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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

The board of directors (the “Board”) of Samson Paper Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2014 together with comparative figures for the corresponding period in 2013, and the unaudited condensed consolidated balance sheet of the Group as at 30 September 2014 with audited comparative figures as at 31 March 2014. The unaudited condensed consolidated interim financial statements have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

| | | Unaudited | |
|-----------------------------|-------------|-------------------------|-----------------|
| | | Six months ended | |
| | | 30 September | |
| | | 2014 | 2013 |
| | <i>Note</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | | | <i>(Note 9)</i> |
| Revenue | 2 | 2,751,969 | 2,577,012 |
| Cost of sales | | (2,502,186) | (2,339,711) |
| Gross profit | | 249,783 | 237,301 |
| Other gains and income, net | | 9,906 | 10,732 |
| Selling expenses | | (82,761) | (89,435) |
| Administrative expenses | | (100,844) | (92,616) |
| Other operating income | | 3,783 | 19,244 |
| Operating profit | 3 | 79,867 | 85,226 |
| Finance costs | | (45,265) | (51,157) |
| Profit before taxation | | 34,602 | 34,069 |
| Taxation | 4 | (6,842) | (6,797) |
| Profit for the period | | 27,760 | 27,272 |

| | | Unaudited | |
|----------------------------|---------------------------|---------------------------|------------------------|
| | | Six months ended | |
| | | 30 September | |
| | | 2014 | 2013 |
| <i>Note</i> | | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | | <i>(Note 9)</i> | |
| Attributable to: | | | |
| | Owners of the Company | 24,706 | 26,525 |
| | Non-controlling interests | 3,054 | 747 |
| | | <u>27,760</u> | <u>27,272</u> |
| Earnings per share | | | |
| | — Basic | <u>HK2.1 cents</u> | <u>HK2.2 cents</u> |
| | — Diluted | <u>HK1.9 cents</u> | <u>HK2.1 cents</u> |
| Interim dividend per share | | <u>HK0.4 cent</u> | <u>HK0.4 cent</u> |
| | Interim dividends | <u>5,092</u> | <u>5,092</u> |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Unaudited | |
|--|-------------------------|-----------------|
| | Six months ended | |
| | 30 September | |
| | 2014 | 2013 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Profit for the period | 27,760 | 27,272 |
| Other comprehensive income | | |
| Item that may be reclassified subsequently to profit and loss: | | |
| — Currency translation differences | 18,972 | 15,771 |
| Other comprehensive income for the period, net of tax | 18,972 | 15,771 |
| Total comprehensive income for the period | 46,732 | 43,043 |
| Total comprehensive income attributable to: | | |
| — Owners of the Company | 42,456 | 41,182 |
| — Non-controlling interests | 4,276 | 1,861 |
| Total comprehensive income for the period | 46,732 | 43,043 |

CONDENSED CONSOLIDATED BALANCE SHEET*As at 30 September 2014*

| | | Unaudited | Audited |
|---|-------------|---------------------|-----------------|
| | | 30 September | 31 March |
| | | 2014 | 2014 |
| | <i>Note</i> | HK\$'000 | HK\$'000 |
| Non-current assets | | | |
| Property, plant and equipment | | 1,845,805 | 1,808,574 |
| Prepaid premium for land leases | | 170,628 | 153,876 |
| Investment properties | | 226,000 | 226,000 |
| Intangible assets | | 45,353 | 46,323 |
| Available-for-sale financial assets | | 5,490 | 5,490 |
| Non-current deposits | | 10,064 | 21,403 |
| Deferred tax assets | | 6,382 | 7,120 |
| | | 2,309,722 | 2,268,786 |
| Current assets | | | |
| Inventories | | 735,527 | 760,655 |
| Accounts receivable, deposits and prepayments | 7 | 2,157,563 | 1,950,079 |
| Financial assets at fair value through profit or loss | | 791 | 726 |
| Taxation recoverable | | 3,450 | 3,749 |
| Restricted bank deposits | | 197,437 | 205,893 |
| Bank balances and cash | | 383,153 | 287,303 |
| | | 3,477,921 | 3,208,405 |
| Non-current assets held for sale | | 122,773 | 122,773 |
| | | 3,600,694 | 3,331,178 |
| Current liabilities | | | |
| Accounts payable and other payables | 8 | 1,638,934 | 1,394,695 |
| Trust receipt loans | | 681,848 | 639,453 |
| Taxation payable | | 27,462 | 26,575 |
| Derivative financial instruments | | 349 | 413 |
| Borrowings | | 893,841 | 950,622 |
| | | 3,242,434 | 3,011,758 |
| Net current assets | | 358,260 | 319,420 |
| Total assets less current liabilities | | 2,667,982 | 2,588,206 |

