SAMSON PAPER HOLDINGS LIMITED

森 信 紙 業 集 團 有 限 公 司 *

(Provisional Liquidators Appointed)
(For Restructuring Purposes Only)
(Incorporated in Bermuda with limited liability)
(Stock Code: 731)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The board of directors (the "Board") of Samson Paper Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2020 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2020

		Unaudited Six months ended 30 September	
		2020	2019
	Note	***HK$'000***	*HK$'000*
Revenue	3	**2,143,283**	3,002,069
Cost of sales		**(2,171,947)**	(2,708,227)
Gross (loss)/profit		**(28,664)**	293,842
Fair value losses on investment properties		**(17,300)**	—
Other gains and income, net		**20,950**	26,690
Selling expenses		**(103,405)**	(108,522)
Administrative expenses		**(181,066)**	(118,296)
Impairment losses of financial assets, net		**(1,156,807)**	(1,003)
Impairment losses of property, plant and equipment		**(760,249)**	—
Other operating expenses, net		**(395)**	(2,102)
Recognition of financial guarantee liabilities		**(2,211,472)**	—
Gain on deconsolidation/disposal of subsidiaries		**1,018,576**	—
(Loss)/profit from operations		**(3,419,832)**	90,609
Finance costs		**(34,936)**	(31,666)
(Loss)/profit before tax		**(3,454,768)**	58,943
Income tax expense	5	**(3,450)**	(12,576)
(Loss)/profit for the period	4	**(3,458,218)**	46,367
Attributable to:			
Owners of the Company		**(3,219,683)**	40,733
Non-controlling interests		**(238,535)**	5,634
		(3,458,218)	46,367
(Loss)/earnings per share	6		
Basic		**HK(282.2) cents**	HK3.5 cents
Diluted		**HK(282.2) cents**	HK3.2 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2020

		Unaudited Six months ended 30 September	
		2020	2019
	Note	***HK$'000***	*HK$'000*
(Loss)/profit for the period		**(3,458,218)**	46,367
Other comprehensive income, net of tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**157,639**	(180,116)
Exchange reserves reclassified to profit or loss on deconsolidation of a subsidiary		**8,880**	—
Other comprehensive income for the period, net of tax		**166,519**	(180,116)
Total comprehensive income for the period		**(3,291,699)**	(133,749)
Attributable to:			
Owners of the Company		**(3,052,461)**	(125,168)
Non-controlling interests		**(239,238)**	(8,581)
		(3,291,699)	(133,749)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Note	**Unaudited 30 September 2020** *HK$'000*	Audited 31 March 2020 *HK$'000*
Non-current assets			
Property, plant and equipment		**1,036,108**	1,802,114
Investment properties		**16,663**	725,785
Right-of-use assets		**191,758**	325,113
Goodwill		—	35,699
Other intangible assets		**3,413**	4,540
Financial assets at fair value through other comprehensive income ("FVTOCI")		**1,700**	1,700
Financial assets at fair value through profit or loss ("FVTPL")		—	5,169
Non-current deposits and prepayments	8	**3,045**	20,858
Deferred tax assets		**8,518**	8,105
		1,261,205	2,929,083
Current assets			
Properties under development		**234,924**	211,701
Inventories		**179,854**	735,885
Accounts and other receivables	8	**892,532**	1,675,549
Taxation recoverable		**14,356**	7,906
Restricted bank deposits		**23,445**	92,673
Bank and cash balances		**193,677**	205,828
		1,538,788	2,929,542
Total assets		**2,799,993**	5,858,625

	Note	Unaudited 30 September 2020 *HK$'000*	Audited 31 March 2020 *HK$'000*
Current liabilities			
Accounts and other payables	9	**1,551,261**	1,192,171
Contract liabilities		**—**	3,362
Trust receipt loans		**—**	1,303,045
Taxation payable		**81,650**	110,411
Borrowings		**597,254**	1,601,097
Lease liabilities		**8,431**	17,060
Financial guarantee liabilities		**2,211,472**	—
		4,450,068	4,227,146
Net current liabilities		**(2,911,280)**	(1,297,604)
Total assets less current liabilities		**(1,650,075)**	1,631,479
Non-current liabilities			
Accounts and other payables	9	**—**	1,018
Lease liabilities		**4,431**	10,154
Borrowings		**11,673**	12,088
Deferred tax liabilities		**126,145**	108,578
		142,249	131,838
NET (LIABILITIES)/ASSETS		**(1,792,324)**	1,499,641
Equity			
Share capital		**127,315**	127,315
Reserves		**(1,922,067)**	1,130,394
		(1,794,752)	1,257,709
Non-controlling interests		**2,428**	241,932
(CAPITAL DEFICIENCY)/TOTAL EQUITY		**(1,792,324)**	1,499,641

Notes:

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2020. The accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 March 2020 except for the adoption of new and revised standards as set out below.

Suspension of trading in shares of the Company and appointment of the joint and several provisional liquidators (for restructuring purposes only)

On 30 June 2020, the Company published an announcement on the Stock Exchange containing extracts of its Unaudited Results. Based on the Unaudited Results, it was likely that a financial covenant ratio requirement of the Group not being fulfilled.

As additional time was required by the then auditors of the Company (the "Former Auditors") to finalize their audit procedures in respect of the annual results for the year ended 31 March 2020 (the "2020 Annual Results"), the Company was unable to announce its 2020 Annual Results by the deadline prescribed by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The trading of the Company's shares on the Stock Exchange was suspended with effect from 2 July 2020 (the "Suspension").

As a direct result of the above stated developments, certain creditors of the Group accelerated the repayment obligations of certain indebtedness of the Group and ceased providing facilities to the Group, leading to a detrimental effect on the Group's cash flow, a series of events of default by the Group on its indebtedness and various legal actions against the Company and its subsidiaries. To facilitate a restructuring of the Company's indebtedness, the Company filed with the Supreme Court of Bermuda (the "Bermuda Court") on 18 July 2020 (Hong Kong time) a petition for the winding up of the Company and an application for the appointment of joint and several provisional liquidators on a "light touch" basis for restructuring purposes.

On 24 July 2020, the Bermuda Court ordered that Messrs. Lai Kar Yan (Derek) and Ho Kwok Leung Glen, both of Deloitte Touche Tohmatsu, and Ms. Rachelle Ann Frisby of Deloitte Ltd. be appointed as the joint provisional liquidators of the Company (the "JPLs") for the purpose of, inter alia, formulating, proposing and implementing a restructuring plan of the indebtedness of the Company. The Board continues to manage the day-to-day affairs of the Company in all respects, subject to the oversight and monitoring of the JPLs.

On 13 August 2020, on the application of the JPLs, the High Court of Hong Kong ("Hong Kong Court") recognised their appointment and further ordered that no action or proceedings shall be proceeded with or commenced against the Company or its assets in Hong Kong for the duration of the provisional liquidation proceedings in Bermuda.

Since their appointment, the JPLs, together with the Board, have taken steps to stabilize operations of the Group and improve the liquidity of the Group, as well as to develop and implement a restructuring plan of the indebtedness of the Group, including (i) reducing cash outflows through staff redundancy and other cost cutting measures, reducing capital expenditure, and winding down non-core businesses; (ii) deconsolidation of non-core businesses of the Group, by way of voluntary liquidation and disposal; (iii) having identified the Investor (as defined below) for the Proposed Restructuring (as defined below and details of which are set out below at the paragraphs under the section headed the "Proposed Restructuring of the Group") to provide necessary funds to regularize the Company's paper manufacturing business, which shall be retained in the Group upon completion of the Proposed Restructuring (the "Retained Group"), and to provide recovery to the Company's creditors; (iv) developing, proposing and implementing a restructuring of the capital and indebtedness of the Company's paper manufacturing business conducted through its subsidiary Universal Pulp & Paper (Shandong) Co. Ltd. ("UPPSD") (the "UPPSD Bankruptcy Reorganisation"); and (v) developing and proposing a scheme of arrangement between the Company and its creditors (the "ListCo Scheme"), with the objective to achieve a resumption of trading of the shares of the Company on the Stock Exchange (the "Resumption").

Going Concern

As at 30 September 2020, the Group's current liabilities exceeded its current assets by HK$2,911,280,000. Current portion of the Group's borrowings and lease liabilities amounted to approximately HK$597,254,000 and HK$8,431,000 respectively while its cash and cash equivalents amounted to approximately HK$217,122,000. Included in the Group's borrowings as at 30 September 2020 was a principal amount of HK$608,927,000 due to various banks under loan facilities to which the Company was a guarantor. The Group had failed to comply with the financial covenants of these loan facilities in respect of its current ratio as stipulated in the loan agreements. This non-compliance constituted an event of default under the loan agreements, such that the banks may exercise their rights to serve notice to terminate the loan agreements and forthwith demand all principal amounts and interests immediately due and payable. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and its ability to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the above, in view of the measures already taken by the JPLs and the Directors of the Company in improving the liquidity and solvency position of the Group and the progress made in respect of the Proposed Restructuring of the Group, the consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern and therefore do not include any adjustments relating to the realization and classification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern. The validity of the going concern assumption is dependent on the successful and favorable outcomes of the measures taken by the Group including the completion of the Proposed Restructuring.

Should the Group fails to achieve its plans and measures, it may be unable to continue as a going concern, and adjustments would have to be made to write down the carrying value of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

Listing status of the Company

By way of letters dated 21 July 2020, 26 November 2020 and 11 June 2021, the Stock Exchange imposed the following resumption guidance (the "Resumption Guidance") for the Company:

1. Address all audit issues raised by the Former Auditors (the "Audit Issues");

2. Conduct an appropriate independent investigation into the Audit Issues, announce the findings and take appropriate remedial actions;

3. Publish all outstanding financial results required under the Listing Rules and address any audit modifications;

4. Have the winding-up petition (or winding-up order, if made) against the Company withdrawn or dismissed;

5. Announce all material information for the Company's shareholders and investors to appraise the Company's position;

6. Demonstrate its compliance with Rule 13.24 of the Listing Rules;

7. Conduct an independent internal control review and demonstrate adequate internal control systems being put in place to meet the obligations under the Listing Rules; and

8. Re-comply with Rules 3.05, 3.10(1), 3.21 and 3.25 of the Listing Rules.

For details, please refer to the announcements made by the Company dated 23 July 2020, 27 November 2020 and 18 June 2021.

Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 1 January 2022 (the "Delisting Deadline"). If the Company fails to remedy the issue(s) causing its trading suspension, fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 1 January 2022, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

The Company is taking appropriate steps to remedy the issues causing the Suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in the shares is allowed to resume. On 20 September 2021, the Company submitted a resumption proposal (the "Resumption Proposal") to the Stock Exchange. The Company is currently attending to the queries of the Stock Exchange with regards to the Resumption Proposal.

Please refer to the announcements of the Company dated 30 September 2020, 4 January 2021, 8 April 2021, 7 July 2021 and 5 October 2021 for details of the progress of the Resumption. The Company will keep its shareholders and public informed of the developments in this regard by making further announcements as and when appropriate.

Proposed Restructuring of the Group

On 13 April 2021, the Company, the JPLs, Xiamen C&D Paper & Pulp Co., Ltd.* ("Xiamen C&D Paper") and Zhejiang Xinshengda Holding Group Co., Ltd.* ("Zhejiang Xinshengda") entered into a term sheet in relation to the proposed restructuring of the Group ("Term Sheet"). For details, please refer to the announcement made by the Company dated 13 April 2021.

On 30 July 2021, the Company, the JPLs, Xiamen C&D Paper, Zhejiang Xinshengda, NCD Investment Holding Limited (the "Investor") (a company incorporated in the British Virgin Islands owned by Xiamen C&D Paper as to 55% and Zhejiang Xinshengda as to 45%) and Shandong Bairun Pulp & Paper Co., Ltd.* ("Shandong Bairun") (background of which is set out in the paragraphs under the section headed "UPPSD Bankruptcy Reorganisation" below) entered into a restructuring agreement (as amended by a supplemental restructuring agreement dated 22 November 2021) (the "Restructuring Agreement") in relation to the restructuring of the Group (the "Proposed Restructuring") involving, inter alia, (i) the Capital Reorganisation; (ii) the Subscription; (iii) the Group Reorganisation; (iv) the Placement; (v) the ListCo Scheme; (vi) the UPPSD Bankruptcy Reorganisation; and (vii) the Resumption.

Details of the Restructuring Agreement has been announced in an announcement dated 22 November 2021.

1. Capital Reorganisation

The Board proposes to implement, subject to the approval by the shareholders, the capital reorganisation ("Capital Reorganisation"), which comprises of:

a. the reduction of the issued capital of the Company by cancelling the paid up capital to the extent of HK$0.095 on each of the issued ordinary shares in the issued capital of the Company before the Capital Reorganisation becoming effective (the "Existing Shares") such that the par value of each of the Existing Shares shall be reduced from HK$0.10 to HK$0.005 (the "Capital Reduction");

b. the cancellation of the authorised but unissued ordinary share capital of the Company in its entirety upon the Capital Reduction becoming effective (the "Authorised Share Capital Diminution");

c. the cancellation of entire amount standing to the credit of the share premium account of the Company (the "Share Premium Cancellation") of approximately HK$161,000,000, being the aggregate amount subscribed for the Existing Shares in excess of such Existing Shares' par value at that time, and credit the amount cancelled to the contributed surplus reserve account of the Company;

d. the consolidation of every ten issued and unissued shares of HK$0.005 each into one new ordinary share of the Company of HK$0.05 (the "New Shares") upon the Capital Reduction, the Authorised Share Capital Diminution and the Share Premium Cancellation becoming effective (the "Share Consolidation"); and

e. the increase in authorised share capital — upon the Capital Reduction, the Authorised Share Capital Diminution, the Share Premium Cancellation and the Share Consolidation becoming effective, the Company's authorised ordinary share capital will be increased from approximately HK$5,710,000 divided into 114,107,582 New Shares of HK$0.05 each to HK$100,000,000 divided into 2,000,000,000 New Shares of HK$0.05 each.

2. Subscription

The Company shall issue and allot, and the Investor shall subscribe for 990,220,583 New Shares (the "Subscription Shares"), representing 70% of the enlarged ordinary share capital of the Company upon the completion of the Capital Reorganisation and the issue and allotment of the Subscription Shares, Creditors' Shares (as defined below) and Placement Shares (as defined below) and assuming all issued preference shares of the Company have been converted into ordinary shares of the Company, at the subscription price of HK$0.121056 per Shares (the "Subscription Price") for a total consideration of HK$119,872,142 (the "Subscription Proceeds"). The Subscription Proceeds shall be used for settling the costs and expenses for implementing the Proposed Restructuring and discharging debts of the Company under the ListCo Scheme.

3. Group Reorganisation

Pursuant to the Restructuring Agreement, the group reorganisation ("Group Reorganisation") shall involve:

a. the incorporation of Greater Paper Development Limited ("SPV1"), a company incorporated in Hong Kong with limited liability, owned as to 100% by the Company;

b. the incorporation of Greater Paper (Shenzhen) Paper Limited ("SPV2"), a company incorporated in the People's Republic of China (the "PRC") with limited liability and owned as to 100% by SPV1;

c. SPV2 becoming the sole registered shareholder of UPPSD through the UPPSD Bankruptcy Reorganisation;

d. upon the completion of all the transactions under the Restructuring Agreement (the "Closing"), to effectuate the transfer of the subsidiaries of the Group other than SPV1, SPV2 and UPPSD (the "Excluded Subsidiaries") to the SchemeCo (as defined below) for the Scheme Creditors (as defined below) pursuant to the terms of the ListCo Scheme by transferring the entire equity interests of Samson Paper (BVI) Ltd (being the holding company of the Excluded Subsidiaries and a directly wholly-owned subsidiary of the Company) held by the Company to the SchemeCo at a nominal consideration of HK$1.0. The Retained Group shall comprise of the Company, SPV1, SPV2 and UPPSD and will be principally engaged in manufacturing of paper product;

e. provision of a loan not less than RMB80,000,000 by Shandong Bairun to SPV2 which will be used in the daily business operations of UPPSD (which forms part of the loan of not less than RMB250,000,000 to be provided by Shandong Bairun to SPV2 under the UPPSD Bankruptcy Reorganisation, the remaining RMB170,000,000 of which will be used for the first instalment payment under the UPPSD Bankruptcy Reorganisation plan;

f. the completion of the implementation of the UPPSD Bankruptcy Reorganisation plan; and

g. the above-mentioned loan would be secured by charge over the shares of SPV1, SPV2 and UPPSD and the appropriate assets of UPPSD created in favour of the Investor or Shandong Bairun (as the case may be) by way of a first priority fixed charge, which shall be discharged upon the completion of the Group Reorganisation.

4. Placement

Pursuant to the Restructuring Agreement, the Company shall enter into a placing agreement with the Investor and a placing agent (the "Placing Agent for Placement"), pursuant to which the Placing Agent for Placement undertakes to place, on fully underwritten basis, 56,584,032 placement shares (the "Placement Shares") to no less than six placees at HK$0.121056 per Placement Share (the "Placement").

The gross proceeds from the Placement will be approximately HK$6,849,837, and shall be used for discharging debts of the Company under the ListCo Scheme.

5. ListCo Scheme

The Company shall restructure its indebtedness by ListCo Scheme under the Hong Kong Laws involving:

a. upon the ListCo Scheme become effective, the scheme administrators shall incorporate a special purpose vehicle (the "SchemeCo") to hold and realise assets of the SchemeCo for distribution to the creditors of the Company with unsecured claims admitted by the scheme administrators in accordance with the terms of the ListCo Scheme (the "Scheme Creditors") and settle the costs and expenses arising from the implementation of the ListCo Scheme in accordance with the terms of the ListCo Scheme;

b. all the claims against the Company shall be fully and finally discharged under ListCo Scheme by way of the SchemeCo accepting and assuming an equivalent liability in place of the Company in respect of the claims of the creditors of the Company. In return, the Scheme Creditors will be entitled to receive dividends from the realization of the assets of the SchemeCo pursuant to the ListCo Scheme in full and final settlement of their claims against the SchemeCo;

c. the assets of the SchemeCo to be realised for the benefit of the Scheme Creditors shall include:

    (i) the remaining balance of the gross Subscription Proceeds of approximately HK$119,872,142 after deducting the costs of implementing the Proposed Restructuring;

    (ii) 240,482,142 New Shares to be issued and allotted by the Company to the SchemeCo (the "Creditors' Shares") for the benefit of the Scheme Creditors, representing approximately 17% of the issued ordinary share capital of the Company after the completion of the Capital Reorganisation and as enlarged by the issue and allotment of the Subscription Shares, Placement Shares and Creditors' Shares and assuming all preference shares have been converted, subject to the right to dispose the Creditors' Shares as detailed in paragraph (viii) below;

    (iii) gross proceeds from the Placement of approximately HK$6,849,837;

    (iv) the shares and/other assets of the Excluded Subsidiaries;

    (v) the inter-company account receivables due from the Excluded Subsidiaries to the Retained Group in the amount of approximately HK$300 million;

(vi) the cash, bank deposits and account receivables of the Company as at the effective date of the ListCo Scheme (apart from the account receivables due from the Retained Group);

(vii) all claims or litigations and all potential claims or litigation rights against third parties raised by the Retained Group (to the extent transferrable under the applicable law and approved by the relevant party);

(viii) a right to the SchemeCo exercisable by the scheme administrators in their absolute discretion (for the benefit of the Scheme Creditors other than the Scheme Creditors who elected to hold the Creditors' Shares in their own names or through CCASS) to dispose the Creditors' Shares on behalf of the relevant Scheme Creditors, either (i) in the open market at the market price; or (ii) instructing a placing agent (the "Placing Agent for Placing Out") at one or more times during the 12 months from the Closing to place such number of the Creditors' Shares to independent placees at price(s) procured by the Placing Agent for Placing Out on a best effort basis (the "Placing Price for Placing Out") and, given the guarantee by the Investor (the "Price Protection") to pay the shortfall between the Placing Price for Placing Out and the issue price of the Creditors' Shares (i.e. HK$0.121056 per Share) should the Placing Price for Placing Out be lower than the issue price of the Creditors' Shares, to realise such Creditors' Shares at a price not less than the issue price of the Creditors' Shares, thereby offering a certain minimum realization from the Creditors' Shares in exchange for the relevant Scheme Creditors releasing their admitted claims against the Company.

