理 文 造 紙 有 限 公 司*

Lee & Man Paper Manufacturing Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2314)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

- Revenue for the year of HK$17,099 million (2013: HK$16,970 million);
- Net profit for the year of HK$1,904 million (2013: HK$1,948 million);
- Net profit per ton of HK$376 for the year;
- Stable payout ratio of about 35%, with proposed final dividend of HK7.5 cents per share.

* *For identification purposes only*

FINAL RESULTS

The Board of Directors (the "Board") of Lee & Man Paper Manufacturing Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Revenue	3	**17,099,134**	16,970,365
Cost of sales		**(14,027,532)**	(14,084,063)
Gross profit		**3,071,602**	2,886,302
Other income	4	**426,397**	380,427
Net (loss) gain from fair value changes of derivative financial instruments		**(35,463)**	8,210
Share of (loss) profit of a joint venture		**(51)**	460
Distribution and selling expenses		**(330,030)**	(312,474)
General and administrative expenses		**(708,885)**	(621,573)
Finance costs	5	**(214,640)**	(148,881)
Profit before tax		**2,208,930**	2,192,471
Income tax expense	6	**(304,536)**	(244,268)
Profit for the year	7	**1,904,394**	1,948,203
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(3,201)**	562,758
Total comprehensive income for the year		**1,901,193**	2,510,961
Profit for the year attributable to:			
Owners of the Company		**1,904,394**	1,948,203
Total comprehensive income attributable to:			
Owners of the Company		**1,901,193**	2,510,961
		HK cents	*HK cents*
Earnings per share			
– Basic	9	**40.69**	41.51
– Diluted		**40.69**	41.42

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**22,464,660**	20,829,960
Prepaid lease payments		**763,789**	598,929
Deposits paid for acquisition of property, plant and equipment and land use rights		**134,958**	160,542
Interest in a joint venture		**1,799**	1,860
Loan to a joint venture		**91,690**	83,890
Tax recoverable		**62,988**	59,300
		23,519,884	21,734,481
CURRENT ASSETS			
Inventories		**3,257,891**	3,122,711
Prepaid lease payments		**17,602**	13,127
Trade and other receivables	*10*	**5,891,427**	5,582,178
Amounts due from related companies		**17,404**	18,965
Derivative financial instruments		**45**	12,733
Bank balances and cash		**2,032,567**	710,511
		11,216,936	9,460,225
CURRENT LIABILITIES			
Trade and other payables	*11*	**3,262,465**	3,165,262
Amount due to a related company		**3,736**	12,306
Amounts due to substantial shareholders		**240,568**	5,642
Derivative financial instruments		**22,775**	–
Tax payable		**89,689**	64,555
Bank borrowings		**6,698,110**	5,661,276
		10,317,343	8,909,041
NET CURRENT ASSETS		**899,593**	551,184
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,419,477**	22,285,665

	2014	2013
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Bank borrowings	**6,162,679**	5,297,833
Deferred tax liabilities	**779,814**	641,346
	6,942,493	5,939,179
	17,476,984	16,346,486
CAPITAL AND RESERVES		
Share capital	**116,750**	117,402
Reserves	**17,360,234**	16,229,084
	17,476,984	16,346,486

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")/CHANGE IN ACCOUNTING POLICY

Amendments to HKFRSs and the new Interpretation that are mandatorily effective for the current year

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

Except as described below, the amendments to HKFRSs and the new Interpretation in the current year have had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have significant financial assets and financial liabilities for offset.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[3]
HKFRS 9	Financial Instruments[6]
HKFRS 14	Regulatory Deferral Accounts[4]
HKFRS 15	Revenue from Contracts with Customers[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation Amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[3]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]

[1] Effective for annual periods beginning on or after 1 July 2014.
[2] Effective for annual periods beginning on or after 1 July 2014, with limited exception.
[3] Effective for annual periods beginning on or after 1 January 2016.
[4] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
[5] Effective for annual periods beginning on or after 1 January 2017.
[6] Effective for annual periods beginning on or after 1 January 2018.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors of the Company anticipated that the application of other new and revised HKFRSs will have no material impact on these consolidated financial statements.

