



SAMSON PAPER HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2003

The board of directors (the “Board”) of Samson Paper Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2003 and balance sheet as at that date together with comparative figures for the year ended 31 March 2002 as follows:–

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Note</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Turnover	2	2,512,363	2,117,592
Cost of sales		(2,248,324)	(1,896,710)
Gross profit		264,039	220,882
Other revenues		4,744	7,107
Selling expenses		(98,899)	(79,564)
Administrative expenses		(71,786)	(62,120)
Other operating expenses		(9,859)	(18,507)
Operating profit	3	88,239	67,798
Finance costs		(39,428)	(40,410)
Share of profits of associated companies		146	–
Profit before taxation		48,957	27,388
Taxation	4	(9,834)	(3,518)
Profit attributable to shareholders		39,123	23,870
Dividends		12,878	6,439

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
As at 31 March			
Fixed assets		151,013	158,970
Interests in associated companies		67,708	–
Current assets			
Inventories		250,482	279,914
Accounts receivable, deposits and prepayments		850,444	716,915
Other investments		8,582	23,887
Cash and bank balances		241,847	92,668
		1,351,355	1,113,384
Current liabilities			
Accounts payable and accrued charges		240,864	158,897
Trust receipt loans		546,050	417,597
Taxation		6,222	3,155
Bank loans		179,837	134,846
		972,973	714,495

Net current assets		378,382	398,889
		597,103	557,859
Share capital and reserves		542,529	514,358
Non-current liabilities		52,737	42,057
Bank loans		1,837	1,444
Deferred taxation			
		597,103	557,859
Earnings per share-basic	5	9.1 cents	5.6 cents
Dividends per share			
Interim		1.0 cent	0.5 cent
Proposed final		2.0 cents	1.0 cent
		3.0 cents	1.5 cents
Net asset value per share		126 cents	120 cents

Notes:

1. **Basis of preparation and accounting policies**

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA"). The accounts have been prepared under the historical cost convention except that certain land and buildings, machinery and equipment and investments in securities are stated at fair value.

In the current year, the Group adopted the following Statements of Standard Accounting Practice ("SSAPs") issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 34 (revised)	:	Employee benefits

The adoption of these SSAPs has resulted in a number of changes in the Group's accounting policies and such adoption has no material impact on the prior years accounts. The changes to the Group's accounting policies and the effect of adopting these new policies is set out in the notes on the financial statements in the annual report.

2. **Segment information**

The Group is engaged in the trading and marketing of paper products. Accordingly, an analysis of the Group's revenue and results for the year by business segments has not been presented.

An analysis of the Group's turnover and contribution to profit from operating activities by geographical location of customers is as follows:-

	Turnover		Contribution to profit from operating activities	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	1,711,461	1,595,602	61,007	50,389
Mainland China ("Mainland")	800,902	521,990	27,232	17,409
	2,512,363	2,117,592	88,239	67,798

3. **Operating profit**

Operating profit is stated after crediting and charging the following:-

	2003	2002
	HK\$'000	HK\$'000
Crediting:		
Interest income	4,286	6,395
Charging:		
Depreciation of fixed assets	11,351	12,466

4. **Taxation**

Hong Kong profits tax has been provided at the rate of 16% (2002:16%) on the estimated assessable profits for the year. Taxation on profits assessable elsewhere has been calculated at the applicable rates of taxation prevailing in the countries in which the Group and the associate operate, based on existing legislation, interpretation and practices in respect thereof.

The taxation charges comprise:

	2003	2002
	HK\$'000	HK\$'000
Hong Kong profits tax-current	10,079	4,518
Overprovision in previous years	(675)	(873)
	9,404	3,645
Mainland taxation	27	-
Deferred taxation	393	(127)
Share of taxation attributable to associated companies	10	-
	9,834	3,518

5. Earnings per share-basic

The calculation of basic earnings per share is based on the audited consolidated profit attributable to shareholders of the Company of HK\$39,123,000 (2002: HK\$23,870,000) and on the weighted average number of 429,258,039 shares (2002: 429,258,039 shares) of the Company in issue during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

The Economy

For the financial year under review, the Hong Kong economy was generally weak. Internal demand remained sluggish, casting a shadow over the domestic economy. However, on the external front, total exports reported a turnaround with a rise of 5.4% in 2002. This created a conducive background for both the printing and publishing industries, which experienced a continuous increase of orders-on-hand in the second half of the financial year. Across the border, the Mainland Chinese economy continued to grow, providing important support to the local economy.

