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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 2015

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 2015 together with comparative figures for the corresponding period in 2014, and the unaudited condensed consolidated balance sheet of the Group as at 30 September 2015 with audited comparative figures as at 31 March 2015. 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	
		2015	2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	2,606,557	2,751,969
Cost of sales		(2,357,117)	(2,502,186)
Gross profit		249,440	249,783
Other gains and income, net		10,803	9,906
Selling expenses		(87,123)	(82,761)
Administrative expenses		(99,395)	(100,844)
Other operating (expenses)/income		(1,555)	3,783
Operating profit	3	72,170	79,867
Finance costs		(41,715)	(45,265)
Profit before taxation		30,455	34,602
Taxation	4	(6,099)	(6,842)
Profit for the period		24,356	27,760

		Unaudited	
		Six months ended	
		30 September	
		2015	2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Attributable to:			
Owners of the Company		19,293	24,706
Non-controlling interests		5,063	3,054
		<u>24,356</u>	<u>27,760</u>
Earnings per share			
— Basic	5	<u>HK1.4 cents</u>	<u>HK2.1 cents</u>
— Diluted	5	<u>HK1.5 cents</u>	<u>HK1.9 cents</u>
Interim dividend per share		<u>HK0.4 cent</u>	<u>HK0.4 cent</u>
Interim dividends	6	<u>5,092</u>	<u>5,092</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended	
	30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	24,356	27,760
Other comprehensive (loss)/income		
Item that may be reclassified subsequently to profit and loss:		
— Currency translation differences	<u>(21,532)</u>	18,972
Other comprehensive (loss)/income for the period, net of tax	<u>(21,532)</u>	18,972
Total comprehensive income for the period	<u>2,824</u>	46,732
Total comprehensive (loss)/income attributable to:		
— Owners of the Company	(2,208)	42,456
— Non-controlling interests	<u>5,032</u>	4,276
Total comprehensive income for the period	<u><u>2,824</u></u>	<u><u>46,732</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET*As at 30 September 2015*

	Unaudited	Audited
	30 September	31 March
	2015	2015
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	1,809,179	1,841,074
Prepaid premium for land leases	159,708	166,105
Investment properties	465,300	465,300
Intangible assets	40,019	41,788
Available-for-sale financial assets	4,754	4,953
Non-current deposits and prepayments	4,367	5,715
Deferred tax assets	3,366	3,545
	2,486,693	2,528,480
Current assets		
Inventories	606,644	721,431
Accounts receivable, deposits and prepayments	2,422,048	1,998,650
Financial assets at fair value through profit or loss	757	786
Taxation recoverable	1,877	913
Restricted bank deposits	164,265	218,000
Bank balances and cash	347,973	411,270
	3,543,564	3,351,050
Non-current assets held for sale	4,373	4,373
	3,547,937	3,355,423
Current liabilities		
Accounts payable and other payables	1,580,795	1,571,600
Trust receipt loans	1,065,305	752,466
Taxation payable	48,073	32,617
Derivative financial instruments	184	293
Borrowings	447,129	581,512
	3,141,486	2,938,488
Net current assets	406,451	416,935
Total assets less current liabilities	2,893,144	2,945,415

		Unaudited	Audited
		30 September	31 March
		2015	2015
	<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		1,666,902	1,674,202
Proposed dividend		5,092	31,829
		1,671,994	1,706,031
		1,799,309	1,833,346
Non-controlling interests		183,919	178,887
Total equity		1,983,228	2,012,233
Non-current liabilities			
Accounts payable and other payables	8	478	23,808
Borrowings		812,871	813,857
Deferred tax liabilities		96,567	95,517
		909,916	933,182
		2,893,144	2,945,415

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements for the six months ended 30 September 2015 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting”.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2015, 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 2015 and adopted by the Group:

HKAS 19 (2011) (Amendment)	Defined benefit plans: Employee contributions	1 July 2014
Annual Improvement Projects	Annual improvements 2010–2012 Cycle	1 July 2014
Annual Improvement Projects	Annual improvements 2011–2013 Cycle	1 July 2014

The adoption of the above amendments to standards do not have a material 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 2015 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
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
HKFRS 10 and HKFRS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception	1 January 2016
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
Annual Improvements Projects	Annual improvements 2012–2014 Cycle	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018

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 amendments to standards when they become effective.