Change in Accounting Policy

In the current year, the directors of the Company determined to change its accounting policy to record cost of inventories from weighted average method to first-in, first-out basis. This change is adopted upon change of inventory costing system which used first-in, first-out basis, to which, the management believes, could provide amounts of cost of inventories more efficiently without the complication of weighted average calculations.

In the opinion of the directors, the change in accounting policy has had no significant impact on the Group's consolidated financial performance and position for the current and prior years. However, the adoption of this change in all the group companies retrospectively from 1 January 2014 would involve costs out of proportion to the value to the members of the Company. Accordingly, the change in accounting policy is not adopted retrospectively on 1 January 2014 and the comparative figures have not been restated.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

3. REVENUE AND SEGMENT INFORMATION

During the year, the Group acquired its tissue paper manufacturing business following the completion of the acquisition of assets and liabilities through acquisition of the entire issued share capital and shareholder's loan of Guang Kai Limited. The tissue paper manufacturing business forms a new operating segment during the year ended 31 December 2014.

The following is an analysis of the Group's revenue and results by operating segments under HKFRS 8 "Operating Segments", based on information reported to the Company's executive directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance, which focuses on types of goods delivered. The Group's operating and reportable segments under "HKFRS 8 – Operating Segments" are as follows:

(i) Packaging paper – Kraft linerboard, test linerboard, coated duplex board, white top linerboard and high strength corrugating medium;

(ii) Pulp; and

(iii) Tissue paper.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

Year ended 31 December 2014

	Packaging paper *HK$'000*	Pulp *HK$'000*	Tissue paper *HK$'000*	Segment Total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE						
External sales	**16,314,886**	**709,835**	**74,413**	**17,099,134**	**–**	**17,099,134**
Inter-segment sales	**–**	**109,942**	**–**	**109,942**	**(109,942)**	**–**
	16,314,886	**819,777**	**74,413**	**17,209,076**	**(109,942)**	**17,099,134**
SEGMENT PROFIT	**2,377,480**	**21,369**	**7,298**	**2,406,147**	**–**	**2,406,147**
Net loss from fair value changes of derivative financial instruments						**(35,463)**
Share of loss of a joint venture						**(51)**
Unallocated income						**60,385**
Unallocated expenses						**(7,448)**
Finance costs						**(214,640)**
Profit before tax						**2,208,930**

Year ended 31 December 2013

	Packaging paper *HK$'000*	Pulp *HK$'000*	Segment Total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE					
External sales	16,322,938	647,427	16,970,365	–	16,970,365
Inter-segment sales	–	74,647	74,647	(74,647)	–
	16,322,938	722,074	17,045,012	(74,647)	16,970,365
SEGMENT PROFIT	2,215,769	21,309	2,237,078	–	2,237,078
Net gain from fair value changes of derivative financial instruments					8,210
Share of profit of a joint venture					460
Unallocated income					102,386
Unallocated expenses					(6,782)
Finance costs					(148,881)
Profit before tax					2,192,471

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of net (loss) gain from fair value changes of derivative financial instruments, share of (loss) profit of a joint venture, interest income, net exchange gain, finance costs and other unallocated administrative expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

As at 31 December 2014

	Packaging paper ***HK$'000***	**Pulp** ***HK$'000***	**Tissue paper** ***HK$'000***	**Consolidated** ***HK$'000***
Segment assets	**29,351,267**	**2,492,257**	**632,416**	**32,475,940**
Unallocated assets				**2,260,880**
Consolidated total assets				**34,736,820**
Segment liabilities	**2,577,149**	**41,845**	**31,451**	**2,650,445**
Unallocated liabilities				**14,609,391**
Consolidated total liabilities				**17,259,836**