On 30 September 2021, the Company held a meeting of the creditors of the Company (the "Scheme Meeting") pursuant to the order dated 1 September 2021 granted by the Hong Kong Court. The resolution to approve the ListCo Scheme was duly passed. Subsequently, the ListCo Scheme was sanctioned by the Hong Kong Court on 28 October 2021.

6. UPPSD Bankruptcy Reorganisation

Upon completion of the Proposed Restructuring, the Retained Group shall continue to be engaged in paper manufacturing business conducted through UPPSD.

As set out in the Company's announcement dated 22 November 2021, due to the then liquidity shortage of the Group and the eventual suspension of production of UPPSD in late September 2020, in order to provide and ring-fence working capital to resume UPPSD's operation so as to preserve its operational value, UPPSD, Xiamen C&D Paper and Shandong Herun Holding Group Co., Ltd.* ("Shandong Herun") (a PRC company wholly owned by Mr. Li Shengfeng, the majority ultimate beneficial owner of Zhejiang Xinshengda) entered into the an agreement dated 24 October 2020 (the "Entrusted Operation Agreement"), pursuant to which, Xiamen C&D Paper and Shandong Herun formed their joint venture Shandong Bairun (owned by Xiamen C&D Paper as to 55% and owned by Shandong Herun as at 45%) in November 2020 to operate the paper manufacturing facility of UPPSD (the "Entrusted Assets") on an entrusted basis (the "Entrusted Operation").

The resumption of manufacturing operations of UPPSD was funded by Shandong Bairun on the bases that UPPSD was paid/reimbursed the costs of its staff and Shandong Bairun would pay all operating expenses (including raw material and maintenance costs). Shandong Bairun would not, however, bear liabilities (trade or otherwise) that arose prior to the commencement of the Entrusted Operation. Shandong Bairun would not be entitled to any increase in value of the Entrusted Assets and the operations of UPPSD. Also, Shandong Bairun would not bear any risk of deterioration in value of the Entrusted Assets and risks of seizure of the Entrusted Assets (e.g. Shandong Bairun could terminate the Entrusted Operation Agreement if major assets of UPPSD were under bankruptcy proceedings or enforcement action such that it became impractical for Xiamen C&D Paper, Shandong Herun and Shandong Bairun to continue production in accordance to the terms of the Entrusted Operation Agreement).

The Company/UPPSD also retained control over UPPSD/the Entrusted Assets, including but not limited to selling assets of and/or interests in UPPSD and rights to reject any proposed addition/upgrade to the Entrusted Assets.

In view of the above, the Company is of the view that there is no impact on the accounting treatment of UPPSD in the Company's consolidated financial statement after entering into the Entrusted Operation Agreement.

On 23 December 2020, UPPSD received the notice from the People's Court of Xuecheng District, Zaozhuang City, Shandong Province (the "Shandong Court"), informing that a creditor of UPPSD had filed a bankruptcy application against UPPSD (the "UPPSD Bankruptcy Application"). Despite the objection filed by UPPSD to the Shandong Court, UPPSD received a civil judgement issued by the Shandong Court, advising that the UPPSD Bankruptcy Application was accepted and that a bankruptcy administrator (the "UPPSD Bankruptcy Administrator") was appointed on 30 December 2020. UPPSD Bankruptcy Administrator had taken custody of UPPSD's assets and company seal in accordance to the relevant laws and regulations. Accordingly, the Company lost control over UPPSD and financial results and position of UPPSD were deconsolidated from the Group with effect from 31 December 2020 in accordance with the requirements of HKFRS 10 Consolidated Financial Statements.

Following the execution of the Term Sheet, UPPSD submitted an application to the Shandong Court and the UPPSD Bankruptcy Administrator to seek for a conversion of the bankruptcy proceedings of UPPSD into a bankruptcy reorganisation, which was approved by the Shandong Court with effect from 20 April 2021.

On 29 July 2021, the UPPSD Bankruptcy Administrator convened the second meeting of creditors of UPPSD for the purpose of considering and approving the UPPSD Bankruptcy Reorganisation plan as summarised below:

a. UPPSD shall become a wholly owned subsidiary of the Company (through SPV1 and SPV2) through the UPPSD Bankruptcy Reorganisation;

b. settlement of four creditors' priority claims with an aggregate amount of RMB4,960,533.58 in one lump sum payment by cash in priority to other creditors with unsecured claims, with their unsecured claims totalling RMB1,084,101,760.80 settled in the method as provided in (d), (e) and (f) below;

c. settlement of two creditors' verified tax claims with an aggregate amount of RMB48,333,787.65 in one lump sum payment by cash;

d. settlement of each creditor's unsecured claims with principal amount of RMB200,000 (inclusive) or below in full by way of cash;

e. for each creditor's unsecured claims with principal amount exceeding RMB200,000, settlement will be completed within four (4) years in five (5) instalments of 20% every year. The first instalment payment shall be made to repay creditor's unsecured claim of principal amount below RMB200,000 (inclusive) and 20% of the principal amount in excess of RMB200,000. The four subsequent instalments of 20% of the principal amount in excess of RMB200,000 shall be paid on or before the first, second, third and fourth anniversary date of the first instalment payment. Remaining debts shall not bear any interest for the period of settlement in instalments;

f. the settlement of the inter-company debts due by UPPSD to the Excluded Subsidiaries in the total sum of RMB741,989,908.38 as recognised by the UPPSD Bankruptcy Administrator in one lump sum payment of RMB50,000,000;

g. upon the completion of UPPSD Bankruptcy Reorganisation, UPPSD shall forfeit its all accounts receivables, prepayments and other receivables due by the Group to UPPSD, which amounted to RMB156,943,268.36 based on the liquidation audit on UPPSD commissioned by the UPPSD Bankruptcy Administrator; and

h. termination of the Entrusted Operation Agreement.

The UPPSD Bankruptcy Reorganisation was approved by its creditors and the Shandong Court on 29 July 2021 and 31 July 2021 respectively and the UPPSD Bankruptcy Administrator was discharged with effect from 1 August 2021. The Entrusted Operation Agreement has also been terminated with effect from 1 August 2021 and UPPSD resumed its self-operation. Financial results and position of UPPSD were consolidated into those of the Group in accordance with the requirements of HKFRS 10 Consolidated Financial Statements with effect from 1 August 2021.

On 11 October 2021, following the first instalment payment by UPPSD in accordance to the UPPSD Bankruptcy Reorganisation plan, the Shandong Court handed down a judgment confirming that the UPPSD Bankruptcy Reorganisation has been successfully implemented and ordered the termination of the UPPSD's bankruptcy reorganisation proceedings.

7. *Resumption*

To satisfy the Resumption Guidance as imposed by the Stock Exchange before the Delisting Deadline, the details of which are set out in the preceding paragraph.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

During the period between the reporting date and date of these consolidated financial statements, the Group had deconsolidated certain subsidiaries as set out below.

1. Paper manufacturing segment

As set out in the paragraphs under "UPPSD Bankruptcy Reorganisation", the Company lost control over UPPSD upon the appointment of the UPPSD Bankruptcy Administrator by the Shandong Court on application of a creditors and UPPSD was deconsolidated from the Group in accordance with the requirements of HKFRS 10 Consolidated Financial Statements with effect from 31 December 2020.

The UPPSD Bankruptcy Reorganisation was approved by its creditors and the Shandong Court on 29 July 2021 and 31 July 2021 respectively and the UPPSD Bankruptcy Administrator was discharged. On 1 August 2021, the Company regained the control over UPPSD and UPPSD was consolidated into the Group in accordance with the requirements of HKFRS 10 Consolidated Financial Statements.

2. Paper trading segment

The Group's paper trading business was primarily carried out by Samson Paper Company Limited ("SMHK") (an indirectly wholly-owned subsidiary of the Company incorporated in Hong Kong) and its subsidiaries; Samson Paper (China) Company Limited ("SMC") (an indirectly wholly-owned subsidiary of the Company incorporated in the Hong Kong) and its subsidiaries in the PRC (the "PRC Paper Trading Subsidiaries") and indirectly wholly-owned subsidiaries of the Company incorporated in the South East Asia (e.g. Malaysia).

The paper trading business of the Group was most severely and immediately impacted by the withdrawal of banking facilities and acceleration of repayment obligations by certain creditors of the Group as a result of the Suspension, in particular, it was unable to make new purchases for maintaining normal trading operations. Some employees of the paper trading segment left the Group in light of the disruptions and uncertainty surrounding the Group's operation. The Board and the JPLs decided to wind down or dispose the paper trading business in view of its substantial working capital requirement and the Group's then liquidity position and its vulnerability against business interruption.

SMHK was the principal borrower of the Group with most of its indebtedness being guaranteed by the Company. Some of the SMHK's creditors had issued proceedings in the Hong Kong court against SMHK. On 10 August 2020, SMHK received a demand letter from a supplier demanding an immediate payment of approximately US$355,000 and HK$623,586,000.