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 2015, the Group is organised on a worldwide basis into four 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) Property investment and leasing; and
- (4) Others: including trading and marketing of aeronautic parts and provision of related services, the provision of marine services to marine, oil and gas industries, the provision of logistic services and retail business.

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, taxation recoverable and corporate assets.

The segment information for the six months ended and as at 30 September 2015 is as follows:

	Unaudited				
	Six months ended 30 September 2015				
	Paper trading	Paper manufacturing	Property investment and leasing	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
SEGMENT RESULTS					
Total segment revenue	2,131,065	496,443	8,331	99,238	2,735,077
Inter-segment revenue	(114,522)	(9,494)	(737)	(3,767)	(128,520)
Revenue from external customers	2,016,543	486,949	7,594	95,471	2,606,557
Reportable segment results	43,288	45,486	7,437	(15,543)	80,668
Corporate expenses					(8,498)
Operating profit					72,170
Finance costs					(41,715)
Profit before taxation					30,455
Taxation					(6,099)
Profit for the period					24,356
OTHER PROFIT AND LOSS ITEMS					
Depreciation	4,959	21,615	—	4,968	31,542
Amortisation charges	1,353	2,091	—	73	3,517

	Unaudited As at 30 September 2015				
	Paper trading <i>HK\$'000</i>	Paper manufacturing <i>HK\$'000</i>	Property investment and leasing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT ASSETS					
Reportable segment assets	2,679,985	2,705,117	466,213	176,183	6,027,498
Taxation recoverable					1,877
Deferred tax assets					3,366
Corporate assets					1,889
Total assets					<u>6,034,630</u>

The segment information for the six months ended 30 September 2014 and as at 31 March 2015 are as follows:

	Unaudited Six months ended 30 September 2014				
	Paper trading <i>HK\$'000</i>	Paper manufacturing <i>HK\$'000</i>	Property investment and leasing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT RESULTS					
Total segment revenue	2,256,985	492,253	7,400	77,300	2,833,938
Inter-segment revenue	(12,744)	(65,063)	(795)	(3,367)	(81,969)
Revenue from external customers	<u>2,244,241</u>	<u>427,190</u>	<u>6,605</u>	<u>73,933</u>	<u>2,751,969</u>
Reportable segment results	49,025	36,803	5,544	(6,308)	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					<u>27,760</u>
OTHER PROFIT AND LOSS ITEMS					
Depreciation	5,415	22,863	—	4,810	33,088
Amortisation charges	860	1,749	—	68	2,677

	Audited As at 31 March 2015				Total
	Paper trading <i>HK\$'000</i>	Paper manufacturing <i>HK\$'000</i>	Property investment and leasing <i>HK\$'000</i>	Others <i>HK\$'000</i>	<i>HK\$'000</i>
SEGMENT ASSETS					
Reportable segment assets	2,905,710	2,329,508	467,865	176,048	5,879,131
Taxation recoverable					913
Deferred tax assets					3,545
Corporate assets					314
Total assets					<u>5,883,903</u>

To be consistent with reporting, the segment of “others” has been split to “property investment and leasing” and “others”. The relevant amount for the period ended 30 September 2014 has been presented to conform to the current period’s presentation.

The Group’s four 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	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	481,336	514,231
The PRC (<i>note</i>)	1,939,717	2,029,958
Singapore	53,354	60,372
Korea	112,196	123,723
Malaysia	19,954	21,901
USA	—	1,784
	<u>2,606,557</u>	<u>2,751,969</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	
	2015	2014
	HK\$'000	HK\$'000
Crediting		
Interest income	5,753	3,805
Provision for impairment on inventories written back	1,944	9,933
Provision for impairment on receivables written back	4,921	1,968
	<u> </u>	<u> </u>
Charging		
Depreciation of property, plant and equipment	31,542	30,088
Amortisation of prepaid premium for land leases	2,727	2,198
Amortisation of intangible assets	790	479
Provision for impairment on receivables	15,236	5,751
	<u> </u>	<u> </u>