As at 31 December 2013

	Packaging paper *HK$'000*	Pulp *HK$'000*	Tissue paper *HK$'000*	Consolidated *HK$'000*
Segment assets	27,545,081	2,684,065	–	30,229,146
Unallocated assets				965,560
Consolidated total assets				31,194,706
Segment liabilities	2,142,368	43,467	–	2,185,835
Unallocated liabilities				12,662,385
Consolidated total liabilities				14,848,220

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to operating segments other than derivative financial instruments, tax recoverable, bank balances and cash and other assets used jointly by reportable segments, and all liabilities are allocated to operating segments other than derivative financial instruments, tax payable, bank borrowings and other liabilities for which reportable segments are jointly liable.

Share of (loss) profit of a joint venture was excluded from segment results. However, investment in joint venture and loan to joint venture were grouped into packaging paper segment. The directors of the Company are of the opinion that the effect of the asymmetrical allocations to segment results and segment assets are insignificant to the consolidated financial statements.

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	2014 ***HK$'000***	2013 *HK$'000*
Packaging paper (including linerboard and corrugating medium)	**16,314,886**	16,322,938
Pulp	**709,835**	647,427
Tissue paper	**74,413**	–
	17,099,134	16,970,365

Geographical information

Over 95% (2013: 95%) of the Group's revenue were derived from external customers in the PRC.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets	
	2014 ***HK$'000***	2013 *HK$'000*
PRC other than Hong Kong	**23,059,915**	21,367,855
Socialist Republic of Vietnam ("Vietnam")	**399,200**	302,310
Hong Kong	**60,769**	64,316
	23,519,884	21,734,481

Information about major customers

None of the Group's customers contributed over 10% of the Group's total revenue for the current and prior reporting period.

4. OTHER INCOME

	2014 *HK$'000*	2013 *HK$'000*
Income from supply of steam and electricity	**107,310**	90,163
Income from wharf cargo handling	**54,454**	46,074
Sales of materials and waste paper	**75,524**	46,735
Value added tax and other tax refund	**68,410**	82,510
Net foreign exchange gains	**44,215**	92,097
Interest income from banks	**16,170**	10,289
Government subsidy for pier facilities *(note)*	**30,410**	–
Compensation for damaged goods from suppliers and insurance companies	**7,963**	618
Others	**21,941**	11,941
	426,397	380,427

note: During the year ended 31 December 2014, the Group received an unconditional subsidy from a local municipal government of Rui Chang, Jiangxi Province in the PRC, in relation to the development and advancement of a pier owned by the Group in Rui Chang. No other contingencies attach to the government subsidy that have been recognised.

5. FINANCE COSTS

	2014 *HK$'000*	2013 *HK$'000*
Interest on bank borrowings wholly repayable within five years	**335,793**	296,357
Less: amounts capitalised to property, plant and equipment	**(121,153)**	(147,476)
	214,640	148,881

Borrowing costs capitalised during the year arose from the general borrowings and are calculated by applying a capitalisation rate of 3.5% (2013: 3.5%) per annum to expenditures on qualifying assets.

6. INCOME TAX EXPENSE

	2014 *HK$'000*	2013 *HK$'000*
Income tax recognised in profit or loss:		
Current tax		
– PRC Enterprise Income Tax	**151,933**	153,313
Under(over) provision in previous year		
– PRC Enterprise Income Tax	**14,135**	(9,708)
Deferred tax		
– Charge to profit or loss	**138,468**	100,663
Total income tax recognised in profit or loss	**304,536**	244,268

The Group's profit is subject to taxation from the place of its operations where its profit is generated and is calculated at the rate prevailing in the relevant jurisdictions.