With a view to protecting interests of all unsecured creditors of SMHK and to maintain the prospect of an holistic approach to the restructuring of the Company's indebtedness, the sole shareholder of SMHK passed a special resolution on 14 August 2020 to put SMHK into creditors' voluntary liquidation because it could not, by reason of its liabilities, continue in business. Messrs. Lai Kar Yan (Derek) and Ho Kwok Leung, Glen of Deloitte Touche Tohmatsu were appointed as the joint and several liquidators of SMHK (the "SMHK Liquidators") and their appointment was subsequently confirmed at a creditors' meeting on 25 August 2020. Upon the commencement of its liquidation, SMHK laid off all remaining employees with immediate effect but re-employed a small number of sales personnel on a short-term basis to facilitate the collection of accounts receivable.

Similarly, the PRC Paper Trading Subsidiaries had been wound down since September 2020. Most staff were made redundant and a limited number of staff were re-employed on a short-term basis to assist with the winding down. Following the cessation of business of the PRC Paper Trading Subsidiaries, SMC was put into creditors' voluntary liquidation on 30 June 2021. Messrs. Lai Kar Yan (Derek), Ho Kwok Leung, Glen and Kam Chung Hang (Forrest) of Deloitte Touche Tohmatsu were appointed as the joint and several liquidators of SMC (the "SMC Liquidators") and their appointment was confirmed at a creditors' meeting on 9 July 2021.

Upon appointment of the SMHK Liquidators and the SMC Liquidators, the Group lost control over SMHK and SMC. SMHK and its subsidiaries (the "De-consolidated Group A") and SMC and its subsidiaries (the "De-consolidated Group B") were therefore deconsolidated from the consolidated financial statements of the Group with effect from 15 August 2020 and 1 July 2021 respectively in accordance with the requirements of HKFRS 10 Consolidation Financial Statements.

The SMHK Liquidators, the SMC Liquidators and the Directors of the Company had taken all reasonable steps to preserve and maintain the books and records of the De-consolidated Group A and the De-consolidated Group B respectively that were left behind by the former management and accounting departments of the De-consolidated Group A and the De-consolidated Group B, including but not limited to management accounts, ledgers and sub-ledgers account, vouchers, bank statements, agreements and documentation (collectively referred to as the "Basic Records"). However, despite the SMHK Liquidators, the SMC Liquidators and the Directors of the Company used their best endeavor to locate (i) certain supporting documents, such as invoices, receipts and purchaser orders, regarding certain business transactions; (ii) detailed explanations on the journal entries (collectively referred to as the "Specific Records"), they were unable to access the Specific Records as a result of the resignation or redundancy of the relevant senior management and accounting staff. The Company was unable to determine whether these Specific Records were complete in the first place or they were updated due to the departure of the former management and the accounting staff.

Apart from those in the De-consolidated Group A and the De-consolidated Group B, certain subsidiaries of the Company were disposed subsequent to the reporting period. The books and records of these subsidiaries available to the Group at the material time which were retained by the Group upon the disposal were not found to be of a sufficient level for audit purposes. Despite the Directors of the Company have taken all reasonable steps and have used their best endeavors to resolve the matter, including but not limited to repeated verbal and written requests to the disposed subsidiaries, the Company has been unable to access to the complete set of books and records of these subsidiaries and detailed explanations on the accounting records and is unable to determine whether the records retained by the Group upon disposal was updated.

Other than the subsidiaries mentioned above, certain subsidiaries have been deregistered subsequent to the reporting period following staff redundancy and the cessation of business, the books and records of these subsidiaries available to the Group at the material time which were retained by the Group were not found to be of a sufficient level for audit purposes.

Set out below the financial results and positions of paper trading segment of the Group for the reporting period:

Statement of profit or loss

	Period ended 30 September 2020 *HK$'000*
Revenue	**1,594,385**
Cost of sales	**(1,661,860)**
Gross loss	**(67,475)**
Other gains and income, net	**15,552**
Selling expenses	**(88,907)**
Administrative expenses	**(117,248)**
Impairment losses of financial assets	**(793,381)**
Other operating income, net	**60,850**
Loss from operations	**(990,609)**
Finance costs	**(26,609)**
Loss before tax	**(1,017,218)**
Income tax expense	**(3,429)**
Loss for the period	**(1,020,647)**
Gain on deconsolidation of subsidiaries	**1,812,928**
Profit for the period	**792,281**

Statement of financial position

	As at 30 September 2020 *HK$'000*
Non-current assets	
Property, plant and equipment	**56,532**
Right-of-use assets	**21,624**
Other Intangible assets	**3,167**
Non-current deposits and prepayments	**3,045**
Deferred tax assets	**8,516**
	92,884
Current assets	
Inventories	**118,644**
Accounts and other receivables	**150,876**
Taxation recoverable	**1,181**
Bank and cash balances	**107,991**
	378,692
Total assets	**471,576**
Current liabilities	
Accounts and other payables	**726,391**
Taxation payable	**14,116**
Borrowings	**1,623**
Lease liabilities	**8,077**
	750,207
Net current liabilities	**(371,515)**
Total assets less current liabilities	**(278,631)**
Non-current liabilities	
Lease liabilities	**4,284**
Borrowings	**11,673**
Deferred tax liabilities	**7,290**
	23,247
NET LIABILITIES	**(301,878)**

3. Property development and investment ("PID") segment

The Group was also engaged in the PID business including (i) the development of Nantong Business Park through subsidiaries of Seng Jin Group Limited ("SJ Limited"), namely SJ (China) Company Limited ("SJ (China)") and Jordan Property (Nantong) Co Ltd ("Jordan Nantong"); (ii) investment in warehouses and offices in the PRC and Hong Kong for rental income through SMHK and its subsidiary and certain PRC subsidiaries of SJ Limited.

Following the financial turmoil experienced by the Group in July 2020, SJ (China) has had limited access to working capital from the Group and defaulted payments to its creditors. Creditors have since taken action to freeze land and buildings owned by SJ (China) in Nantong Business Park, causing suspension in construction and certain phases of the development to be suspended from sale. There was increasing pressure from the local government on SJ (China) to resume construction. Certain management of the Group overseeing the operations of SJ (China) have departed the Group. The local management and staff were distressed by the disruptions to SJ (China)'s operation and uncertainties over its prospect and appealed to the Group to resolve the indebtedness of SJ (China) and maintain job stability.

On 16 September 2021, the shareholder of SJ Limited passed a qualifying resolution to wind up SJ Limited by way of an insolvent liquidation. Messrs. Lai Kar Yan (Derek) and Kam Chung Hang (Forrest) of Deloitte Touche Tohmatsu and Mr. Ryan Jarvis of Deloitte Ltd. were appointed as the joint and several liquidators of SJ Limited (the "Seng Jin Liquidators").

Upon appointment of the Seng Jin Liquidators, the Group lost control over SJ Limited (including SJ (China) and Jordon Nantong). Financial results and positions of SJ Limited and its subsidiaries (the "De-consolidated Group C") were therefore deconsolidated from the Group with effect from 17 September 2021 in accordance with the requirements of HKFRS 10 Consolidated Financial Statements.

The Company had maintained limited books and records of the De-consolidated Group C. Despite the repeated requests from the Company and its auditors during the course of the audit of the Group's consolidated financial statements for the six months ended 30 September 2020, the local management and the staff of the De-consolidated Group C, in view of the disruptions surrounding the operations of SJ (China), did not provide sufficient supporting documents and detailed explanations for the accounting entries to the auditors of the Company. The Seng Jin Liquidators and the Directors of the Company consider that it was impracticable to provide the complete accounting records of the De-consolidated Group C given (i) the supporting documents were kept in the local PRC office where the remaining staff and management were not supportive in view of the crisis of the Group and SJ (China); (ii) the Seng Jin Liquidators and the Directors of the Company were unable to determine whether those records were being updated in the first place; and (iii) the Seng Jin Liquidators and the Directors of the Company had no other access to such records despite the fact that the Seng Jin Liquidators and Directors of the Company have taken all reasonable steps and have used their best endeavor to access such records.

Other than the De-consolidated Group C, SMHK and one of its subsidiaries were also engaged in the PID business. Due to the reasons set out above in the paper trading segment, the Company was unable to access to the Specific Records of SMHK and its subsidiary in relation to the PID business.

Set out below the financial results and positions of the PID segment for the six months ended 30 September 2020:

Statement of profit or loss

	Period ended 30 September 2020 *HK$'000*
Revenue	**13,673**
Cost of sales	**(3,118)**
Gross profit	**10,555**
Fair value losses on investment properties	**(17,300)**
Other gains and income, net	**174**
Selling expenses	**(81)**
Administrative expenses	**(2,682)**
Other operating income, net	**20,156**
Profit from operations	**10,822**
Finance costs	**—**
Profit before tax	**10,822**
Income tax expense	**—**
Profit for the period	**10,822**
Loss on deconsolidation of subsidiaries	**(788,914)**
Loss for the period	**(778,092)**

Statement of financial position

	As at 30 September 2020 *HK$'000*
Non-current assets	
Property, plant and equipment	**25,082**
Investment properties	**16,663**
Right-of-use assets	**17,224**
	58,969
Current assets	
Properties under development	**234,924**
Accounts and other receivables	**9,723**
Taxation recoverable	**11,641**
Bank and cash balances	**56,099**
	312,387
Total assets	**371,356**
Current liabilities	
Accounts and other payables	**115,743**
Taxation payables	**1**
	115,744
Net current assets	**196,643**
Total assets less current liabilities	**255,612**
Non-current liabilities	
Deferred tax liabilities	**7,896**
NET ASSETS	**247,716**

4. Others segment

Following the Suspension and the defaults of the Group, there was limited working capital available to fund the overheads of other business. In the circumstances, the Group disposed its marine vessels repair business in Singapore which was carried out by Hypex International Pte Ltd ("Hypex International") and its subsidiaries (the "De-Consolidated Group D") in September 2020.

The books and records of the De-consolidated Group D available to the Group at the material time which were retained of the Company by the Group were not found to be of a sufficient level for audit purposes. Despite the Directors have taken all reasonable steps and have used their best endeavors to resolve the matter, including repeated requests to Hypex International, the Company has been unable to access to the complete set of books and records of these subsidiaries and is unable to determine whether the records retained by the Group upon disposal was updated and complete.