4. TAXATION

Hong Kong profits tax has been provided for at the rate of 16.5% (2014: 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	
	2015	2014
	HK\$'000	HK\$'000
Hong Kong profits tax	4,540	2,060
Overseas taxation	1,559	4,782
	<u> </u>	<u> </u>
	<u>6,099</u>	<u>6,842</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\$15,991,000 (2014: HK\$23,517,000) by the weighted average number of 1,141,076,000 (2014: 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 (2014: Nil) has been granted under the scheme.

	Unaudited	
	Six months ended 30 September	
	2015	2014
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>19,293</u>	<u>24,706</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>HK1.5 cents</u>	<u>HK1.9 cents</u>

6. INTERIM DIVIDENDS

	Unaudited	
	Six months ended 30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Proposed — HK\$0.004 (2014: HK\$0.004) per ordinary share	4,564	4,564
Proposed — HK\$0.004 (2014: 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 27 November 2015, 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 2016.

7. ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

	Unaudited 30 September 2015 <i>HK\$'000</i>	Audited 31 March 2015 <i>HK\$'000</i>
Accounts receivable — net of provision	1,233,492	1,241,952
Other receivables, deposits and prepayments	<u>1,188,556</u>	<u>756,698</u>
	<u>2,422,048</u>	<u>1,998,650</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 2015 <i>HK\$'000</i>	Audited 31 March 2015 <i>HK\$'000</i>
Current to 60 days	897,972	861,724
61 to 90 days	157,212	171,153
Over 90 days	<u>178,308</u>	<u>209,075</u>
	<u>1,233,492</u>	<u>1,241,952</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 2015 <i>HK\$'000</i>	Audited 31 March 2015 <i>HK\$'000</i>
Accounts and bills payables	1,388,614	1,446,372
Accruals and other payables	160,830	149,036
Dividend payable	31,829	—
	<hr/>	<hr/>
	1,581,273	1,595,408
Less: non-current portions:		
Accounts payable and other payables	(478)	(23,808)
	<hr/>	<hr/>
	1,580,795	1,571,600
	<hr/> <hr/>	<hr/> <hr/>

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 30 September 2015 <i>HK\$'000</i>	Audited 31 March 2015 <i>HK\$'000</i>
Current to 60 days	935,957	947,467
61 to 90 days	219,046	194,865
Over 90 days	233,611	304,040
	<hr/>	<hr/>
	1,388,614	1,446,372
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

The Economy

During the reporting period, the US economy was on its road of gradual recovery while the other major countries' economies, including Eurozone and China were still weakening and uncertain. China's third quarter gross domestic product growth slowed down to 6.9% from 7% for the first half of 2015, the weakest rate since 2009. China's purchasing managers' index was still in the contraction zone below 50, signaling that the manufacturing sector has yet to bottom out as global demand faltered and deflationary pressures deepened. Over-capacity pressure for most Chinese industries remained huge.

In Hong Kong, the Territory's economy experienced a modest growth, with real GDP in the third quarter of 2015 up by 2.3% over the preceding year, compared with the 2.8% increase in the second quarter. Weakness in the mainland economy has held back Hong Kong economic growth. Owing to the HK dollar's peg to the US dollar, which has been strengthening, the Hong Kong's export performance was adversely affected.

The Paper Industry

For the reporting period, the paper and board market in China remained soft. Many grades of paper products saw price mostly stagnant, hovering at low levels in the wake of ongoing poor general economic performance. Several traders cut prices to lower their stocks but producers were trying to keep price stable, mainly focusing on boosting sales. Banks continued to tighten their credit and were reluctant to lend in view of the high bad debt exposure. Factors including relatively weak customer demand and increased competition for new orders, especially those from good quality customers have led competitors to use price discounting strategies to secure their businesses.