PRC

The following PRC subsidiaries, are entitled to a reduced EIT rate due to preferential PRC Enterprise Income Tax ("EIT") treatment for the calendar years of 2013 and 2014 which are summarised as follows:

(i) Guangdong Lee & Man Paper Manufacturing Limited was entitled to a reduced EIT rate of 15% as it has been qualified as a High and New-Technology Enterprise (高新技術企業) since the calendar year of 2010 and it has successfully renewed its High and New-Technology Enterprise (高新技術企業) status in the calendar year of 2013. As such, it is entitled to enjoy a reduced EIT rate of 15% for the years ended 31 December 2013 and 2014.

(ii) Jiangsu Lee & Man Paper Manufacturing Company Limited was entitled to a reduced EIT rate of 15% as it has been qualified as a High and New-Technology Enterprise (高新技術企業) for the calendar years 2011 to 2013 but failed to renew its High and New-Technology Enterprise (高新技術企業) in the calendar year of 2014. As a result, the applicable EIT rates are 25% and 15% for the years ended 31 December 2014 and 2013, respectively.

(iii) Chongqing Lee & Man Paper Manufacturing Limited is regarded as an entity entitled the China Western Development (西部大開發) tax concessions with a preferential EIT rate of 15% for the calendar years of 2013 and 2014. As a result, the applicable EIT rate is 15% for the years ended 31 December 2013 and 2014.

(iv) Dongguan Lee & Man Paper Factory Co Ltd was entitled to a preferential EIT rate of 15% as it has been qualified as a High and New-Technology Enterprise (高新技術企業) since the calendar year of 2009 and it has successfully renewed its High and New-Technology Enterprise status in the calendar year of 2012. As such, it is entitled to enjoy a reduced EIT rate of 15% for the years ended 31 December of 2014 and 2013.

(iv) Chongqing Lee & Man Tissue Manufacturing Limited is regarded as an entity entitled to the China Western Development (西部大開發) tax concessions with a preferential EIT rate of 15% for the calendar year of 2014. As a result, the applicable EIT rate is 15% for the year ended 31 December 2014.

Hong Kong

During the year ended 31 March 2010, the Hong Kong Inland Revenue Department ("IRD") commenced a field audit on the Hong Kong tax affairs of certain subsidiaries of the Company. Since then the IRD has issued protective profits tax assessments against these subsidiaries in the aggregate amount of HK$311,025,000 for the years of assessment from 2003/2004 to 2007/2008 (i.e. the five financial years ended 31 March 2008).

The subsidiaries lodged objections with the IRD and the IRD agreed to holdover the tax claimed on the basis that the tax reserve certificates at certain amounts were purchased by the subsidiaries. As at 31 December 2014 the tax reserve certificate of HK$62,988,000 (2013: HK$59,300,000) have been purchased by these subsidiaries. In January 2015, the IRD issued protective profits tax assessment for the year of assessment 2008/09 at HK$65,010,000 and the subsidiaries have lodged objections in February 2015. The directors believe that the IRD would agree to holdover a substantial part of the tax demanded for the year of assessment 2008/09 unconditionally.

The directors believe that no provision for Hong Kong Profits Tax in respect of the above mentioned protective assessments is necessary. In addition, as far as the directors are aware, it is still in a liaison and discussion stage and the IRD has not yet expressed any formal opinion on the potential tax liability, if any, because the tax investigation has not been completed.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Macau

The Macau subsidiaries incorporated under Decree-Law no. 58/99/M are exempted from Macau complementary tax (Macau income tax) as long as they comply with the relevant regulations and do not sell their products to a Macau resident.

Vietnam

The Vietnam subsidiaries are subjected to Vietnam Corporate Income Tax at a maximum rate of 25%. No provision for Vietnam Corporate Income Tax has been made for both years as the Vietnam subsidiaries incurred losses for both years.