| | | Unaudited | Audited |
|--|-------------|---------------------|-----------------|
| | | 30 September | 31 March |
| | | 2014 | 2014 |
| | <i>Note</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Equity | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | 127,315 | 127,315 |
| Reserves | | 1,642,194 | 1,604,830 |
| Proposed dividend | | 5,092 | 11,459 |
| | | 1,647,286 | 1,616,289 |
| | | 1,774,601 | 1,743,604 |
| Non-controlling interests | | 174,275 | 169,999 |
| | | 1,948,876 | 1,913,603 |
| Non-current liabilities | | | |
| Accounts payable | 8 | 154,912 | 126,702 |
| Borrowings | | 456,325 | 456,382 |
| Deferred tax liabilities | | 107,869 | 91,519 |
| | | 719,106 | 674,603 |
| | | 2,667,982 | 2,588,206 |

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements for the six months ended 30 September 2014 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Except as described below, the accounting policies adopted are consistent with those of the annual consolidated financial statements for the year ended 31 March 2014, as described in those annual consolidated financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following amendments to standard are mandatory for the first time for the financial year beginning 1 April 2014 and adopted by the Group:

| | | |
|---|---|----------------|
| 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 10, HKFRS 12 and HKAS 27 (2011) (Amendment) | Investment entities | 1 January 2014 |
| HK(IFRIC) — Int 21 | Levies | 1 January 2014 |

The adoption of the above new and revised standards and interpretation has no significant impact to the Group’s financial position for all periods presented in this report.

The following new and revised standards and interpretation have been issued but are not effective for the financial year beginning on 1 April 2014 and have not been early adopted by the Group:

| | | Effective for accounting periods beginning on or after |
|--------------------------------|---|---|
| HKAS 19 (2011) (Amendment) | Defined benefit plans: Employee contributions | 1 July 2014 |
| HKAS 16 and HKAS 38 | Clarification of acceptable methods of depreciation and amortisation | 1 January 2016 |
| HKAS 16 and HKAS 41 | Agriculture: Bearer plants | 1 January 2016 |
| HKAS 27 (Amendment) | Equity method in separate financial statements | 1 January 2016 |
| HKFRS 9 | Financial instruments | 1 January 2018 |
| HKFRS 10, HKFRS 28 (Amendment) | Sale or contribution of assets between an investor and its associate or joint venture | 1 January 2016 |
| HKFRS 11 (Amendment) | Accounting for acquisitions of interests in joint operations | 1 January 2016 |
| HKFRS 14 | Regulatory deferral accounts | 1 January 2016 |
| HKFRS 15 | Revenue from contracts with customers | 1 January 2017 |
| Annual Improvements Projects | Annual improvements 2010–2012 Cycle | 1 July 2014 |
| Annual Improvements Projects | Annual improvements 2011–2013 Cycle | 1 July 2014 |
| Annual Improvements Projects | Annual improvements 2012–2014 Cycle | 1 January 2016 |

The directors of the Company are currently assessing the impact on their adoption and the impact of adoption of these new standards, revised standards and amendments and interpretations to existing standards in future periods is not currently known or cannot be reasonably estimated.

2. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports reviewed by the Executive Directors.

The Executive Directors consider the performance of the Group from the perspective of the nature of products and services. The chief operating decision-maker assesses the performance of the operating segments based on a measure of segment profit/loss without allocation of finance costs which is consistent with that in the financial statements.