The Paper Industry

Paper prices generally saw an upward trend during the course of the financial year. Increased orders-on-hand in the printing and publishing sectors stimulated demand for paper. Compared to the levels in March 2002, prices for book printing paper and packaging boards as at the end of the financial year have risen by approximately 5% and 10% respectively.

Operations Review

The financial year under review was a year of progress for the Group. Not only did we attain encouraging operating results, but we also made an important step in our diversification into the industrial paper manufacturing business through the acquisition of a stake interest in the Singapore listed company United Pulp & Paper Company Limited ("UPP"). In addition to strengthening our trading business through constant operational reviews, our search for other paper manufacturing investment opportunities continued. This reflected the Group's two-pronged expansion strategy to pursue better performances.

Despite mixed conditions in the economy, the Board is pleased to announce that the Group has achieved a turnover of HK\$2,512 million, 18.6% higher than the previous financial year. In geographical terms, the Hong Kong and the Mainland China market accounted for 68% and 32% of the turnover respectively. In particular, sales in the Mainland China market were 53% higher year-on-year, providing a stamp of recognition that the Group's strategy in promoting the Mainland China market is an effective means of sustaining growth. In volume terms, the Group sold 477,000 metric tonnes of paper products, representing an increase of 14% as compared with the previous financial year.

Favorable pricing and stringent cost control measures were the two fundamental drivers behind the Group's better profitability this year. Gross profit increased from 10.43% last year to 10.51% this year. The Group also initiated a series of operation enhancements, to directly lower both administration and finance costs as a share of turnover. For the financial year ended 31 March 2003, the Group reported profit attributable to shareholders of HK\$39.1 million, representing a surge of 64% over last year. Earnings per share were HK9.1 cents. The Board will, at the forthcoming Annual General Meeting recommend a final dividend of HK2.0 cents per share. Together with the interim dividend of HK1.0 cent per share, total dividend for the financial year will be HK3.0 cents per share.

The Group continued to boast one of the largest customer bases in Hong Kong. Despite our focus in developing the Mainland China market, our position in the local market remained solid. Our presence in the Mainland China market was also enhanced with the establishment of a marketing base in Shanghai, a base through which we will develop the fast growing Jiangsu area. With a market presence of over eight years in Mainland China, the Group's network currently covers major cities including Beijing, Chongqing, Foshan and Shenzhen.

Marking our determination to expand our business, we diversified into the industrial paper manufacturing business through acquiring 19.18% interest in UPP at a cash consideration of HK\$67,334,000 (SG\$15,208,000). UPP is engaged in the manufacturing of paper boards and packaging products. As an associated company, financial contribution from UPP during the financial year ended 31 March 2003 was limited since the acquisition was only completed in November 2002. The contribution was also partial due to the difference in accounting year end date. However, the significance of this acquisition is multi-fold. From a medium to long term perspective, it allows the Group to tap opportunities in the Asia Pacific region. More importantly, the acquisition will furnish us with knowledge and expertise in paper manufacturing, enabling us to progress further in this specialized business segment.

Disciplined operation controls have always formed an integral part of our corporate strategies. During the financial year, we continued to adopt a flexible inventory policy, maintaining an average stock turnover of approximately 43 days. Despite a higher level of turnover, finance costs and administration costs have declined from 1.91% to 1.57% and 2.93% to 2.86% respectively, helping to deliver improved profits during the year. Our ongoing enhancements to our value-added services have also proven to be effective, not only in maintaining customer loyalty, but also in soliciting new business.

Subsequent to the financial year, the Group successfully obtained a 3-year HK\$260,000,000 revolving credit and term loan facility. This is seen as a testimonial of the confidence shared among banking institutions for the potential and financial strengths of the Group.

Prospects

Going forward, the global economy is expected to remain challenging. The strong Euro is expected to help local printers and publishers to stay competitive. Locally, conditions in the Hong Kong economy have yet to improve, though the Mainland China market is expected to maintain its growth momentum.

The recent outbreak of SARS has hindered activities in many sectors both locally and regionally. In this respect, the Group's operations were largely uninterrupted in the first quarter of 2003 and our results during the year under review have therefore been unaffected. However, the stress of SARS is expected to become more apparent in the second half of 2003. Therefore, the Directors remain conservative with regard to the real impact of the epidemic. Challenges for the Group in the 2003/2004 financial year also include integration with UPP as we take over management controls. These elements, combined with the seasonal factor in our industry, may affect the Group's performance in the 2003/2004 financial year.