Other than Hypex International, certain subsidiaries were disposed or deregistered subsequent to the reporting date. Due to the resignation of the former management and majority of the accounting staff, the Company was unable to determine whether the Specific Records of these subsidiaries were absent in the first place nor was it able to access the Specific Records of these subsidiaries for audit purposes. Certain other subsidiaries which form part of the others segment were held under De-consolidated Group A and De-consolidated Group B. Due to the reasons set out above in the paper trading segment, the Company was unable to obtain access to the Specific Records of these subsidiaries in others segment.

Statement of profit or loss

	Period ended 30 September 2020 *HK$'000*
Revenue	**14,084**
Cost of sales	**(19,118)**
Gross loss	**(5,034)**
Other gains and income, net	**1,472**
Selling expenses	**(2,132)**
Administrative expenses	**(13,406)**
Reversal of impairment losses of financial assets	**601**
Other operating income, net	**(82,241)**
Loss from operations	**(100,740)**
Finance costs	**(1,282)**
Loss before tax	**(102,022)**
Income tax expense	**(21)**
Loss for the period	**(102,043)**
Loss on deconsolidation of subsidiaries	**(5,438)**
Loss for the period	**(107,481)**

Statement of financial position

	As at 30 September 2020 *HK$'000*
Non-current assets	
Property, plant and equipment	**1,717**
Right-of-use assets	**1,600**
Financial assets at FVTOCI	**1,700**
Deferred tax assets	**2**
	5,019
Current assets	
Inventories	**2,532**
Accounts and other receivables	**55,580**
Taxation recoverable	**14**
Bank and cash balances	**7,087**
	65,213
Total assets	**70,232**
Current liabilities	
Accounts and other payables	**23,354**
Taxation payables	**5**
Borrowings	**402,846**
Lease liabilities	**354**
	426,559
Net current liabilities	**(361,346)**
Total assets less current liabilities	**(356,327)**
Non-current liabilities	
Lease liabilities	**147**
Deferred tax liabilities	**23,095**
	23,242
NET LIABILITIES	**(379,569)**

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2020. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies applied in these financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 March 2020. A number of new or amended standards are effective from 1 April 2020 but they do not have a material effect on the Group's condensed consolidated financial statements.

3. SEGMENT INFORMATION

The chief operating decision-makers have been identified as the executive directors of the Company. The executive directors review the Group's financial information mainly from business nature and geographical perspectives. From a perspective on business nature, the Group has four reportable segments, namely paper trading, paper manufacturing, PID, and Others segments. From a geographical perspective, management mainly assesses the performance of operations in Hong Kong and the PRC.

The Group has four operating segments for the period ended 30 September 2020 as follows:

Paper trading	—	sale of paper and board, office supplies and consumable, supplies for paper manufacturing and fast moving consumer goods ("FMCG")
Paper manufacturing	—	manufacturing and selling of paper products in Shandong, the PRC
PID	—	developing properties for sale and leasing of investment properties
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 Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include unallocated administrative expenses, finance costs and income tax expense. Segment assets do not include current and deferred tax assets and corporate assets. Segment liabilities do not include current and deferred tax liabilities and corporate liabilities. Segment non-current assets do not include financial assets at FVTOCI, financial assets at FVTPL and deferred tax assets.

Information about operating segment profit or loss, assets and liabilities:

	Paper trading	Paper Manufacturing	PID	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
6 months ended 30 September 2020:					
Revenue from external customers	**1,594,385**	**521,141**	**13,673**	**14,084**	**2,143,283**
Intersegment revenue	**78,985**	**—**	**990**	**5,745**	**85,720**
Segment profit/(loss)	**822,319**	**(1,142,009)**	**(778,092)**	**(106,178)**	**(1,203,960)**
As at 30 September 2020:					
Segment assets	**461,879**	**1,885,123**	**359,715**	**70,146**	**2,776,863**
Segment liabilities	**752,048**	**874,793**	**115,743**	**70,701**	**1,813,285**
6 months ended 30 September 2019:					
Revenue from external customers	2,226,868	731,949	11,990	31,262	3,002,069
Intersegment revenue	169,093	35,393	20,062	1,098	225,646
Segment profit/(loss)	43,589	51,398	7,507	(4,893)	97,601
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
As at 31 March 2020:					
Segment assets	2,161,444	2,433,613	1,108,482	101,281	5,804,820
Segment liabilities	3,259,199	380,059	66,224	22,984	3,728,466

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

For the six months ended 30 September 2020 (unaudited)	**Paper trading**	**Paper manufacturing**	**PID**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue	**1,673,370**	**521,141**	**14,663**	**19,829**	**2,229,003**
Intersegment revenue	**(78,985)**	**—**	**(990)**	**(5,745)**	**(85,720)**
Revenue from external customers	**1,594,385**	**521,141**	**13,673**	**14,084**	**2,143,283**
Timing or revenue recognition					
Products transferred at a point in time	**1,594,385**	**521,141**	**—**	**2,993**	**2,118,519**
Products and services transferred over time	**—**	**—**	**—**	**11,091**	**11,091**
Revenue from other sources					
Rental income	**—**	**—**	**13,673**	**—**	**13,673**
Total	**1,594,385**	**521,141**	**13,673**	**14,084**	**2,143,283**

For the six months ended 30 September 2019 (unaudited)	Paper trading	Paper manufacturing	PID	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	2,395,961	767,342	32,052	32,360	3,227,715
Intersegment revenue	(169,093)	(35,393)	(20,062)	(1,098)	(225,646)
Revenue from external customers	2,226,868	731,949	11,990	31,262	3,002,069
Timing or revenue recognition					
Products transferred at a point in time	2,226,868	731,949	—	8,271	2,967,088
Products and services transferred over time	—	—	—	22,991	22,991
Revenue from other sources					
Rental income	—	—	11,990	—	11,990
Total	2,226,868	731,949	11,990	31,262	3,002,069

4. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the period is stated at after charging/(crediting) the following:

	Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Fair value losses on investment properties	**17,300**	—
Allowance for inventories (included in cost of sales (2019: other operating expenses, net))	**53,502**	552
Allowance for impairment losses of financial assets, net	**1,156,807**	1,003
Auditor's remuneration	**350**	390

5. INCOME TAX EXPENSE

	Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax — Hong Kong		
Provision for the period	**—**	3,181
Current tax — the PRC		
Provision for the period	**3,450**	9,395
Deferred tax	**—**	—
	3,450	12,576

Under the two-tiered Profits Tax regime, the first HK$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

The Group's PRC subsidiaries are subject to the PRC corporate income tax rate of 25% except as follows. UPPSD, a PRC subsidiary of the Group, was entitled to the preferential tax rate of 15% from years 2016 to 2018, being accredited as a High and New Technology Enterprise according to the PRC Corporate Income Tax Law and its relevant regulations. As UPPSD has renewed the qualification of High and New Technology Enterprise and approved on 28 November 2019 with an effective period of three years starting from 2019, and therefore the tax rate used to recognise deferred tax assets and liabilities as at 30 September 2020 and 2019 was 15%.

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands, the Group is not subject to any income tax in Bermuda and the British Virgin Islands.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

6. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the following:

	Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share	**(3,219,683)**	40,733

	Six months ended 30 September	
	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**1,141,076**	1,141,076
Effect of dilutive potential ordinary shares arising from conversion of preference shares issued by the Company	**—**	132,065
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	**1,141,076**	1,273,141

The effect of all potential ordinary shares is anti-dilutive for the six months ended 30 September 2020 due to loss making for the six months ended 30 September 2020.

7. DIVIDENDS

	Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Proposed interim dividend of HKNil cents (2019: HK0.40 cents) per ordinary share	**—**	4,564
Proposed interim dividend of HKNil cents (2019: HK0.40 cents) per preference share	**—**	528
	—	5,092

8. ACCOUNTS AND OTHER RECEIVABLES

	30 September 2020	31 March 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accounts and bills receivables — net of provision	**626,961**	926,380
Other receivables, deposits and prepayments	**268,616**	770,027
	895,577	1,696,407

The ageing analysis of accounts and bills receivable, based on the invoice date, and net of allowance, is as follows:

	30 September 2020	31 March 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current to 60 days	**12,624**	636,794
61 to 90 days	**968**	127,554
Over 90 days	**613,369**	162,032
	626,961	926,380

9. ACCOUNTS AND OTHER PAYABLES

	30 September 2020	31 March 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accounts and bills payables	**703,771**	873,292
Accruals and other payables	**847,490**	319,897
	1,551,261	1,193,189

The ageing analysis of accounts and bills payable, based on invoice date, is as follows:

	30 September 2020	31 March 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current to 60 days	**—**	717,893
61 to 90 days	**—**	155,399
Over 90 days	**703,771**	—
	703,771	873,292

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND EVENTS AFTER REPORTING PERIOD

Suspension of trading of shares of the Company and appointment of Joint Provisional Liquidators (for restructuring purpose only) (the "JPLs")

As additional time was required by the then auditors of the Company (the "Former Auditors") to finalize their audit procedures in respect of the annual results for the year ended 31 March 2020 (the "2020 Annual Results"), the Company was unable to announce its audited 2020 Annual Results by the deadline prescribed by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The trading of the Company's shares on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") was suspended with effect from 2 July 2020 (the "Suspension"). Subsequently, by way of a letter dated 16 July 2020 (the "Former Auditor Letter") to the Board, the Former Auditors set out details of outstanding audit issues concerning the 2020 Annual Results which were published by the Company on 17 September 2020 through an announcement on the Stock Exchange.

As a direct result of the above stated developments, certain creditors of the Group accelerated the repayment obligations of certain indebtedness of the Group and ceased providing facilities to the Group, leading to a detrimental effect on the Group's cash flow and series of events of default by the Group on its indebtedness. To facilitate a restructuring of the Company's indebtedness, the Company filed with the Supreme Court of Bermuda (the "Bermuda Court") on 18 July 2020 (Hong Kong time) a petition for the winding up of the Company and an application for the appointment of joint and several provisional liquidators on a "light touch" basis for restructuring purposes.