Other

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. PROFIT FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments	**30,946**	8,756
Staff salaries and other benefits, excluding those of directors	**801,455**	650,112
Contributions to retirement benefit schemes, excluding those of directors	**55,177**	54,492
Total employee benefit expense	**887,578**	713,360
Auditor's remuneration	**6,111**	5,724
Cost of inventories recognised as expense	**14,027,532**	14,084,063
Amortisation of prepaid lease payments	**12,775**	11,258
Depreciation of property, plant and equipment	**819,912**	668,344
Total depreciation and amortisation	**832,687**	679,602
Loss on disposal of property, plant and equipment	**5,226**	5,475
Operating lease rentals in respect of land and buildings	**10,820**	9,501
Impairment loss on trade receivables	**–**	10,076
Write-off of trade receivables	**1,689**	–
Reversal of impairment loss on trade receivables	**(4,600)**	–

8. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Dividends recognised as distribution:		
Final dividend of HK$0.073 in respect of the year ended 31 December 2013 (Final dividend of HK$0.05 in respect of the nine months ended 31 December 2012) per share	**341,640**	235,382
Interim dividend of HK$0.068 in respect of the year ended 31 December 2014 (Interim dividend of HK$0.073 in respect of the year ended 31 December 2013) per share	**317,907**	342,814
	659,547	578,196

A final dividend of HK$0.075 per share in respect of the year ended 31 December 2014 (2013: final dividend of HK$0.073 per share in respect of the year ended 31 December 2013) has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2014	2013
	HK$'000	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share	**1,904,394**	1,948,203

	2014	2013
	Number of Shares	*Number of shares*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,680,422,244**	4,693,689,102
Effect of dilutive potential ordinary shares: Share options *(Note)*	**–**	9,375,752
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,680,422,244**	4,703,064,854

Note: No diluted earnings per share in 2014 was calculated as there was no potential ordinary shares outstanding during the year ended 31 December 2014.

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade and bills receivables of HK$4,608,263,000 (2013: HK$4,290,969,000).

The Group allows its customers an average credit period of 45 to 90 days. The following is an aged analysis of trade and bills receivables presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	2014	2013
	HK$'000	*HK$'000*
Aged:		
Not exceeding 30 days	**3,476,684**	3,219,934
31–60 days	**842,643**	850,628
61–90 days	**202,880**	173,574
91–120 days	**39,624**	14,705
Over 120 days	**46,432**	32,128
	4,608,263	4,290,969

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade and bills payables of HK$2,406,140,000 (2013: HK$2,175,485,000).

The average credit period taken for trade purchases ranges from 30 to 120 days. The following is an aged analysis of the trade and bills payables presented based on the invoice date at the end of the reporting period.

	2014	2013
	HK$'000	*HK$'000*
Aged:		
Not exceeding 30 days	**933,141**	1,008,030
31–60 days	**606,852**	471,831
61–90 days	**473,231**	369,958
91–120 days	**375,957**	312,226
Over 120 days	**16,959**	13,440
	2,406,140	2,175,485

FINAL DIVIDEND

The Directors have proposed a final dividend of HK7.5 cents per share (2013: HK7.3 cents per share) for the year ended 31 December 2014 to shareholders whose names appear on the Register of Members on 27 May 2015. The final dividend is subject to approval by the shareholders in the forthcoming annual general meeting. It is expected that the final dividend will be paid around 3 June 2015.

CLOSURE OF REGISTER OF MEMBERS

In relation to the AGM

The annual general meeting (the "AGM") of the Company is scheduled to be held on 18 May 2015. For ascertaining shareholders' right to attend and vote at the AGM, the register of members of the Company will be closed from 14 May 2015 to 18 May 2015, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all completed transfer from accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 13 May 2015.

In relation to the proposed final dividend

The board of directors of the Company has resolved to recommend the payment of a final dividend of HK7.5 cents per share in cash for the year ended 31 December 2014 to shareholders whose names appear on the register of members of the Company on 27 May 2015 subject to the approval of the shareholders of the Company at the AGM. For ascertaining shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from 22 May 2015 to 27 May 2015, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 21 May 2015.

