Changgang Dunxin Enterprise Company Limited
長 港 敦 信 實 業 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2229)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

		Year ended 31 December		
	Unit	**2014**	2013	Change
Revenue	*RMB'000*	**1,074,206**	1,024,623	4.8%
Gross profit	*RMB'000*	**236,823**	217,297	9.0%
Net profit after tax	*RMB'000*	**146,776**	142,701	2.9%
Net Profit after tax *(excludes listing fees)*	*RMB'000*	**157,654**	144,719	8.9%
Gross profit margin		**22.0%**	21.2%	0.8pts
Net profit margin		**13.7%**	13.9%	–0.2pts
Interim dividend per share	*HK cents*	**8.1**	—	

FINANCIAL RESULTS

The Board of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2014, together with the comparative figures for the year ended 31 December 2013, which have been reviewed and approved by the Audit Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Revenue	8	**1,074,206**	1,024,623
Cost of sales		**(837,383)**	(807,326)
Gross profit		**236,823**	217,297
Other income	9	**15,500**	14,544
Distribution costs		**(5,842)**	(5,897)
Administrative expenses		**(37,263)**	(22,589)
Finance costs	10	**(8,734)**	(12,315)
Profit before tax	11	**200,484**	191,040
Income tax expense	14	**(53,708)**	(48,339)
Profit for the year		**146,776**	142,701
Attributable to:			
Owners of the Company		**146,776**	142,701
Earnings per share attributable to ordinary equity holders of Company			
Basic and diluted	16	**RMB17 cents**	RMB19 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	RMB'000	*RMB'000*
Profit for the year	**146,776**	142,701
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(321)**	18
Other comprehensive income for the year, net of tax	**(321)**	18
Total comprehensive income for the year	**146,455**	142,719
Attributable to:		
Owners of the Company	**146,455**	142,719

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current Assets			
Property, plant and equipment	*17*	**292,432**	308,997
Investment properties	*18*	**4,376**	4,789
Prepaid land lease payments	*19*	**21,646**	22,179
Deposits for prepaid land lease payments and items of property, plant and equipment		**8,581**	1,815
		327,035	337,780
Current Assets			
Inventories	*21*	**39,375**	44,109
Trade receivables	*22*	**242,404**	228,533
Prepayments and other receivables	*23*	**473**	2,756
Pledged bank deposits	*24*	**24,242**	9,380
Cash and cash equivalents	*24*	**631,963**	173,944
		938,457	458,722
Current Liabilities			
Trade and bills payables	*25*	**155,543**	115,612
Other payables and accruals	*26*	**8,506**	12,556
Interest bearing bank borrowings	*27*	**131,707**	103,000
Income tax payable		**14,706**	12,885
		310,462	244,053
Net Current Assets		**627,995**	214,669
Net Assets		**955,030**	552,449
EQUITY			
Equity attributable to owners of the Company			
Share capital	*28*	**7,891**	—
Reserves		**947,139**	552,449
Total Equity		**955,030**	552,449

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Changgang Dunxin Enterprise Company Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under the Companies Ordinance and the principal place of business in Hong Kong registered is at Office No. 3, 13th Floor, Boss Commercial Centre, No. 28 Ferry Street, Kowloon, Hong Kong.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the production and sale of paperboards, corrugated medium boards and boxes and poker cards in the People's Republic of China (the "PRC").

Pursuant to a group reorganisation (the "Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group on 29 May 2014. Details of the Reorganisation are set out in the prospectus of the Company dated 16 June 2014 (the "Prospectus").

The shares of the Company were listed on the Main Board of the Stock Exchange on 26 June 2014.

In the opinion of the directors of the Company, the parent and ultimate holding company of the Company is Pure Sheen Limited which is incorporated in the British Virgin Islands (the "BVI").

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These financial statements have been prepared under the historical cost convention and are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of presentation

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 29 May 2014. As the Reorganisation is undertaken to incorporate the Company as a holding company, the Group is a continuation of the existing group. The companies now comprising the Group were under common control of the controlling shareholders before and after the Reorganisation. Accordingly, the financial statements of the Group have been prepared by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the reporting period.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows have been prepared as if the current group structure had been in existence throughout the reporting period. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. 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.