On 24 July 2020, Messrs. Lai Kar Yan (Derek) and Ho Kwok Leung Glen, both of Deloitte Touche Tohmatsu, and Ms. Rachelle Ann Frisby of Deloitte Ltd. were appointed by the Bermuda Court as the joint provisional liquidators (the "JPLs") of the Company for the purpose of, inter alia, formulating, proposing and implementing a restructuring plan of the indebtedness of the Company. The Board continues to manage the day-to-day affairs of the Company in all aspects, subject to the oversight and monitoring of the JPLs.

Listing status of the Company

By way of letters dated 21 July 2020, 26 November 2020 and 11 June 2021, the Stock Exchange imposed the following resumption guidance (the "Resumption Guidance") for the Company:

1. Address all audit issues raised by the Former Auditors (the "Audit Issues");

2. Conduct an appropriate independent investigation into the Audit Issues, announce the findings and take appropriate remedial actions;

3. Publish all outstanding financial results required under the Listing Rules and address any audit modifications;

4. Have the winding-up petition (or winding-up order, if made) against the Company withdrawn or dismissed;

5. Announce all material information for the Company's shareholders and investors to appraise the Company's position;

6. Demonstrate its compliance with Rule 13.24 of the Listing Rules;

7. Conduct an independent internal control review and demonstrate adequate internal control systems being put in place to meet the obligations under the Listing Rules; and

8. Re-comply with Rules 3.05, 3.10(1), 3.21 and 3.25 of the Listing Rules.

Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 1 January 2022 (the "Delisting Deadline"). If the Company fails to remedy the issue(s) causing its trading suspension, fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 1 January 2022, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

Liquidation and winding down of paper trading business

Upon their appointment, the JPLs, together with the Board, carried out a review of the different business segments of the Group. Among all segments, as the principal bank borrower of the Group, the paper trading business was most severely and immediately impacted by the withdrawal of banking facilities and acceleration of repayment obligations by certain creditors of the Group, in particular, it was unable to make new purchases for maintaining normal trading operations. The Board and the JPLs decided to wind down or dispose the paper trading business in view of its substantial working capital requirement and the Group's then liquidity position and its vulnerability against business interruption.

Meanwhile, some creditors had issued proceedings in the Hong Kong Court against Samson Paper Company Limited ("SMHK"), which is a major operating subsidiary of the paper trading business in Hong Kong and also a principal bank borrower of the Group, with most of these borrowings being guaranteed by the Company. Operations of SMHK was severely disrupted and some employees had left SMHK in light of the uncertainty then surrounding the Group's operation.

With a view to protecting interests of all unsecured creditors of SMHK and to maintain the prospect of an holistic approach to the restructuring of the Company's indebtedness, SMHK was put into voluntary liquidation on 14 August 2020 because it could not, by reason of its liabilities, continue in business. Financial results and position of SMHK and its subsidiaries (the "De-consolidated Group A") were deconsolidated from those of the Group on 15 August 2020. Upon the commencement of its liquidation, SMHK laid off all employees (over 80 employees) with immediate effect but re-employed a small number of sales personnel on a short-term basis to facilitate the collection of accounts receivables. As one of the longest established subsidiaries of the Group, SMHK served as headquarter office of the Group in Hong Kong and some of its employees provided managerial and accounting services to other subsidiaries of the Company.

Upon the vacant possession and disposal of SMHK's premises which served as the Group's headquarter office, with very limited manpower at that time, the liquidators of SMHK and the management of the Group could only use their best endeavor to arrange for preservation and relocation of books and records of the Group then available in their then form.

Similarly, the paper trading business in the PRC, which was conducted through 19 subsidiaries/branches of the Company in 19 major cities of the PRC with 510 staff, had been wound down since September 2020. Most staff were made redundant and approximately 54 staff (out of 510 staff) were re-employed on a short-term basis to assist with the collection of accounts receivables. Following the cessation of operations of the PRC paper trading business, the remaining staff gradually left the Group before June 2021. On 30 June 2021, Samson Paper (China) Company Limited ("SMC"), an indirect wholly-owned subsidiary of the Company and the holding Company of PRC subsidiaries engaging in the paper trading business, was put into creditors' voluntary liquidation. Financial results and position of SMC and its subsidiaries (the "De-consolidated Group B") were deconsolidated from those of the Group with effect from 1 July 2021.

Deconsolidation of Property Development and Investment ("PID") Segment

The Company was also engaged in the PID segment including (i) the development of Nantong Business Park through SJ (China) Company Limited ("SJ (China)") and Jordan Property (Nantong) Co Ltd. ("Jordan Nantong") which are wholly-owned subsidiaries of Seng Jin Group Limited ("SJ Limited"); and (ii) investment in warehouses and offices in the PRC and Hong Kong for rental income through Jordan Property Investment (XM) Company Limited (a subsidiary of SJ Limited) and SMHK, which have been deconsolidated from the Group upon the appointment of liquidators to SJ Limited and SMHK.

Following the financial turmoil experienced by the Group in July 2020, SJ (China) has had limited access to working capital from the Group and defaulted payments to its creditors. Creditors have since taken action to freeze land and buildings owned by SJ (China) in Nantong Business Park, causing suspension in construction and certain phases of the development to be suspended from sale. There was increasing pressure from the local government on SJ (China) to resume construction. The distressed local workforce appealed to the Group to resolve the indebtedness of SJ (China) and maintain job stability.

As the Group intends to focus on the Paper Manufacturing business, coupled with defaults and inherent constraints on working capital of Nantong Business Park, it was resolved to put SJ Limited, an indirect wholly-owned subsidiary of the company and the holding company of SJ (China) and Jordan Nantong, into insolvent liquidation on 16 September 2021. Financial results and position of SJ Limited and its subsidiaries (the "De-consolidated Group C") were deconsolidated from those of the Group on 17 September 2021.

Disposal of other auxiliary businesses

The Group was also engaged in Fast Moving Consumer Goods business (the "FMCG business") and other businesses including trading of consumable aeronautic parts and the provision of related services, and provision of logistic services and marine services (the "Other Businesses").

Following the Suspension and the defaults of the Group, there was limited working capital available to fund the overheads of FMCG business and Other Businesses. In the circumstances, the Group disposed of its marine vessels repair business in Singapore (conducted through Hypex International Pte. Ltd. and its subsidiaries (the "De-Consolidated Group D")) in September 2020 and the FMCG business in January 2021.

Resignation of directors and senior management

Shortly after the Suspension, the non-executive directors and independent non-executive directors of the Company resigned. Subsequently, the executive directors of the Company resigned from the Company and other positions within the Group (including directorship of certain subsidiaries) during the period from February 2021 to May 2021. The Board are now comprised of two executive directors, Mr. Choi Wai Hong, Clifford ("Mr. Choi") and Mr. Lau Wai Leung, Alfred ("Mr. Lau") and an independent non-executive director, Mr. Leung Vincent Gar-gene ("Mr. Leung") who were first appointed as independent non-executive directors of the Company after the Suspension (with Mr. Choi and Mr. Lau being re-designated as executive directors in May 2021).

The chief financial officer of the Company (who was also an executive director and the company secretary of the Company) resigned from the Company and other positions within the Group (including directorship of certain subsidiaries) in February 2021. The Company appointed Mr. Yu Ngai, who joined the Group as the deputy chief financial officer in July 2020, as the chief financial officer.

The departure of directors and senior management, together with the large-scale of redundancy/resignation of staff, resulted in severe under-staffing of the accounting function of the Group and undermined the Group's effort in updating the accounting information of the Group and obtaining explanation or information in relation to historical transactions from management and accounting personnel at the relevant time. In preparing the financial information of the Group, the current management of the Group could only rely on the books and records available to them, which might not be up-to-date and complete, without explanations of management and accounting personnel at the relevant time.

Proposed Restructuring of the Group

On 30 July 2021, the Company, the JPLs, Xiamen C&D Paper & Pulp Co., Ltd* ("Xiamen C&D Paper"), Zhejiang Xinshengda Holding Group Co., Ltd* ("Zhejiang Xinshengda"), NCD Investment Holding Limited (the "Investor") (a company incorporated in the British Virgin Islands owned by Xiamen C&D Paper as to 55% and Zhejiang Xinshengda as to 45%) and Shandong Bairun Pulp & Paper Co. Ltd* ("Shandong Bairun") (background of which is set out in the paragraphs under the section headed "UPPSD Bankruptcy Reorganisation" below) entered into a restructuring agreement (as amended by a supplemental restructuring agreement dated 22 November 2021) (the "Restructuring Agreement") in relation to the restructuring of the Group (the "Proposed Restructuring") involving, inter alia, (i) the Capital Reorganisation; (ii) the Subscription; (iii) the Group Reorganisation; (iv) the Placement; (v) the ListCo Scheme; (vi) the UPPSD Bankruptcy Reorganisation; and (vii) the Resumption.

Details of the Restructuring Agreement has been announced in an announcement dated 22 November 2021.

Subscription

The Company shall issue and allot, and the Investors shall subscribe for the 990,220,583 New Shares (i.e. ordinary shares of the Company upon completion of the Capital Reorganisation) (the "Subscription Shares"), representing 70% of the enlarged ordinary share capital of the Company upon the completion of the Capital Reorganisation and the issue and allotment of the Subscription Shares, Creditors' Shares (as defined below) and Placement Shares (as defined below) and assuming all issued preference shares of the Company have been converted into ordinary shares of the Company, at the subscription price of HK$0.121056 per Share (the "Subscription Price") for a total consideration of

HK$119,872,142 (the "Subscription Proceeds"). The Subscription Proceeds shall be used for settling the costs and expenses for implementing the Proposed Restructuring and discharging debts of the Company under the ListCo Scheme.