BUSINESS REVIEW AND OUTLOOK

For the year ended 31 December 2014, the Group recorded a total sales volume of 5.06 million tons, a total revenue of HK$17.1 billion, a full-year net profit of HK$1.9 billion, and a net profit per ton of HK$376, maintaining an overall steady profit.

The production line of PM20 at Chongqing industrial park with an annual capacity of 320,000 tons began operation in July 2014. The acquisition of the tissue business was also completed in November 2014. Such acquisition will provide the Group with an opportunity to expand its paper products range and enter the tissue paper market. It is in the interest of the Group to diversify its line of paper based products and that this will in turn increase the revenue base of the Group. As a paper manufacturer, the Group is in a position to take advantage of its existing economies of scale to lower the costs of manufacturing tissue paper products which will provide a more competitive edge for marketing its tissue paper products. It is expected that the tissue business in the future will contribute further to the Group.

Given the buoyant development of the light industries in countries such as Vietnam, Myanmar and Laos, the Group is also actively investing overseas in the construction of paper factories to stay in line with the expansion of the Southeast Asian markets. It is expected that the paper machine project in Hau Giang, Vietnam will begin operation in late 2015.

The paper industry was suffered from over capacity and paper price pressure in recent years, but in the long run, the demand for packaging papers in China will keep on increasing. At the same time, more and more inferior production capacities will close due to the tightened environmental protection regulations. It is believed that the supply over demand situation for the paper industry will be further improved.

Based on its consistent adoption of prudent strategies, and with a reasonable debt level, the Group will continue to increase its capacity in existing industrial parks and develop new industrial parks in tandem with the pace of economic development. The management of the Group will continue to make efforts to strictly control costs and strengthen capital operation in order to maintain the Group's competitiveness in the paper industry. The Group's business will continue under the leadership of an experienced and capable management team, with a view to further enhancing the Group's profitability.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operation

Revenue and net profit attributable to owners of the Company for the year ended 31 December 2014 was HK$17.1 billion and HK$1.9 billion respectively.

The Group maintained an overall steady profit and the total sales volume increased to 5.06 million tons for the year and the average net profits per ton of the products achieved at about HK$376 for the year.

The basic earnings per share for the year was HK40.69 cents when compared with HK41.51 cents for the year ended 31 December 2014.

Distribution and Selling Expenses

The Group's distribution and selling expenses was HK$330 million for the year ended 31 December 2014 as compared to HK$312 million for the year ended 31 December 2013. It represented about 1.9% of the revenue for the year ended 31 December 2014 and was comparable to the year ended 31 December 2013.

General and Administrative Expenses

The Group's general and administrative expenses was HK$709 million for the year ended 31 December 2014 as compared to HK$622 million for the year ended 31 December 2013. It represented about 4.1% of the revenue for the year ended 31 December 2014 and was increased as compared to that of 3.7% for the year ended 31 December 2013. The increase was mainly due to the result of the expansion of the Group during the year.

Finance Costs

The Group's finance costs was HK$215 million for the year ended 31 December 2014 as compared to HK$149 million for the year ended 31 December 2013. The average interest rate on bank borrowings of the Group for the year was comparable to the year ended 31 December 2013. The increase was due to the increase in average amount of outstanding bank borrowings and the lower amounts of interest qualifying for capitalisation.

Inventories, Debtors' and Creditors' Turnover

The inventory turnover of the Group's raw materials and finished products were 75 days and 18 days, respectively, for the year ended 31 December 2014 as compared to 76 days and 11 days, respectively, for the year ended 31 December 2013.

The Group's debtors' turnover days were 57 days for the year ended 31 December 2014 as compared to 56 days for the year ended 31 December 2013. This is in line with the credit terms of 45 days to 90 days granted by the Group to its customers.

The Group's creditors' turnover days were 74 days for the year ended 31 December 2014 as compared to 64 days for the year ended 31 December 2013. The creditors' turnover days were expected to improve going forward given the Group's higher bargaining power in light of the industry consolidation.