As explained above, the acquisition of the subsidiary under common control has been accounted for using the merger accounting.

The merger accounting involves incorporating the financial statement items of the consolidating entities or businesses in which the common control consolidation occurs as if they had been consolidated from the date when the consolidating entities or businesses first came under the control of the controlling party. The net assets of the consolidating entities or businesses are consolidated using the existing book value. No amount is recognised in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control consolidation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company 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 in the accounting policy for subsidiaries below. 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.

3. APPLICATION OF NEW AND REVISED HKFRSS

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. The adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

4. ISSUED BUT NOT YET EFFECTIVE HKFRSS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

		Effective for annual periods beginning on or after
HKFRS 9	*Financial Instruments*	1 January 2018
HKFRS 10 and HKAS 28 (2011) (Amendments)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
HKFRS 10, 12 and HKAS 28 (2011) (Amendments)	*Investment Entities: Applying the Consolidation Exception*	1 January 2016
HKFRS 11 (Amendments)	*Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
HKFRS 14	*Regulatory Deferral Accounts*	1 January 2016
HKFRS 15	*Revenue from Contracts with Customers*	1 January 2017
HKAS 1 (Amendments)	*Disclosure Initiative*	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	*Clarification of Acceptable Methods of Depreciation*	1 January 2016
HKAS 16 and HKAS 41 (Amendments)	*Agriculture: Bearer Plants*	1 January 2016
HKAS 19 (Amendments)	*Defined Benefit Plans: Employee Contributions*	1 July 2014
HKAS 27 (2011) (Amendments)	*Equity Method in Separate Financial Statements*	1 January 2016
HKFRSs (Amendments)	*Annual Improvements HKFRSs 2010–2012 Cycle*	1 July 2014
HKFRSs (Amendments)	*Annual Improvements HKFRSs 2011–2013 Cycle*	1 July 2014
HKFRSs (Amendments)	*Annual Improvements HKFRSs 2012–2014 Cycle*	1 January 2016

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed whether these new and revised HKFRSs would have any significant impact on its results of operations and financial position.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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 results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises (only if there are revalued assets in the financial statements), unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	5% to 14%
Plant and machinery	10% to 20%
Office equipment	20%
Power supply equipment	10%
Motor vehicles	20% to 50%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over the shorter of unexpired lease terms and their expected economic useful lives of 20 years and after taking into account their estimated residual values, using the straight-line method.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes when the Group measures investment property using the cost model.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and cash equivalents and trade and other receivables, which are classified as loans and receivables.

Subsequent measurement of loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, an amount due to the ultimate holding company, derivative financial instruments and interest-bearing bank and other borrowings, which are classified as loans and borrowings.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) rental income, on a time proportion basis over the lease terms;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(d) dividend income, when the shareholders' right to receive payment has been established.

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute 5% of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is Hong Kong dollars ("HK$") while RMB is used as the presentation currency of the financial statements of the Company for the purpose of aligning with the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of certain subsidiaries that the functional currencies of such subsidiaries are currencies other than RMB which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition

The Group recognised revenue from the sales of goods when the significant risks and rewards of ownership have been transferred to the buyer. As the delivery term of sales contracts is general, management's judgment is required in assessing the time of transfer of risks and rewards of ownership. The management has concluded that the risk and reward is transferred when the goods are delivered to the buyers' designated places or transporters.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of loans and receivables

The provision policy for doubtful debts of the Group is based on the ongoing evaluation of the collectability and ageing analysis of the outstanding receivables and on the management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer and the related parties. If the financial conditions of the customers and other debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

Write down of inventories

Management reviews the ageing analysis of inventories of the Group at the end of each reporting period, and makes provision for obsolete and slow moving inventory items identified that are no longer suitable for sale. Management estimates the net realisable value for such inventories based primarily on the latest selling prices and current market conditions.

Estimated useful lives of property, plant and equipment and investment properties

In determining the useful lives of property, plant and equipment and investment properties, the Group has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is made based on the experience of the Group with similar assets that are used in a similar way. Depreciation charge is revised if the estimated useful lives of items of property, plant and equipment and investment properties are different from the previous estimation. Useful lives are reviewed at the end of each reporting period based on changes in circumstances.