As at 30 September 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 People's Republic of China (the "PRC");
- (3) Others: including trading and marketing of aeronautic parts and provision of related services, the provision of marine services to marine, oil and gas industries, retail business and investment property holding.

Segment assets consist primarily of property, plant and equipment, prepaid premium for land leases, investment properties, intangible assets, inventories, receivables, financial instruments, non-current asset held for sale and operating cash. They exclude deferred tax assets and taxation recoverable.

The segment information for the six months ended 30 September 2014 and as at 30 September 2014 are as follows:

| | Unaudited | | | |
|--|-------------------------------------|---|---------------------------|--------------------------|
| | Six months ended 30 September 2014 | | | |
| | Paper trading <i>HK\$'000</i> | Paper manufacturing <i>HK\$'000</i> | Others <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| SEGMENT RESULTS | | | | |
| Total segment revenue | 2,256,985 | 492,253 | 84,700 | 2,833,938 |
| Inter-segment revenue | (12,744) | (65,063) | (4,162) | (81,969) |
| Revenue from external customers | 2,244,241 | 427,190 | 80,538 | 2,751,969 |
| Reportable segment results | 49,025 | 36,803 | (764) | 85,064 |
| Corporate expenses | | | | (5,197) |
| Operating profit | | | | 79,867 |
| Finance costs | | | | (45,265) |
| Profit before taxation | | | | 34,602 |
| Taxation | | | | (6,842) |
| Profit for the period | | | | 27,760 |
| OTHER PROFIT AND LOSS ITEMS | | | | |
| Depreciation | 5,415 | 22,863 | 4,810 | 33,088 |
| Amortisation charges | 860 | 1,749 | 68 | 2,677 |

| | Unaudited As at 30 September 2014 | | | |
|---------------------------|--------------------------------------|---|---------------------------|--------------------------|
| | Paper trading <i>HK\$'000</i> | Paper manufacturing <i>HK\$'000</i> | Others <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| SEGMENT ASSETS | | | | |
| Reportable segment assets | 2,929,674 | 2,451,814 | 517,743 | 5,899,231 |
| Taxation recoverable | | | | 3,450 |
| Deferred tax assets | | | | 6,382 |
| Corporate assets | | | | 1,353 |
| Total assets | | | | <u>5,910,416</u> |

The segment information for the six months ended 30 September 2013 and as at 31 March 2014 are as follows:

| | Unaudited Six months ended 30 September 2013 (Note 9) | | | |
|--|---|---|---------------------------|--------------------------|
| | Paper trading <i>HK\$'000</i> | Paper manufacturing <i>HK\$'000</i> | Others <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| SEGMENT RESULTS | | | | |
| Total segment revenue | 2,264,038 | 376,257 | 78,624 | 2,718,919 |
| Inter-segment revenue | (12,454) | (126,040) | (3,413) | (141,907) |
| Revenue from external customers | <u>2,251,584</u> | <u>250,217</u> | <u>75,211</u> | <u>2,577,012</u> |
| Reportable segment results | 62,115 | 21,241 | 6,686 | 90,042 |
| Corporate expenses | | | | (4,816) |
| Operating profit | | | | 85,226 |
| Finance costs | | | | (51,157) |
| Profit before taxation | | | | 34,069 |
| Taxation | | | | (6,797) |
| Profit for the period | | | | <u>27,272</u> |
| OTHER PROFIT AND LOSS ITEMS | | | | |
| Depreciation | 5,206 | 21,361 | 4,261 | 30,828 |
| Amortisation charges | 857 | 1,788 | 38 | 2,683 |

| | Audited As at 31 March 2014 (Note 9) | | | |
|---------------------------|--|------------------------------------|--------------------|-------------------|
| | Paper trading HK\$'000 | Paper manufacturing HK\$'000 | Others HK\$'000 | Total HK\$'000 |
| SEGMENT ASSETS | | | | |
| Reportable segment assets | 2,747,668 | 2,328,190 | 513,162 | 5,589,020 |
| Taxation recoverable | | | | 3,749 |
| Deferred tax assets | | | | 7,120 |
| Corporate assets | | | | 75 |
| Total assets | | | | <u>5,599,964</u> |