The rally in prices in the past 12 months has stimulated general paper supply. In view of the existing demand conditions, prices are expected to stabilize in the course of the 2003/2004 financial year.

The Group will adhere to its established strategy to pursue packaging paper manufacturing business with a clear focus on the Mainland China market. With shareholder interest as a priority, the Group is actively seeking to identify the best opportunities in Mainland China. We expect to make significant progress within the 2003/2004 financial year, paving the way for our sustained growth into the future.

Meanwhile, the Directors are committed to consolidating the existing business. We will seek to maximize synergies with UPP through cross-selling opportunities and network enhancements to reap long term benefits. In addition, we will also further review our operations with a prime focus on identifying suitable opportunities to enhance margins.

Having been in the paper business for over 38 years, the Group has always aspired to maintain our lead in the local market whilst diversifying into other potential areas to promote growth. With a committed management team, the Board is confident that the Group will continue to deliver solid returns to its shareholders.

FINAL DIVIDEND

The Board has resolved to recommend a final dividend of HK2.0 cents per share (2002: HK 1.0 cent) payable on 11 September, 2003 to persons who are registered shareholders of the Company on 4 September, 2003 subject to approval of shareholders at the forthcoming annual general meeting. Together with the interim dividend of HK1.0 cent per share (2002: HK0.5 cent), the total dividend for the year is HK3.0 cents per share (2002: HK1.5 cents).

CLOSURE OF REGISTER OF MEMBERS

The transfer books and the register of members of the Company will be closed from Friday, 29 August, 2003 to Thursday, 4 September 2003 (both dates inclusive), during which no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Suite 1901-5, 19/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 pm on Thursday, 28 August 2003.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2003, the Group employed 342 staff members, 215 of whom are based in Hong Kong and 127 are based in Mainland China. 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, medical insurance and the use of a share option scheme to reward high-caliber staff. Training for various levels of staff is undertaken on a regular basis, consisting of development in the strategic, implementation, sales and marketing disciplines.

LIQUIDITY AND FINANCIAL RESOURCES

The Group normally finances short term funding requirements with cash generated from operations, credit facilities available from suppliers and banking facilities (both secured and unsecured) provided by our bankers. The Group uses cash flow generated from operations and shareholders' equity for the financing of long-term assets and investments. As at 31 March 2003, short term deposits plus bank balances and bank borrowings amounted to HK\$242 million and HK\$779 million respectively.

As at 31 March 2003, the Group's current ratio (current assets divided by current liabilities) stood at 1.39 times, (31 March 2002: 1.56 times). The gearing ratio, measured on the basis of the Group's total bank loans net of cash balances over the Group's shareholders' funds stood at 0.99 times (31 March 2002: 0.98 times).

With bank balances and other current assets of HK\$1,351 million as well as available banking and trade facilities, the directors of the Company believe the Group has sufficient working capital for its present requirement.

The Group's borrowings are principally denominated in US and Hong Kong dollars. This arrangement allows the Group to better contain its currency exchange risks. The Group also hedged its position with foreign exchange contracts and options when considered necessary. The Group has continued to obtain Renminbi loans which provide a natural hedge against currency risks. As at 31 March 2003, bank borrowings in Renminbi amounted to HK\$81 million.

CONTINGENT LIABILITIES AND CHARGE OF ASSETS

As at 31 March 2003, the Company continued to provide corporate guarantees on banking facilities granted to three subsidiaries. The amounts of facilities utilized by the subsidiaries as at 31 March 2003 amounted to HK\$779 million.

The leasehold land and buildings in Hong Kong of the Group's subsidiaries, with a total net book value of HK\$129 million as at 31 March 2003 were pledged to banks as securities for bank loans of HK\$63 million and trust receipt loans of HK\$175 million granted to the Group.

AUDIT COMMITTEE

The Audit Committee (the “Committee”) comprises two independent non-executive directors of the Company, namely Mr. Pang Wing Kin, Patrick and Mr. Lau Wang Yip, Eric. The principal activities of the Committee include the review and supervision of the Group’s financial reporting process and internal controls. During the year, the Committee has met twice to review with senior management and the Company’s external auditors the interim and annual financial statements before recommending them to the Board for approval.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company’s listed securities.

CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not during the year, in compliance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) except that the independent non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company’s bye-laws.

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

A detailed results announcement containing all the information in respect of the Company required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on The Stock Exchange of Hong Kong Limited’s website in due course.