7. OPERATING SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial statements reported to the chief operating decision maker for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial statements reported to the executive directors are determined following the Group's major operations.

The Group's operating business are organised and managed separately according to the nature of products, which each segment representing a strategic business segment that offers different products in the PRC market. The Group's chief operating decision maker considered that all of the Group's revenue, operating result and asset for the year were mainly derived from its production and sale of paperboards, corrugated medium boards and boxes and poker cards.

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under HKFRS 8 *Operating Segments*, the Group regarded the PRC as its country of domicile. All the Group's revenue and non-current assets are principally attributable to the PRC, being the single geographical region.

Segment assets exclude cash and cash equivalents and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other borrowings, income tax payable, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

	Paperboards		Corrugated medium boards and boxes		Poker cards		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue:								
Sales to external customers	**734,874**	752,837	**186,966**	127,260	**152,366**	144,526	**1,074,206**	1,024,623
Intersegment sales	**7,361**	5,081	**—**	—	**—**	—	**7,361**	5,081
	742,235	757,918	**186,966**	127,260	**152,366**	144,526	**1,081,567**	1,029,704
Reconciliation:								
Elimination of intersegment sales							**(7,361)**	(5,081)
							1,074,206	1,024,623
Segment results	**125,171**	125,764	**57,444**	41,224	**54,208**	50,309	**236,823**	217,297
Reconciliation:								
Interest income							**1,594**	1,097
Other income							**13,906**	13,447
Corporate and other unallocated expenses							**(43,105)**	(28,486)
Finance costs							**(8,734)**	(12,315)
Profit before tax							**200,484**	191,040
Segment assets	**431,076**	424,356	**48,902**	43,907	**44,962**	41,307	**524,940**	509,570
Reconciliation:								
Corporate and other unallocated assets							**740,552**	286,932
Total assets							**1,265,492**	796,502
Segment liabilities	**124,573**	101,125	**16,754**	6,691	**14,216**	7,796	**155,543**	115,612
Reconciliation:								
Corporate and other unallocated liabilities							**154,919**	128,441
Total liabilities							**310,462**	244,053
Other segment information:								
Depreciation and amortisation	**26,535**	14,805	**1,050**	1,121	**1,483**	1,669	**29,068**	17,595
Corporate and other unallocated depreciation and amortisation							**10,015**	8,522
Total depreciation and amortisation							**39,083**	26,117
Capital expenditures*	**21,545**	142,669	**—**	98	**—**	—	**21,545**	142,767
Corporate and other unallocated capital expenditures							**27**	25,063
Total capital expenditures							**21,572**	167,830

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

Geographical information

No geographical information is shown as the revenue from external customers and non-current assets of the Group are substantially derived from activities or located in the PRC.

Information about major customer

No single customer contributed 10% or more to the Group's revenue for both 2014 and 2013.

8. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, during the year.

9. OTHER INCOME AND GAINS

	2014	2013
	RMB'000	*RMB'000*
Scrap sales	**11,695**	9,094
Bank interest income	**1,594**	1,097
Foreign exchange gains, net	**1,259**	276
Gross rental income	**560**	369
Sundry income	**392**	3,708
	15,500	14,544

10. FINANCE COSTS

	2014	2013
	RMB'000	*RMB'000*
Interest on bank borrowings wholly repayable within five years	**7,791**	11,452
Bank charges	**943**	863
	8,734	12,315

11. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2014	2013
	RMB'000	*RMB'000*
Cost of inventories sold	**641,809**	598,335
Depreciation of:		
Property, plant and equipment	**38,137**	25,390
Investment properties	**413**	292
	38,550	25,682
Amortisation of prepaid land lease payments	**533**	435
Auditors' remuneration	**1,517**	68
Minimum lease payments under operating leases in respect of land and buildings	**90**	13,914
Employee benefit expenses (including directors' remuneration *(note 12)*:		
Wages and salaries	**32,853**	27,679
Pension scheme contributions	**3,516**	2,846
	36,369	30,525

12. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Fees		Salaries, allowances and benefits in kind		Pension scheme contributions		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Executive directors:								
Mr. Zheng Dunmu	**—**	—	**866**	157	**13**	3	**879**	160
Mr. Zheng Dunqian	**—**	—	**583**	107	**13**	3	**596**	110
Mr. Chen Ruomao	**—**	—	**600**	121	**13**	3	**613**	124
	—	—	**2,049**	385	**39**	9	**2,088**	394
Independent non-executive directors:								
Mr. Hu Zhenghui	**47**	15	**—**	—	**1**	—	**48**	15
Mr. Kwong Kwan Tong	**86**	35	**—**	—	**2**	—	**88**	35
Mr. Ye Deshan	**47**	20	**—**	—	**1**	—	**48**	20
Mr. Pang Cheung Wai Thomas	**—**	6	**—**	—	**—**	—	**—**	6
	180	76	**—**	—	**4**	—	**184**	76
	180	76	**2,049**	385	**43**	9	**2,272**	470

There was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 31 December 2014 (2013: Nil).

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2013: one) directors, details of whose remuneration are set out in note 12 above. Details of the remuneration for the year of the remaining two (2013: four) non-director, highest paid employees are as follows:

	2014	2013
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**320**	563
Pension scheme contributions	**10**	12
	330	575

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	No. of employees	
	2014	2013
Nil to HK$1,000,000	**2**	4

During the year, no emoluments were paid to the five highest paid individuals (including directors and other employees) as inducement to join or upon joining the Group or as compensation for loss to office (2013: Nil).

14. INCOME TAX EXPENSE

	2014	2013
	RMB'000	*RMB'000*
Current — Hong Kong		
Charge for the year	**173**	—
Current — the PRC		
Charge for the year	**53,535**	48,339
Total tax charge for the year	**53,708**	48,339

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. The PRC subsidiaries are subject to the PRC Enterprise Income Tax ("EIT") at 25% (2013: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

A reconciliation of the tax expense applicable to profit before tax at the PRC EIT rate of 25% in which the majority of the Company's subsidiaries are domiciled to the tax expense at the effective tax rates are as follows:

	2014	2013
	RMB'000	*RMB'000*
Profit before tax	**200,484**	191,040
Tax at the PRC EIT rate of 25%	**50,121**	47,760
Effect of different tax rates of group entities operating in jurisdictions other than the PRC	**(89)**	—
Income not subject to tax	**(569)**	—
Expenses not deductible for tax	**4,245**	579
Tax charge at the Group's effective rate	**53,708**	48,339

The Group has no material unrecognised temporary differences for the year ended 31 December 2014 (2013: Nil).

15. DIVIDENDS

No dividend was paid or proposed during 2014. Subsequent to the end of the reporting period, an interim dividend in respect of the year ended 31 December 2014 of HK$8.1 cents, equivalent to approximately RMB6.4 cents, (2013: HK$nil) has been approved by the directors.

16. EARNINGS PER SHARE

The calculation of the basic earnings per share amounts is based on the profit for the year ended 31 December 2014 attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 873,800,000 in issue during the year, as adjusted to reflect the issuance of 744,600,000 new ordinary shares prior to the Listing.

The calculations of basic earnings per share for the year ended 31 December 2013 are based on the profit attributable to owners of the Company and the 744,600,000 ordinary shares of the Company in issue prior to the Listing, as if these shares had been issued since 1 January 2013.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2014 and 2013 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Office equipment	Power supply equipment	Motor vehicles	Construction in-progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At 1 January 2013	75,923	119,228	640	49,208	4,202	—	249,201
Additions	36,286	129,828	—	—	456	—	166,570
Transfer	(4,730)	—	—	—	—	—	(4,730)
At 31 December 2013	107,479	249,056	640	49,208	4,658	—	411,041
Additions	—	443	—	27	—	21,102	21,572
At 31 December 2014	107,479	249,499	640	49,235	4,658	21,102	432,613
Accumulated depreciation:							
At 1 January 2013	17,080	49,080	404	7,668	2,913	—	77,145
Provided for the year	4,531	15,655	54	4,671	479	—	25,390
Transfer	(491)	—	—	—	—	—	(491)
At 31 December 2013	21,120	64,735	458	12,339	3,392	—	102,044
Provided for the year	7,247	25,704	51	4,670	465	—	38,137
At 31 December 2014	28,367	90,439	509	17,009	3,857	—	140,181
Net carrying amount:							
At 31 December 2014	79,112	159,060	131	32,226	801	21,102	292,432
At 31 December 2013	86,359	184,321	182	36,869	1,266	—	308,997

At 31 December 2014, certain of the Group's property, plant and equipment with an aggregate net carrying amount of RMB65,582,000 (2013: RMB72,063,000) were pledged to secure banking facilities granted to the Group (note 30).