Group Reorganisation

Pursuant to the Restructuring Agreement, the Group Reorganisation shall involve:

a. the incorporation of Greater Paper Development Limited ("SPV1"), a company incorporated in Hong Kong with limited liability, owned as to 100% by the Company;

b. the incorporation of Greater Paper (Shenzhen) Paper Limited ("SPV2"), a company incorporated in the PRC with limited liability and owned as to 100% by SPV1;

c. SPV2 becoming the sole registered shareholder of UPPSD through the UPPSD Bankruptcy Reorganisation;

d. upon the completion of all the transactions under the Restructuring Agreement (the "Closing"), to effectuate the transfer of the subsidiaries of the Group other than SPV1, SPV2 and UPPSD (the "Excluded Subsidiaries") to the SchemeCo (as defined below) for the Scheme Creditors (as defined below) pursuant to the terms of the ListCo Scheme by transferring the entire equity interests of Samson Paper (BVI) Ltd. (being the holding company of the Excluded Subsidiaries and a directly wholly-owned subsidiary of the Company) held by the Company to the SchemeCo at a nominal consideration of HK$1.0. The Group upon the completion of the Proposed Restructuring (the "Retained Group") shall comprise of the Company, SPV1, SPV2 and UPPSD and will be principally engaged in manufacturing of paper product;

e. provision of a loan not less than RMB80,000,000 by Shandong Bairun to SPV2 which will be used in the daily business operations of UPPSD (which forms part of the loan of not less than RMB250,000,000 to be provided by Shandong Bairun to SPV2 under the UPPSD Bankruptcy Reorganisation, the remaining RMB170,000,000 of which will be used for the first instalment payment under the UPPSD Bankruptcy Reorganisation plan);

f. the completion of the implementation of the UPPSD Bankruptcy Reorganisation plan; and

g. the above-mentioned loan would be secured by charge over the shares of SPV1, SPV2 and UPPSD and the appropriate assets of UPPSD created in favour of the Investor or Shandong Bairun (as the case may be) by way of a first priority fixed charge, which shall be discharged upon the completion of the Group Reorganisation.

Placement

Pursuant to the Restructuring Agreement, the Company shall enter into a placing agreement with the Investor and a placing agent (the "Placing Agent for Placement"), pursuant to which the Placing Agent for Placement undertakes to place, on fully underwritten basis, 56,584,032 placement shares (the "Placement Shares") to no less than six placees at HK$0.121056 per Placement Share (the "Placement").

The gross proceeds from the Placement will be approximately HK$6,849,837, and shall be used for discharging part of the debts of the Company under the ListCo Scheme.

ListCo Scheme

The Company shall restructure its indebtedness by ListCo Scheme under the Hong Kong Laws involving:

a. upon the ListCo Scheme become effective, the scheme administrators shall incorporate a special purpose vehicle (the "SchemeCo") to hold and realise assets of the SchemeCo for distribution to the creditors of the Company with unsecured claims admitted by the scheme administrators in accordance with the terms of the ListCo Scheme (the "Scheme Creditors") and settle the costs and expenses arising from the implementation of the ListCo Scheme in accordance with the terms of the ListCo Scheme;

b. all the claims against the Company shall be fully and finally discharged under ListCo Scheme by way of the SchemeCo accepting and assuming an equivalent liability in place of the Company in respect of the claims of the creditors of the Company. In return, the Scheme Creditors will be entitled to receive dividends from the realization of the assets of the SchemeCo pursuant to the ListCo Scheme in full and final settlement of their claims against the SchemeCo;

c. the assets of the SchemeCo to be realised for the benefit of the Scheme Creditors shall include:

    (i) the remaining balance of the gross Subscription Proceeds of approximately HK$119,872,142 after deducting the costs of implementing the Proposed Restructuring;

    (ii) 240,482,142 New Shares to be issued and allotted by the Company to the SchemeCo (the "Creditors' Shares") for the benefit of the Scheme Creditors, representing approximately 17% of the issued ordinary share capital of the Company after the completion of the Capital Reorganisation and as enlarged by the issue and allotment of the Subscription Shares, Placement Shares and Creditors' Shares and assuming all preference shares have been converted, subject to the right to dispose the Creditors' Shares as detailed in paragraph (viii) below;

(iii) gross proceeds from the Placement of approximately HK$6,849,837;

(iv) the shares and/other assets of the Excluded Subsidiaries;

(v) the inter-company account receivables due from the Excluded Subsidiaries to the Retained Group in the amount of approximately HK$300 million;

(vi) the cash, bank deposits and account receivables of the Company as at the effective date of the ListCo Scheme (apart from the account receivables due from the Retained Group);

(vii) all claims or litigations and all potential claims or litigation rights against third parties raised by the Retained Group (to the extent transferrable under the applicable law and approved by the relevant party);

(viii) a right to the SchemeCo exercisable by the scheme administrators in their absolute discretion (for the benefit of the Scheme Creditors other than the Scheme Creditors who elected to hold the Creditors' Shares in their own names or through CCASS) to dispose the Creditors' Shares on behalf of the relevant Scheme Creditors, either (i) in the open market at the market price; or (ii) instructing a placing agent (the "Placing Agent for Placing Out") at one or more times during the 12 months from the Closing to place such number of the Creditors' Shares to independent placees at price(s) procured by the Placing Agent for Placing Out on a best effort basis (the "Placing Price for Placing Out") and, given the guarantee by the Investor (the "Price Protection") to pay the shortfall between the Placing Price for Placing Out and the issue price of the Creditors' Shares (i.e. HK$0.121056 per Share) should the Placing Price for Placing Out be lower than the issue price of the Creditors' Shares, to realise such Creditors' Shares at a price not less than the issue price of the Creditors' Shares, thereby offering a certain minimum realization from the Creditors' Shares in exchange for the relevant Scheme Creditors releasing their admitted claims against the Company.

On 30 September 2021, the Company held a meeting of the creditors of the Company (the "Scheme Meeting") pursuant to the order dated 1 September 2021 granted by the Hong Kong Court. The resolution to approve the ListCo Scheme was duly passed. Subsequently, the ListCo Scheme was sanctioned by the Hong Kong Court on 28 October 2021.

UPPSD Bankruptcy Reorganisation

Upon completion of the Proposed Restructuring, the Retained Group shall continue to be engaged in paper manufacturing business conducted through UPPSD.

As set out in the Company's announcement dated 22 November 2021, due to the then liquidity shortage of the Group and the eventual suspension of production of UPPSD in late September 2020, in order to provide and ring-fence working capital to resume UPPSD's operation so as to preserve its operational value, UPPSD, Xiamen C&D Paper and Shandong Herun Holding Group Co., Ltd.* ("Shandong Herun") (a PRC company wholly owned by Mr. Li Shengfeng, the majority ultimate beneficial owner of Zhejiang Xinshengda) entered into the an agreement dated 24 October 2020 (the "Entrusted Operation Agreement"), pursuant to which, Xiamen C&D Paper and Shandong Herun formed their joint venture Shandong Bairun (owned by Xiamen C&D Paper as to 55% and owned by Shandong Herun as at 45%) in November 2020 to operate the paper manufacturing facility of UPPSD (the "Entrusted Assets") on an entrusted basis (the "Entrusted Operation").

The resumption of manufacturing operations of UPPSD was funded by Shandong Bairun on the bases that UPPSD was paid/reimbursed the costs of its staff and Shandong Bairun would pay all operating expenses (including raw material and maintenance costs). Shandong Bairun would not, however, bear liabilities (trade or otherwise) that arose prior to the commencement of the Entrusted Operation. Shandong Bairun would not be entitled to any increase in value of the Entrusted Assets and the operations of UPPSD. Also, Shandong Bairun would not bear any risk of deterioration in value of the Entrusted Assets and risks of seizure of the Entrusted Assets (e.g. Shandong Bairun could terminate the Entrusted Operation Agreement if major assets of UPPSD were under bankruptcy proceedings or enforcement action such that it became impractical for Xiamen C&D Paper, Shandong Herun and Shandong Bairun to continue production in accordance to the terms of the Entrusted Operation Agreement).

The Company/UPPSD also retained control over UPPSD/the Entrusted Assets, including but not limited to selling assets of and/or interests in UPPSD and rights to reject any proposed addition/upgrade to the Entrusted Assets.

In view of the above, the Company is of the view that there is no impact on the accounting treatment of UPPSD in the Company's consolidated financial statements after entering into the Entrusted Operation Agreement.

On 23 December 2020, UPPSD received the notice from the People's Court of Xuecheng District, Zaozhuang City, Shandong Province (the "Shandong Court"), informing that a creditor of UPPSD had filed a bankruptcy application against UPPSD (the "UPPSD Bankruptcy Application"). Despite the objection filed by UPPSD to the Shandong Court, UPPSD received a civil judgement issued by the Shandong Court, advising that the Bankruptcy Application was accepted and that a bankruptcy administrator (the "UPPSD Bankruptcy Administrator") was appointed on 30 December 2020. UPPSD Bankruptcy Administrator had taken custody of UPPSD assets and company seal in accordance to the relevant rules and regulations. Accordingly, the Company lost control over UPPSD and financial results and position of UPPSD were deconsolidated from the Group with effect from 31 December 2020 in accordance with the requirements of HKFRS 10 Consolidated Financial Statements.

Following the execution of the Term Sheet, UPPSD submitted an application to the Shandong Court and the UPPSD Bankruptcy Administrator to seek for a conversion of the bankruptcy proceedings of UPPSD into a bankruptcy reorganisation, which was approved by the Shandong Court with effect from 20 April 2021.