Overview of Operations

Financial Performance

Against this adverse operating environment, in order to maintain the profitability and mitigate the credit exposure, the Group, coupled with the flexible sales strategies, has taken more prudent and stringent measures to tighten credit control so as to prevent increases in impairment on receivables. As a result, the growth of the Group's businesses was slowed down. During the reporting period, the Group's turnover decreased by 5.3% to HK\$2,607,000,000. In terms of sales volume, there was a slight decrease by 1.2%. The gross profit was HK\$249,440,000 with a 5.4% increase in the gross profit margin to 9.6%. The profit for the reporting period decreased by 12.3% to HK\$24,356,000. This was after the offset of the loss of the newly food retail business of HK\$11,375,000. Before accounting for the impact of the initial loss on the development of the Group's food retail business, the profit for the reporting period would be HK\$35,731,000 with an increase of 8.5% as compared with the same period last year. Profit attributable to the owners of the Company was recorded at HK\$19,293,000 (2014/2015: HK\$24,706,000). Basic earnings per share were HK1.4 cents (2014/2015: HK2.1 cents).

We have achieved a lot this period and have made strong progress on our strategy. The Group intends to maintain a substantial level of cash reserve to ensure sufficient working capital to meet any opportunities and challenges ahead. As at 30 September, 2015 the Group had cash and bank balance (including restricted bank deposit) of HK\$512,238,000 with a gearing ratio at a healthy level of 47.8%. This enables the Group to lower interest costs by 7.8% to HK\$41.7 million. During the reporting period, we continued to exercise a stringent credit policy as well as to reduce the level of inventory amid the uncertain market condition. The inventory turnover day is shorten by 4 days. In

view of the tight credit policy adopted by the banks, to contain its credit exposure, the Group has made a provision for impairment of receivables at HK\$15.2 million, representing 0.6% of the Group's total revenue before taking into account of the write back of the provision of HK\$4.9 million.

Paper Business

Due to China's ongoing economic slowdown and the overcapacity issue faced by the paper industry, the Group continues to carefully assess the sales and procurement strategies of the business for the reporting period with customer's creditability as our top priority. The growth of the business has slowed down. The Group's paper product business recorded a decrease of 6.3% in turnover from HK\$2,671,431,000 to HK\$2,503,492,000. In volume term, the sales tonnage has slightly decreased by 1.2% from 552,300 metric tonnes to 545,600 metric tonnes. Operating profit was HK\$88,774,000.

For paper trading business, the Group reported a drop of 10.1% in turnover of HK\$2,016,543,000, resulting from the conservative sales strategies focusing on the creditability of customers, with a fall of 8.1% in sales tonnage.

Turnover from paper trading business in the Chinese market decreased 9.3% to HK\$1,451,674,000 with a drop of 7.2% in volume while the Hong Kong market achieved a turnover of HK\$432,719,000, slipped by 12.9% compared to the last corresponding period. As for other Asian countries, the business dropped 9.3% in sales to HK\$132,150,000 as compared to the last corresponding period resulting from the continuous keen competition from the Chinese mills.

For paper manufacturing business, the segment recorded a slightly increase of 0.9% in turnover, including inter-segment revenue, to HK\$496,443,000 with a growth of 7.6% in the sales tonnage. With the well established brand and competitive quality of paper products acceptable by customers, the segment maintained with its steady performance despite weaker overall market conditions. Operating profit increased 23.6% to HK\$45,486,000 compared to the corresponding last period with operating profit margin stood at 9.3%.

Property Investment and Leasing Business

For the reporting period under review, the rental income generated from the investment properties and leasing business with a value of HK\$465,300,000 rose by 15.0% to HK\$7,594,000. The segment provides a continuous steady inflow of income to the Group. This has significantly strengthened the financial position of the Group.

Other Businesses

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

The aeronautic parts and services business and marine services business recorded turnover of HK\$26,611,000 and HK\$26,743,000 respectively during the period under review.