	2014	2013
	RMB'000	*RMB'000*
Buildings	**47,702**	51,706
Plant and machinery	**16,254**	18,485
Power supply equipment	**1,626**	1,872
	65,582	72,063

The Group's buildings included above at cost, investment properties included in note 18 at cost and prepaid land lease payments included in note 19 at cost were valued at RMB191,200,000 as at 31 March 2014 in the prospectus issued on 16 June 2014 in connection with the listing of the Company's shares on 26 June 2014. Had these buildings, investment properties and prepaid land lease payments been included at such valuation amount throughout the year ended 31 December 2014, an additional depreciation and amortisation charge of RMB2,641,600 would have been recognised in the consolidated statement of profit or loss for the year ended 31 December 2014.

18. INVESTMENT PROPERTIES

	2014	2013
	RMB'000	*RMB'000*
Cost:		
At 1 January	**9,570**	4,840
Transfer	**—**	4,730
At 31 December	**9,570**	9,570
Accumulated depreciation:		
At 1 January	**4,781**	3,998
Transfer	**—**	491
Provided for the year	**413**	292
At 31 December	**5,194**	4,781
Net carrying amount:		
At 31 December	**4,376**	4,789

The Group's investment properties are situated in the PRC and held under medium term leases.

The fair values of investment properties are set out below:

	2014	2013
	RMB'000	*RMB'000*
Fair value:		
At 31 December	**6,900**	7,200

The Group's investment properties were revalued by Grant Sherman Appraisal Limited, independent professionally qualified valuers, using the investment method by capitalising the current rent derived from the existing tenancies with due provisions for reversionary income potential, or where appropriate, by direct comparison method by making reference to comparable sales evidence as available in the relevant market. The investment properties are leased to third parties under operating leases.

At 31 December 2014, the Group's investment properties with a carrying value of RMB4,376,000 (2013: RMB4,789,000) were pledged to secure general banking facilities granted to the Group (note 30).

19. PREPAID LAND LEASE PAYMENTS

	2014	2013
	RMB'000	*RMB'000*
At 1 January	**22,179**	16,914
Additions	**—**	5,700
Amortisation	**(533)**	(435)
At 31 December	**21,646**	22,179

An analysis of the carrying value of the prepaid land lease payments is set out below:

	2014	2013
	RMB'000	*RMB'000*
For owner-occupied	**21,499**	22,028
For investment properties	**147**	151
	21,646	22,179

The Group's prepaid land lease payments represent payments for land use rights in the PRC and are held under medium-term leases.

At 31 December 2014, certain of the Group's prepaid land lease payments with a net carrying amount of RMB12,513,000 (2013: RMB12,999,000) were pledged to secure banking facilities granted to the Group (note 30).

20. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2014	2013
	RMB'000	*RMB'000*
Unlisted shares, at cost	**1**	—
Advance to subsidiaries	**247,677**	—
	247,678	—

The amounts due to subsidiaries included in the Company's current liabilities are unsecured, interest-free and have no fixed terms of repayment. The amounts advanced to subsidiaries included in the investments in subsidiaries are unsecured, interest-free and not repayable within one year.