Liquidity, Financial Resources and Capital Structure

The total shareholders' fund of the Group as at 31 December 2014 was HK$17,477 million (2013: HK$16,346 million). As at 31 December 2014, the Group had current assets of HK$11,217 million (2013: HK$9,460 million) and current liabilities of HK$10,317 million (2013: HK$8,909 million). The current ratio was 1.09 as at 31 December 2014 as compared to 1.06 at 31 December 2013.

The Group generally finances its operations with internally generated cash flow and credit facilities provided by its principal bankers in Hong Kong, Macau and the PRC. As at 31 December 2014, the Group had outstanding bank borrowings of HK$12,861 million (2013: HK$10,959 million). These bank loans were secured by corporate guarantees provided by certain subsidiaries of the Company. As at 31 December 2014, the Group maintained bank balances and cash of HK$2,033 million (2013: HK$711 million). The Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) slightly decreased from 0.63 as at 31 December 2013 to 0.62 as at 31 December 2014.

The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

The Group's transactions and the monetary assets are principally denominated in Hong Kong dollars, Renminbi, United States dollars or Euro. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year ended 31 December 2014. The Group has used currency structured instruments, foreign currency borrowings or other means to hedge its foreign currency exposure.

Employees

As at 31 December 2014, the Group had a workforce of about 6,300 people. Salaries of employees are maintained at competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training to staff and provides bonuses based upon staff performance and profits of the Group.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year, the Company repurchased a total of 26,083,000 shares of HK$0.025 per share through The Stock Exchange of Hong Kong Limited at an aggregate consideration of approximately HK$111,148,000 (including transaction costs). All the shares repurchased were cancelled during the year. Details of shares repurchased during the year are set out as follows:

Month	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate consideration paid (including expenses)
		HK$	*HK$*	*HK$'000*
March	9,743,000	4.44	4.15	42,125
April	6,340,000	4.68	4.28	28,295
June	4,898,000	4.18	3.89	19,869
November	5,102,000	4.08	4.06	20,859
Total	26,083,000			111,148

The Board believes that repurchases of shares are in the best interests of the Company and its shareholders and that such repurchases of shares would lead to an enhancement of the earnings per share of the Company.

Save as disclosed above, neither he Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. The Board of the Company believes that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders' interests. During the year under review, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

The objectives of the management structures within the Group, headed by the Board and led by the Chairman, are to deliver sustainable value to Shareholders.

The Chairman provides leadership to and oversees the effective functioning of the Board. With support of the Chief Executive Officer and the Company Secretary, the Chairman approves Board meeting agenda, and ensures Directors have proper briefing, and timely receive adequate and reliable information, on all Board matters.

The role of the Chairman is separate from that of the Chief Executive Officer, and different persons hold the separate offices. Chief Executive Officer heads the management and focuses on the day-to-day operations of the Group.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the Group's consolidated financial statements for the year ended 31 December 2014, the accounting principles and practices adopted and discussed auditing, internal controls and financial reporting matters.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as a code of conduct regarding directors' securities transactions in 2004. All the members of the Board have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2014. The Model Code also applies to other specified senior management of the Group.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Company will be held on 18 May 2015. The Notice of the Annual General Meeting will be published in the Company's website and sent to the shareholders of the Company in due course.

On behalf of the Board
Lee Man Chun Raymond
Chairman

Hong Kong, 9 March 2015

As at the date of this announcement, the board of directors of the Company comprises four executive directors, namely Mr Lee Man Chun Raymond, Mr Lee Man Bun, Mr Kunihiko Kashima and Mr Li King Wai Ross, two non-executive directors, namely Professor Poon Chung Kwong and Mr Yoshio Haga, three independent non-executive directors, namely Mr Wong Kai Tung Tony, Mr Peter A Davies and Mr Chau Shing Yim David.