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

An analysis of the Group's revenue for the period by geographical areas is as follows:

| | Unaudited Six months ended 30 September | |
|----------------|--|------------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| | | (Note 9) |
| Hong Kong | 514,231 | 500,535 |
| The PRC (note) | 2,029,958 | 1,683,992 |
| Singapore | 60,372 | 65,252 |
| Korea | 123,723 | 270,073 |
| Malaysia | 21,901 | 51,971 |
| USA | 1,784 | 5,189 |
| | <u>2,751,969</u> | <u>2,577,012</u> |

Note: The PRC, for the presentation purpose in these financial statements, 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 crediting and charging the following:

| | Unaudited Six months ended 30 September | |
|--|--|---------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Crediting | | |
| Interest income | 3,805 | 5,149 |
| Provision for impairment on inventories written back | 9,933 | 4,720 |
| Provision for impairment on receivables written back | 1,968 | 16,710 |
| | <u>15,706</u> | <u>26,579</u> |
| Charging | | |
| Depreciation of property, plant and equipment | 33,088 | 30,828 |
| Amortisation of prepaid premium for land leases | 2,198 | 2,238 |
| Amortisation of intangible assets | 479 | 445 |
| Provision for impairment on receivables | 5,751 | 3,555 |
| | <u>41,516</u> | <u>37,066</u> |

4. TAXATION

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

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

| | Unaudited | |
|-----------------------|-------------------------------|--------------|
| | Six months ended 30 September | |
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Hong Kong profits tax | 2,060 | 4,356 |
| Overseas taxation | 4,782 | 2,441 |
| | <u>6,842</u> | <u>6,797</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\$23,517,000 (2013: HK\$25,072,000) by the weighted average number of 1,141,076,000 (2013: 1,141,076,000) ordinary shares in issue during the period.

(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.

| | Unaudited | |
|--|-------------------------------|--------------------|
| | Six months ended 30 September | |
| | 2014 | 2013 |
| Profit attributable to owners of the Company (<i>HK\$'000</i>) | <u>24,706</u> | <u>26,525</u> |
| Weighted average number of ordinary shares in issue (<i>'000</i>) | 1,141,076 | 1,141,076 |
| Adjustments for: | | |
| — Assumed conversion of 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>HK1.9 cents</u> | <u>HK2.1 cents</u> |

6. INTERIM DIVIDENDS

| | Unaudited | |
|---|-------------------------------|--------------|
| | Six months ended 30 September | |
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Proposed — HK\$0.004 (2013: HK\$0.004) per ordinary share | 4,564 | 4,564 |
| Proposed — HK\$0.004 (2013: HK\$0.004) per preference share | <u>528</u> | <u>528</u> |
| | <u>5,092</u> | <u>5,092</u> |

At a meeting held on 20 November 2014, the Directors proposed an interim dividend of HK\$0.004 per share. This proposed dividend is not reflected as a dividend payable in these condensed financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2015.

7. ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

| | Unaudited 30 September 2014 <i>HK\$'000</i> | Audited 31 March 2014 <i>HK\$'000</i> |
|---|---|--|
| Accounts receivable — net of provision | 1,470,923 | 1,226,996 |
| Other receivables, deposits and prepayments | 686,640 | 723,083 |
| | <u>2,157,563</u> | <u>1,950,079</u> |

The carrying values of the Group's accounts and other receivables approximate their fair values.

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

The aging analysis of accounts receivable is as follows:

| | Unaudited 30 September 2014 <i>HK\$'000</i> | Audited 31 March 2014 <i>HK\$'000</i> |
|--------------------|---|--|
| Current to 60 days | 1,105,163 | 905,999 |
| 61 to 90 days | 170,392 | 166,828 |
| Over 90 days | 195,368 | 154,169 |
| | <u>1,470,923</u> | <u>1,226,996</u> |

There was no concentration of credit risk with respect to accounts receivable as the Group had a large number of customers, which were widely dispersed within Hong Kong, the PRC and other countries.