Particulars of the subsidiaries as at 31 December 2014 are as follows:

Name	Place of incorporation/ registration	Nominal value of issued/ paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Tun's Paper Group Holdings Limited ("Dunxin BVI")	BVI	US$1,000	100%	—	Investment holding
Tun's Paper (Holdings) Limited	HK	HK$10,000	—	100%	Investment holding and trading of waste paper
Charmfield Investments Limited	HK	HK$1	—	100%	Investment holding
Lung Kei (International) Investment Limited	HK	HK$1,000	—	100%	Investment holding
Dunxin Paper Co., Ltd	PRC	RMB150,000,000	—	100%	Production and sale of paperboards, corrugated medium boards and boxes and poker cards

21. INVENTORIES

	2014	2013
	RMB'000	*RMB'000*
Raw materials	**14,659**	18,747
Finished goods	**24,716**	25,362
	39,375	44,109

At 31 December 2014, the Group's inventories with a carrying amount of RMB35,046,000 (2013: RMB35,661,000) were pledged as security for the Group's banking facilities, as further detailed in note 30 to the financial statements.

22. TRADE RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**242,857**	228,986
Impairment	**(453)**	(453)
	242,404	228,533

The Group's trading terms with customers are mainly on credit. The credit period is ranged from 30 days to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**108,841**	109,753
1 to 2 months	**85,399**	73,840
2 to 3 months	**34,080**	32,916
4 to 6 months	**14,084**	12,024
	242,404	228,533

The movements in provision for impairment of trade receivables are as follows:

	2014	2013
	RMB'000	*RMB'000*
At 1 January	**453**	453
Amount written off as uncollectible	**—**	—
At 31 December	**453**	453

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	**242,404**	226,176
Past due:		
Less than 1 month	**—**	—
1 to 3 month	**—**	2,357
	242,404	228,533

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

23. PREPAYMENTS AND OTHER RECEIVABLES

	The Group		**The Company**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Prepayments	**187**	2,582	**187**	—
Other receivables	**286**	174	**—**	—
	473	2,756	**187**	—

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

24. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	2014	2013
	RMB'000	*RMB'000*
Cash and bank balances	**656,205**	183,324
Less: Pledged bank deposits for secured bills payables and bank borrowings *(note 30)*	**(24,242)**	(9,380)
Cash and cash equivalents	**631,963**	173,944

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB were RMB646,444,000 (2013: RMB182,310,000). The RMB is not freely convertible into other currencies and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged bank deposits are deposited with creditworthy banks with no recent history of default.

25. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**129,018**	89,578
4 to 6 months	**26,525**	26,034
	155,543	115,612

The trade payables are non-interest bearing and are normally settled within 30 days to 180 days.

26. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2014	2013	2014	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables and accruals	**2,587**	2,079	**1,839**	—
Wages payables	**3,639**	2,477	**1,129**	—
Other tax payables	**2,198**	5,352	**—**	—
Due to subsidiaries	**—**	—	**882**	—
Due to a director	**82**	293	**—**	—
Due to shareholders	**—**	2,355	**—**	—
	8,506	12,556	**3,850**	—

Other payables are non-interest bearing. The amounts due to a director and shareholders are non-interest bearing, unsecured and have no fixed terms of repayment.

27. INTEREST BEARING BANK BORROWINGS

	2014	2013
	RMB'000	*RMB'000*
Secured and wholly repayable within one year:		
Bank advances for discounted bills	**28,648**	—
Bank loans	**103,059**	103,000
	131,707	103,000

The ranges of effective interest rates of the Group's borrowings are as follows:

	2014	2013
Variable-rate borrowings	**3.00%–8.10%**	3.40%–8.10%
Fixed-rate borrowings	**7.28%–7.56%**	4.30%–7.80%

Notes:

(a) The bank advances for discounted bills are obtained in relation to bill receivables from a subsidiary amounted to RMB28,648,000.

(b) Details of banking facilities granted to the Group and pledged of the Group's assets at 31 December 2014 were set out in note 30 and 31 to the financial statements respectively.

(c) The carrying amounts of the Group's bank borrowings denominated currency other than RMB at the end of the reporting period are as follows:

	2014	2013
	RMB'000	*RMB'000*
Hong Kong dollars ("HK$")	**33,525**	—

28. SHARE CAPITAL

	Number of shares '000	**2014** ***HK$'000***	2013 *HK$'000*
Authorised:			
Ordinary shares of HK$0.01 each			
At 1 January	38,000	**380**	380
Increase in authorised capital *(note 28(b))*	2,962,000	**29,620**	—
At 31 December	3,000,000	**30,000**	380