On 29 July 2021, the UPPSD Bankruptcy Administrator convened the second meeting of creditors of UPPSD for the purpose of considering and approving the UPPSD Bankruptcy Reorganisation plan as summarised below:

a. UPPSD shall become a wholly owned subsidiary of the Company (through SPV1 and SPV2) through the UPPSD Bankruptcy Reorganisation;

b. settlement of four creditors' priority claims with an aggregate amount of RMB4,960,533.58 in one lump sum payment by cash in priority to other creditors with unsecured claims, with their unsecured claims totalling RMB1,084,101,760.80 settled in the method as provided in (d), (e) and (f) below;

c. settlement of two creditors' verified tax claims with an aggregate amount of RMB48,333,787.65 in one lump sum payment by cash;

d. settlement of each creditor's unsecured claims with principal amount of RMB200,000 (inclusive) or below in full by way of cash;

e. for each creditor's unsecured claims with principal amount exceeding RMB200,000, settlement will be completed within four (4) years in five (5) instalments of 20% every year. The first instalment payment shall be made to repay creditor's unsecured claim of principal amount below RMB200,000 (inclusive) and 20% of the principal amount in excess of RMB200,000. The four subsequent instalments of 20% of the principal amount in excess of RMB200,000 shall be paid on or before the first, second, third and fourth anniversary date of the first instalment payment. Remaining debts shall not bear any interest for the period of settlement in instalments;

f. the settlement of the inter-company debts due by UPPSD to the Excluded Subsidiaries in the total sum of RMB741,989,908.38 as recognised by the UPPSD Bankruptcy Administrator in one lump sum payment of RMB50,000,000;

g. upon the completion of UPPSD Bankruptcy Reorganisation, UPPSD shall forfeit its all accounts receivables, prepayments and other receivables due by the Group to UPPSD, which amounted to RMB156,943,268.36 based on the liquidation audit on UPPSD commissioned by the UPPSD Bankruptcy Administrator; and

h. termination of the Entrusted Operation Agreement.

The UPPSD Bankruptcy Reorganisation was approved by its creditors and the Shandong Court on 29 July 2021 and 31 July 2021 respectively and the UPPSD Bankruptcy Administrator was discharged with effect from 1 August 2021. The Entrusted Operation Agreement has also been terminated with effect from 1 August 2021 and UPPSD resumed its self-operation.

On 11 October 2021, following the first instalment payment by UPPSD in accordance to the UPPSD Bankruptcy Reorganisation plan, the Shandong Court handed down a judgment confirming that the UPPSD Bankruptcy Reorganisation has been successfully implemented and ordered the termination of the UPPSD's bankruptcy reorganisation proceedings.

PROSPECTS

The Group is undergoing the Proposed Restructuring, upon the completion of the Proposed Restructuring, the Group shall continue the paper manufacturing business via SPV1, SPV2 and UPPSD. All claims against the Company shall be discharged in full by virtue of the implementation of the ListCo Scheme. UPPSD has also returned to solvency upon the completion of the implementation of the UPPSD Bankruptcy Reorganization in October 2021. The Directors are confident that upon the completion of the Proposed Restructuring, the Retained Group's business and financial position will be improved and the Retained Group will have sufficient level of operation to maintain its listing status.

FINANCIAL PERFORMANCE

Revenue

The revenue of the Group decreased from approximately HK$3,002 million to approximately HK$2,143 million mainly due to the drop in the revenue of the paper trading business from approximately HK$2,227 million to HK$1,594 million.

Gross loss

Gross loss of the Group for the period was approximately HK$29 million (30 September 2019: gross profit of approximately HK$294 million).

(Loss)/profit for the period

Loss for the period was approximately HK$3,458 million (30 September 2019: profit for the period of approximately HK$46 million). The loss for the period was primarily due to the recognition of financial guarantee liabilities of approximately HK$2,211 million, the impairment loss of financial assets of HK$1,157 million, and the impairment losses of property, plant and equipment of approximately HK$760 million.

Liquidity and financial resources

As at 30 September 2020, the Group had cash and bank balances of approximately HK$217 million with a gearing ratio of −31.5%. Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings and lease liabilities) less cash, bank balances and restricted deposits. Total capital is calculated as total equity plus net debt.

The current ratio (current assets divided by current liabilities) was 0.36 times (31 March 2020: 0.69 times).

Financial guarantee liabilities, contingent liabilities and charge of assets

As at 30 September 2020, the Company has issued certain guarantees of approximately HK$2,211 million to some banks and a supplier in respect of banking and trade facilities granted to the deconsolidated subsidiaries of the Company. The maximum liability of the Group at 30 September 2020 under guarantees is the amount of bank loans and the payables to a supplier drawn under the guarantees at that date of HK$2,590 million (31 March 2020: HK$Nil).

As at 30 September 2020, the Group 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 30 September 2020 amounted to approximately HK$609 million (31 March 2020: HK$2,916 million).

Certain land and buildings of the Group's subsidiaries, with a total carrying value of approximately HK$29 million as at 30 September 2020 (31 March 2020: HK$331 million) were pledged to banks as securities for bank loans of approximately HK$14 million (31 March 2020: HK$108 million) and nil trust receipt loans (31 March 2020: HK$182 million) granted to the Group.

Foreign exchange risk

The Group's transaction currencies are principally denominated in Renminbi and Hong Kong dollars. The Group will hedged its position with foreign exchange contracts and options when considered necessary.

Employees and remuneration policies

As at 30 September 2020, the Group employed 988 staff members, 163 of whom are based in Hong Kong and 802 are based in the PRC and 23 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.

INTERIM DIVIDEND

The Board has resolved not to recommend an interim dividend for the six months ended 30 September 2020.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

REVIEW OF THIS INTERIM RESULTS ANNOUNCEMENT

The figures in respect of the Group's condensed consolidated financial statements for the six months ended 30 September 2020 as set out in this preliminary announcement have been reviewed by the audit committee of the Company (the "Audit Committee").

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, all current Directors confirmed that they have complied with the required standard set out in the Model Code throughout the period under review and up to the date of this announcement.

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

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, throughout the period under review, in compliance with the Listing Rules and the code provisions (the "Code Provision(s)") under the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules, except the following deviations:

Listing Rule 3.05

Listing Rule 3.05 stipulated that every listed issuer shall appoint two authorized representatives who shall act at all times as the listed issuer's principal channel of communication with the Stock Exchange. The Listing Rule 3.05 is not complied since 21 May 2021.

Listing Rule 3.10(1), 3.10A, 3.21 and 3.25

Listing Rule 3.10(1) stipulates that every board of directors of a listed issuer must include at least three independent non-executive directors. Listing Rule 3.10A stipulates that an issuer must appoint independent non-executive directors representing at least one-third of the board. Listing Rule 3.21 stipulates that, among others, the audit committee must comprise a minimum of three members, and the audit committee must be chaired by an independent non-executive director. Listing Rule 3.25 stipulates that an issuer must establish a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors.

For the period from 12 July 2020 to 17 July 2020, due to the resignation of Mr. Pang Wing Kin, Patrick ("Mr. Pang"), Mr. Tong Yat Chong ("Mr. Tong") and Mr. Ng Hung Sui, Kenneth ("Mr. Ng") on 12 July 2020, the Listing Rule 3.10(1), 3.10A, 3.21 and 3.25 are not complied.

Subsequently, on 16 July 2020 and 17 July 2020, the Company appointed Mr. Choi, Mr. Lau and Mr. Leung as independent non-executive directors, the Company re-complied with the Listing Rule 3.10(1), 3.10A, 3.21 and 3.25.

Since the re-designation of Mr. Choi and Mr. Lau to executive directors on 21 May 2021, the Listing Rule 3.10(1), 3.21 and 3.25 are not complied.

Code Provision A.2.1

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. For the period from 9 December 2019 to 19 May 2021, Mr. Lee Seng Jin ("Mr. Lee") (resigned with effect from 20 May 2021) was the chairman and chief executive officer of the Company.

Code Provision A.4.1

Code Provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. From the period under review and up to 12 July 2020, the non-executive Directors were not appointed for a specific term but are subject to retirement by rotation and re-election at each annual general meeting in accordance with the bye-laws of the Company ("Bye-Laws").

Code Provision A.5.1

Code Provision A.5.1 of the CG Code stipulates that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.

For the period from 12 July 2020 to 17 July 2020, due to the resignation of Mr. Pang, Mr. Tong and Mr. Ng on 12 July 2020, the Code Provision A.5.1 is not complied.

Subsequently, on 16 July 2020 and 17 July 2020, the Company appointed Mr. Choi, Mr. Lau and Mr. Leung as independent non-executive directors, the Company re-complied with the Code Provision A.5.1.

Since the re-designation of Mr. Choi and Mr. Lau to executive directors on 21 May 2021, the Code Provision A.5.1 is not complied.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This unaudited interim results announcement is published on the websites of the Stock Exchange and the Company. The 2020/21 interim report will be despatched to the shareholders of the Company and will be published on the websites of the Stock Exchange and the Company in due course.

RESUMPTION GUIDANCE

The Stock Exchange has imposed the Resumption Guidance for the Company as detailed under the section headed "BASIS OF PREPARATION" in note 1 to the consolidated financial statements in this announcement.

The Company is taking appropriate steps to remedy the issues causing the Suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in the shares is allowed to resume. On 20 September 2021, the Company submitted a resumption proposal (the "Resumption Proposal") to the Stock Exchange. The Company is currently attending to the queries of the Stock Exchange with regards to the Resumption Proposal.

Please refer to the announcements of the Company dated 30 September 2020, 4 January 2021, 8 April 2021, 7 July 2021 and 5 October 2021 for details of the progress of the Resumption. The Company will keep its shareholders and public informed of the developments in this regard by making further announcements as and when appropriate.

As at the date of this announcement, the Company is working towards resumption and is taking appropriate steps to fulfil the resumption conditions. The Company will keep the shareholders of the Company and the public on, among others, the progress as and when appropriate.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9: 00 a.m. on 2 July 2020 and will remain suspended until further notice. The Company will keep its shareholders and the public informed of the latest development by making further announcement(s) as and when appropriate.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

By Order of the Board
SAMSON PAPER HOLDINGS LIMITED
(Provisional Liquidators Appointed)
(For Restructuring Purposes Only)
CHOI Wai Hong, Clifford
Executive Director

Hong Kong, 15 December 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. CHOI Wai Hong, Clifford and Mr. LAU Wai Leung, Alfred; and one independent non-executive Director, namely Mr. LEUNG Vincent Gar-gene.

* *for identification purpose only*