8. ACCOUNTS PAYABLE AND OTHER PAYABLES

| | Unaudited 30 September 2014 <i>HK\$'000</i> | Audited 31 March 2014 <i>HK\$'000</i> |
|-----------------------------|---|--|
| Accounts and bills payables | 1,231,046 | 1,217,049 |
| Accruals and other payables | 551,341 | 304,348 |
| Dividend payable | 11,459 | — |
| | <u>1,793,846</u> | <u>1,521,397</u> |
| Less: non-current portions: | | |
| Accounts payable | (154,912) | (126,702) |
| | <u>1,638,934</u> | <u>1,394,695</u> |

The carrying values of the gross accounts payable and other payables approximate their fair values.

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

| | Unaudited | Audited |
|--------------------|-------------------------|------------------|
| | 30 September | 31 March |
| | 2014 | 2014 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Current to 60 days | 889,895 | 733,272 |
| 61 to 90 days | 101,321 | 176,890 |
| Over 90 days | 239,830 | 306,887 |
| | <u>1,231,046</u> | <u>1,217,049</u> |

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation, of which rental income HK\$5,698,000 has been reclassified from "Other gains and income, net" to "Revenue" and corresponding expenses HK\$1,082,000 has been reclassified from "Administrative expenses" to "Cost of sales". The directors consider the reclassification reflects the principal activity on leasing of investment properties. These reclassifications have no impact on the Group's total equity as at both 30 September 2014 and 31 March 2014, or on the Group's profit for the period ended 30 September 2014 and 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

The Economy

During the review period, the global economy slackened amid the slowdown in economic growth in countries including the Eurozone, China and Japan despite the gradual economic recovery in the United States. China's economy grew at its slowest pace, reporting a gross domestic product ("GDP") growth of 7.3% in the third quarter of 2014, the weakest growth rate since the first quarter of 2009 and slower than the growth of 7.5% in the second quarter of 2014.

The Hong Kong economy experienced a modest growth, with the real GDP in the third quarter of 2014 up by 2.7% over the preceding year, up from 1.8% in the previous quarter. Exports remained weak in the face of the same sluggish global economic conditions that affected the mainland China.

The Paper Industry

For the reporting period, paper and board demand remained weak due to China's economic slowdown. Producers were cautious to adjust paper and board prices upwards and mainly focused on boosting sales. Paper and board prices stayed flat at low levels. Bank credit tightened under the tight monetary policy. This coupled with the cautious market sentiment have caused fierce competition, with some of competitors sacrificing margin to alleviate their tight liquidity position. Margin and profitability of the industry were under pressure.

Overview of Operations

Financial Performance

Against this challenging operating environment, the Group has timely adjusted its sales and procurement strategies to ensure a balance between growth in turnover and profitability. At the same time, the Group watched closely the customer credit risk in the situation of tight money supplies. During the review period, the Group's turnover recorded a growth of 6.8% reaching HK\$2,751,969,000. In terms of sales volume, the growth was even as high as 18.4%.

To tackle the adverse market conditions, the Group pursued flexible sales and procurement strategies in various sales locations with a low level of inventories. At the same time, the management continued to take further measures to optimize the logistics and warehousing arrangement with customers and suppliers to enhance the profitability. Gross profit for the period increased 5.3% to HK\$249,783,000. Profit attributable to the owners of the Company was recorded at HK\$24,706,000 (2013/2014: HK\$26,525,000). Basic earnings per share were HK2.1 cents (2013/2014: HK2.2 cents).

While the Group has made every effort to maintain a healthy financial position, the Group intends to keep an appropriate level of cash reserve to enhance the working capital position under the volatile market environment. As at 30 September, 2014 the Group had cash and bank balance (including restricted bank deposit) of HK\$580,590,000 with a gearing ratio at a healthy level of 42.7%. This enables the Group to lower interest costs by 11.5% to HK\$45,265,000. During the period, the Group continued to exercise a stringent credit policy as well as to compress the level of inventory even with the Group attaining a growth in revenue. Despite the worsening operating environment, the working capital cycle is shortened by 3 days. In terms of provisions for doubtful debt, it currently represents 0.21% of the Group's total revenue before taking into account of the write back of the provision of HK\$1,968,000. This further indicates that the Group's financial policy is able to fend off unstable market sentiment.