By Order of the Board

SHAM Kit Ying
Chairman

Hong Kong, 17 July 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2003 Annual General Meeting of Samson Paper Holdings Limited will be held at Vinson Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Thursday, 4 September 2003 at 11:00a.m. for the following purposes:–

As Ordinary Business

1. To receive and adopt the audited statement of accounts and the reports of the directors and auditors for the year ended 31 March 2003;
2. To declare a final dividend for the year ended 31 March 2003;
3. To re-elect the retiring directors of the Company (the “Directors”) and authorize the board of Directors (the “Board”) to fix the Directors’ remuneration;
4. To re-appoint auditors and authorize the Board to fix their remuneration; and

As Special Business

5. To consider and, if thought fit, adopt with or without amendments, the following resolutions as Ordinary Resolutions:–

ORDINARY RESOLUTIONS

(1) “**THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (for the purposes of this Resolution, “Relevant Period” being the period from the passing of this Resolution until the earliest of (i) the conclusion of the next annual general meeting of the Company following the passing of this Resolution; (ii) the expiration of the period within which such meeting is required by law or the bye-laws of the Company to be held; and (iii) the revocation or variation of the approval given in this Resolution by an ordinary resolution of the members of the Company in general meeting) of all powers of the Company to allot or issue shares in the capital of the Company and make or grant offers, agreements and options which would or might require shares to be allotted, issued or disposed of during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved; and
- (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval referred to in paragraph (a) of this Resolution, otherwise than (i) pursuant to a rights issue (for the purposes of this Resolution, “rights issue” being an offer of shares or other securities to holders of shares or other securities on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares or other securities or otherwise in accordance with the rights attaching thereto (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong)), or (ii) the issue of shares pursuant to a scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of the dividend on shares of the Company in accordance with the bye-laws of the Company or (iii) pursuant to the exercise of options under any option scheme or similar arrangement for the time being adopted by the Company for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares of the Company or rights to acquire shares of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company in issue at the date of the passing of this Resolution, and the said approval shall be limited accordingly.”

(2) “**THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors of all powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (the “Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognized by the Hong Kong Securities and Futures Commission and the Exchange for this purpose, subject to and in accordance with all applicable laws and regulations, during the Relevant Period (being the period from the passing of this Resolution until the earliest of (i) the conclusion of the next annual general meeting; (ii) the expiration of the period within which such meeting is required by law or the bye-laws of the Company to be held; and (iii) the revocation or variation of this Resolution by an ordinary resolution of the members of the Company in general meeting) be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company repurchased by the Company pursuant to the approval referred to in paragraph (a) of this Resolution shall be no more than 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution, and such approval shall be limited accordingly; and
- (c) the approval referred to in paragraph (a) of this Resolution shall, where permitted by applicable laws and regulations and subject to the limitation in paragraph (b) of this Resolution, extend to permit the purchase of

shares of the Company by subsidiaries of the Company.”

(3) “**THAT:**

conditional upon Resolution 2 above being passed, the general mandate referred to in Resolution 1 above be extended by the addition to the aggregate nominal amount of shares which may be allotted and issued of an amount representing the aggregate nominal amount of shares repurchased by the Company pursuant to the mandate referred to in Resolution 2 above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution.”

By Order of the Board
LEE Yue Kong, Albert
Company Secretary

Hong Kong, 17 July 2003

Head Office:

3/F Seapower Industrial Centre

177 Hoi Bun Road

Kwun Tong, Kowloon, Hong Kong

Notes:

1. A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. In order to be valid, a form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited with the Company Secretary at the Company's Head Office, 3/F, Seapower Industrial Centre, 177 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof (as the case may be).
2. The Register of Members of the Company will be closed from Friday, 29 August 2003 to Thursday, 4 September 2003 (both dates inclusive) during which period no transfer of shares will be registered. To qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at suite 1901-5, 19 Floor., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00p.m. on Thursday, 28 August 2003.
3. In relation to Resolutions 1 and 3 referred to in paragraph 5 of this Notice, approval is being sought from the members for a general mandate to authorize the allotment and issue of shares under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
4. In relation to Resolution 2 referred to in paragraph 5 of this Notice, approval is being sought from the members for a general mandate to repurchase shares in the Company. A circular containing an explanatory statement which sets out the terms and conditions upon which such power will be exercised will be sent to all shareholders of the Company together with the Annual Report of the Company for the year ended 31 March 2003.

Please also refer to the published version of this announcement in The Standard dated on 18-07-2003.