During the reporting period, the food retail business faced competition from existing and new competitors, decline in economic activity and further disruption in global economies. The management was not only changing innovatively to overcome all these potential threats, but also restructuring product mix to delight loyal customers, optimizing stores layout to provide a better shopping experience, and providing continuous online-to-offline advertising to attract new customers. In addition, the management also strengthened the business by expanding the store network from four stores during the previous reporting period to twelve stores as at 30 September 2015. The segment's

revenue rose by 2.75 times from HK\$10,946,000 to HK\$41,021,000. The same store sales increased 46% as compared to the same reporting period last year. As the business is at its initial establishment stage, the segment incurred an operating loss of HK\$11,375,000 as temporary start-up costs.

Prospects

The operating environment and competitive setting in China remains challenging. China's factory activity fell for an eight straight month in October 2015 but at a slower pace as export orders flickered into life. The Chinese government has rolled out a flurry of stimulus measures since 2014 to avert a sharper slowdown including slashing interest rates six times since November 2014, lowering bank reserve requirement ratio four times and prioritizing infrastructure projects. China's economy including manufacturing sector seems to be getting stable after the adoption of various monetary and fiscal policies.

The imbalance of supply and demand situation keeps improving steadily after the relevant authorities in China have tightened the environmental protection policies and eliminated the outdated production capacities. At the same time, more restrictive requirements are imposed for addition of new paper production lines. With such comprehensive policies and prerequisites in practice, the prices of paper will become more stable and progressively repossess to a positive trend as the market demand resumes.

The Group takes pride on its dynamic yet vigilant sales and procurement approaches in developing the paper business while strategically monitor and control the creditability of customers in view of the banks' tight credit policy. At the same time, the Group will continue to provide a strong competitive advantage within the paper business through consolidating units of operation, streamlining workflows, establishing effective cost controls and making capital investments on machinery.

The property investment and leasing business segment is one of the Group's core principal businesses. The Group has been operating such leasing business since 2006 with a team of dedicated officers handling the leasing business. In order to further develop its leasing potential, the Group is planning to further consolidate its warehousing facilities in China and Hong Kong for leasing and is also identifying suitable sites in China to construct new warehousing facilities for leasing in 2016. These strategical plans will provide additional profits with significant recurring income and will maximize the cash flow of the Group.

With the well-established store network of the food retail business, the Group will continue to expand by opening a certain number of stores in strategic malls and strive to provide customers with great shopping experience with diversified range of products at affordable prices in convenient locations. At the same time, the Group focuses on operating all stores successfully and optimizing our product mix and services to winning customers, and result in healthy and fruitful returns for the Group.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK 0.4 cent (2014: HK 0.4 cent) per share for the six months ended 30 September 2015. The interim dividend will be payable to all shareholders of the Company whose names appear on the register of members of the Company on 18 December 2015. The interim dividend will be paid around 8 January 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 December 2015 to 18 December 2015 (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 15 December 2015.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2015, the Group employed 1,963 staff members, 156 of whom are based in Hong Kong and 1,517 are based in the PRC and 290 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 2015, short term deposits plus bank balances amounted to HK\$512 million (including restricted bank deposits of HK\$164 million) and bank borrowings amounted to HK\$2,325 million.

As at 30 September 2015, the Group's gearing ratio was 47.8% (31 March 2015: 43.0%), calculated as net debt divided by total capital. Net debt of HK\$1,813 million is calculated as total borrowings of HK\$2,325 million (including trust receipt loans, short term and long term borrowings, and finance lease obligations) less cash on hand and restricted deposits of HK\$512 million. Total capital is calculated as total equity of HK\$1,983 million plus net debt. The current ratio (current assets divided by current liabilities) was 1.13 times (31 March 2015: 1.14 times).

With bank balances and other current assets of approximately HK\$3,548 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 2015, bank borrowings in Renminbi amounted to HK\$214 million (31 March 2015: HK\$340 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 2015 amounted to HK\$2,318,473,000 (31 March 2015: HK\$2,139,260,000).

CHARGE OF ASSETS

As at 30 September 2015, trust receipt loans of HK\$128,504,000 (31 March 2015: HK\$117,166,000) and bank loans of HK\$41,039,000 (31 March 2015: HK\$51,191,000) 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 2015 before it was tabled for the Board’s approval.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2015, 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 2015 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 2015/16 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, 27 November 2015

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*