By business segment, paper trading, paper manufacturing and other businesses accounted for 81.6%, 15.5% and 2.9% of the Group's total turnover respectively.

Paper Business

With the well established sales network across the PRC region, coupled with a significant growth in the revenue of paper manufacturing segment, the Group's paper product business registered an increase of 6.8% in turnover from HK\$2,501,829,000 to HK\$2,671,425,000. In volume terms, the sales tonnage rose by 18.4% from 466,400 metric tonnes to 552,300 metric tonnes. Operating profit rose by 2.96% to HK\$85,828,000.

For paper trading business, the Group reported a slight decrease of 0.3% in turnover of HK\$2,244,241,000, resulting from a contraction of export sales to overseas in the Group's other Asian countries due to aggressive Chinese mills sales out of China, but a 5.3% rise in sales tonnage, which is ascribed to expanding the sales of packaging boards in various cities in the PRC region.

The PRC market continued to be the main growth of the segment. Turnover from paper trading business in the market rose significantly by 11.9% to HK\$1,600,151,000 with a growth of 21% in volume even under an adverse market condition. The Hong Kong market, the Group's second key market, represented approximately 22.1% of its total paper trading sales, attained a turnover of HK\$496,677,000, a slight increase of 0.4% compared to the corresponding last period. As for other Asian countries, the business dropped 55% in sales to HK\$147,408,000 as compared to the corresponding last period. Less orders were secured by the Korea office for export markets resulting from the fierce competition from the Chinese mills which tried to absorb their excess tonnage in their domestic market.

For paper manufacturing business, the segment recorded a significant rise of 30.8% in turnover, including inter-segment revenue, to HK\$492,253,000 with a growth of 44.1% in the sales tonnage. The achieved result reflected the success of sales strategies that put intensive emphasis on product customerization as well as focus on developing customers at the mill's proximity. Operating profit increased 73.3% to HK\$36,803,000 compared to the corresponding last period with operating profit margin stood at 8.9%.

Other Businesses

These business segments include the aeronautic parts and service business, marine services business, rental service and retail business.

The aeronautic parts and services business and marine services business recorded turnover of HK\$24,917,000 and HK\$35,455,000 respectively during the period under review.

As a result of implementing business optimization measures via warehousing consolidation, since the FY03/2008, various owned warehouses located in Hong Kong are released year by year and leased out to third parties with higher yields. These investment properties amounted to HK\$344,000,000 as at 30 September 2014. During the review period, the rental income amounted to HK\$6,605,000 compared to HK\$5,698,000 in previous period.

During the review period, the Group was entering into the local food retail market, through its chain of food stores under the brand of "FoodWise", which is a Hong Kong-based food store that inspires health and well-being, and is principally engaged in the sale of a selection of wholesome, affordable and convenient food. As at 30 September 2014, the Group is operating four shop locations in Hong Kong. Such retail business segment contributed HK\$10,946,000 to the Group's turnover for the period.

Prospects

China maintained its growth in GDP and expects to attain its growth of 7.5% for the year 2014, which will lead the corresponding natural growth in demand of paper products consumption, especially packaging products. The challenge in the imbalance of supply and demand in the paper industry would be relaxed by the continued elimination of the inefficient paper mills in China and the slowed down of paper production capacities expansion.

The Group will continue to facilitate prudent management, implement effective cost control measures and promote healthy policies in the Group to enhance staff morale and productivity. The Group will explore more potential markets in China and set up more domestic trading offices in the coming year. In order to fully utilize our extensive network offices and further penetrating the existing markets, we will aim to strengthen the management techniques, promote a higher service quality and increase efficiency of workforce usage.

To support our continuing business growth, the Group strategically enhances the efficiency and profitability of our warehousing facilities. Consolidation of existing warehouses in China and Hong Kong and more warehousing facilities will be explored to achieve the goal. Through warehousing consolidation in the China and Hong Kong offices, we are able to lease out the relevant properties and bring in additional rental income so as to generate an inflow of steady and recurring rental income.

