as net debt divided by total capital. Net debt of HK\$1,553 million (2013: HK\$1,521 million) is calculated as total borrowings of HK\$2,046 million (2013: HK\$2,096 million) (including trust receipt loans, short term and long term borrowings, and finance lease obligations) less cash on hand and restricted deposits of HK\$493 million (2013: HK\$575 million). Total capital is calculated as total equity of HK\$1,914 million (2013: HK\$1,725 million) plus net debt. The current ratio (current assets divided by current liabilities) was 1.11 times (2013: 1.13 times).

With bank balances and other current assets amounted to HK\$3,331 million (2013: HK\$3,160 million) as well as available banking and trade facilities, the directors of the Company (the "Directors") believe the Group has sufficient working capital for its present requirement.

FOREIGN EXCHANGE RISK

The Group's transaction currencies are principally denominated in Renminbi, United States dollar and Hong Kong dollar. The Group hedged its position with foreign exchange contracts and options when considered necessary. The Group has continued to obtain Renminbi loans which provide a natural hedge against currency risks. As at 31 March 2014, bank borrowings in Renminbi amounted to HK\$496 million (2013: HK\$482 million). The remaining borrowings are mainly in Hong Kong dollar. The majority of the Group's borrowings bear interest costs which are based on floating interest rates. The Group has entered an interest rate swap contract, the notional principal amount of the outstanding interest rate swap contract as at 31 March 2014 was HK\$20,000,000 (2013: HK\$20,000,000).

CONTINGENT LIABILITIES AND CHARGE OF ASSETS

As at 31 March 2014, the Company continued to provide corporate guarantees on banking facilities granted to the Group's subsidiaries. The amount of bank borrowings utilised by the subsidiaries as at 31 March 2014 amounted to HK\$2,041 million (2013: HK\$2,090 million).

Certain land and buildings, investment properties and non-current assets held for sale of the Company's subsidiaries, with a total carrying value of HK\$400 million as at 31 March 2014 (2013: HK\$328 million) were pledged to banks as securities for bank loans of HK\$91 million (2013: HK\$71 million) and trust receipt loans of HK\$78 million (2013: HK\$71 million) granted to the Group.

AUDIT COMMITTEE

The audit committee of the Company (the "Committee") comprises two independent non-executive directors of the Company, namely Mr. Pang Wing Kin, Patrick and Mr. Tong Yat Chong and one non-executive director of the Company, namely Mr. Lau Wang Yip, Eric. The principal activities of the Committee include the review and supervision of the Group's financial reporting process and

internal controls. The Committee has met with the senior management of the Company and the Company's external auditor to review the final results for the year ended 31 March 2014 before recommending them to the Board for approval.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry of all the Directors, the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the accounting period covered by the annual results.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

In the opinion of the Directors, the Company was in compliance with the Code of Corporate Governance Practices as set out in Appendix 14 of Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the accounting period covered by the annual results except that the non-executive Directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the bye-laws of the Company.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE'S WEBSITE

The 2013/2014 Annual Report of the Company containing all information required by the Listing Rules will be published on the Stock Exchange's website (www.hkexnews.com.hk) and the Company's website (www.samsonpaper.com) in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. SHAM Kit Ying, Mr. LEE Seng Jin, Mr. CHOW Wing Yuen, Ms. SHAM Yee Lan, Peggy and Mr. LEE Yue Kong, Albert, one non-executive Director, Mr. LAU Wang Yip, Eric and three independent non-executive Directors, namely Mr. PANG Wing Kin, Patrick, Mr. TONG Yat Chong and Mr. NG Hung Sui, Kenneth.

By Order of the Board
SHAM Kit Ying
Chairman

Hong Kong, 24 June 2014

* *for identification purpose only*