The Group is in the process of expanding its arms into the local food retail business by tapping on our existing overseas purchasing network. In view of the high marketability of the Hong Kong retail food industry, the Group strategically invested in the local food retail business to market targeted varieties of food in its stores located in different areas in Hong Kong. In addition to the strategic broadening of our business scope, this will also generate positive cashflow. However, this business segment is at its preliminary stage which has yet to have a significant impact to the Group's results. In coming years, we will develop this business segment progressively. We expect more resources will be allocated to this business segment in order to fully develop its potential.

Diversification on business segments has not only greatly enhanced the Group's ability to better withstand market risks, but also enabled the Group to maintain a relatively high profitability and sustainability.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK 0.4 cent (2013: HK 0.4 cent) per share for the six months ended 30 September 2014. The interim dividend will be payable to all shareholders of the Company whose names appear on the register of members of the Company on 19 December 2014. The interim dividend will be paid around 8 January 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 17 December 2014 to 19 December 2014 (both days inclusive), during which period no transfers of shares of the Company will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch registrar, Boardroom Share Registrars (HK) Limited, at 31/F, 148 Electric Road, North Point, Hong Kong for registration no later than 4:30 pm on 16 December 2014.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2014, the Group employed 1,731 staff members, 139 of whom are based in Hong Kong and 1,271 are based in the PRC and 321 are based in other Asian 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. 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 flow generated from operations, long term borrowings and shareholders' equity for the financing of long-term assets and investments. As at 30 September 2014, short term deposits plus bank balances amounted to HK\$581 million (including restricted bank deposits of HK\$197 million) and bank borrowings amounted to HK\$2,032 million.

As at 30 September 2014, the Group's gearing ratio was 42.7% (31 March 2014: 44.8%), calculated as net debt divided by total capital. Net debt of HK\$1,451 million is calculated as total borrowings of HK\$2,032 million (including trust receipt loans, short term and long term borrowings, and finance lease obligations) less cash on hand and restricted deposits of HK\$581 million. Total capital is calculated as total equity of HK\$1,949 million plus net debt. The current ratio (current assets divided by current liabilities) was 1.11 times (31 March 2014: 1.11 times).

With bank balances and other current assets of approximately HK\$3,601 million as well as available banking and trade facilities, the directors of the Company (the "Directors") believe the Group has sufficient working capital to meet its present requirement.

FOREIGN EXCHANGE RISK

The Group's transaction currencies are principally denominated in Renminbi, United States dollars and Hong Kong dollars. 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 30 September 2014, bank borrowings in Renminbi amounted to HK\$369 million (31 March 2014: HK\$496 million). The remaining borrowings are mainly in Hong Kong dollars. The majority of the Group's borrowings bear interest costs which are based on floating interest rates.

CONTINGENT LIABILITIES

The Company provided corporate guarantees on the banking facilities granted to its subsidiaries. The amount of facilities utilized by the subsidiaries as at 30 September 2014 amounted to HK\$2,026,000,000 (31 March 2014: HK\$2,041,000,000).

CHARGE OF ASSETS

As at 30 September 2014, trust receipt loans of HK\$74,087,000 (31 March 2014: HK\$77,750,000) and bank loans of HK\$75,561,000 (31 March 2014: HK\$90,520,000) were secured by legal charge on certain properties of the Group.

AUDIT COMMITTEE

The Audit Committee of the Company (the “Committee”) was set up to review and provide supervision of the Group’s financial reporting process and internal controls. The Committee has reviewed the Group’s unaudited interim report for the six months ended 30 September 2014 before it was tabled for the Board’s approval.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

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 interim report.

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 the Listing Rules during the six-month period ended 30 September 2014 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 INTERIM RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

The interim results announcement is published on the web sites of the Company (www.samsonpaper.com) and the Stock Exchange (www.hkexnews.hk). The 2014/15 interim report will be despatched to the shareholders of the Company and available on the same web sites in due course.

By Order of the Board
SHAM Kit Ying
Chairman

Hong Kong, 20 November 2014

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.

* *for identification purposes*