	2014 ***RMB'000***	2013 *RMB'000*
Issued and fully paid:		
992,800,000 (2013: 750) ordinary shares of HK$0.01 each	**7,891**	—

A summary of movements in the Company's share capital is as follows:

	Notes	Number of shares in issue	Share capital		Share premium account		Total	
				equivalent to		*equivalent to*		
			HK$'000	*RMB'000*	*HK$'000*	*RMB'000*	*HK$'000*	*RMB'000*
At 1 January 2013 and 31 December 2013		750	—	—	—	—	—	—
Issue of shares pursuant to the Reorganisation	*(a)*	9,250	—	—	—	—	—	—
Placing and public offer of new shares	*(c)*	248,200,000	2,482	1,973	344,998	274,204	347,480	276,177
Listing expenses taken against share premium		—	—	—	(25,228)	(20,051)	(25,228)	(20,051)
		248,200,000	2,482	1,973	319,770	254,153	322,252	256,126
Capitalisation Issue	*(d)*	744,590,000	7,446	5,918	(7,446)	(5,918)	—	—
At 31 December 2014		992,800,000	9,928	7,891	312,324	248,235	322,252	256,126

Notes:

(a) On 29 May 2014, pursuant to the Reorganisation, the Company issued totaling of 9,250 ordinary shares of HK$0.01 each to Pure Sheen Limited (5,850 shares), Radiant Prestige Limited (450 shares), Radiant Path Limited (450 shares), Gang Bo Limited (1,580 shares), Sebert Developments Limited (500 shares) and Man Hong International Investment Limited (420 shares) (collectively referred to as the "Controlling Shareholders"), as consideration for the acquisition of the entire issued share capital of Dunxin BVI.

(b) Pursuant to a written resolutions of the shareholders passed on 11 June 2014, the authorised share capital of the Company was increased from HK$380,000 to HK$30,000,000 by the creation of an additional of 2,962,000,000 ordinary shares of HK$0.01 each, ranking *pari passu* in all respects with the existing shares of the Company.

(c) On 23 June 2014, 248,200,000 new ordinary shares of HK$0.01 each ("Offer Share(s)") were allotted and issued by way of placing and public offer at an issue price of HK$1.40 per Offer Share for a total cash consideration, before expenses, of HK$347,480,000. A premium of HK$1.39 per Offer Share for cash, the excess of the issue price over the par value of the shares issued upon the placing and public offer, totaling HK$344,998,000 was credited to the share premium account of the Company.

(d) Immediately after the placing and public offer, 744,590,000 new ordinary shares were allotted and issued, credit as fully paid, at par, to the then shareholders in proportion to their respective shareholdings on the register of members of the Company as at the close of business on 11 June 2014 by way of the capitalisation of the share premium available (the "Capitalisation Issue").

29. RESERVES

The Group

Capital reserve

Capital reserve represents the issued and fully paid up share capital and share premium of Dunxin BVI under the Reorganisation. The Group acquired Dunxin BVI during 2014 from the Controlling Shareholders which was an acquisition under common control and has been accounted for by applying the principle of merger accounting and the capital reserve has been debited for the purchase consideration for Dunxin BVI.

Statutory surplus reserve

In accordance with the Company Law of the PRC, the Company's subsidiary registered in the PRC is required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses) determined in accordance with generally accepted accounting principles in the PRC ("PRC GAAP") to the statutory surplus reserve until the balance of the reserve fund reaches 50% of the entity's registered capital. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital, provided the remaining balance of this reserve is not less than 25% of registered capital.

The Company

The amounts of the Company's reserves and the movements therein during the year are presented as follows:

	Share premium	**Accumulated losses**	**Translation reserve**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2013	—	—	—	—
Total comprehensive income for the year				
Loss for the year	—	—	—	—
At 31 December 2013 and 1 January 2014	—	—	—	—
Loss for the year	—	(10,749)	—	(10,749)
Exchange difference on translation of functional currency to presentation currency	—	—	(1,362)	(1,362)
Total comprehensive income for the year	—	(10,749)	(1,362)	(12,111)
Placing and public offer of new shares	274,204	—	—	274,204
Listing expenses taken against share premium	(20,051)	—	—	(20,051)
	254,153	—	—	254,153
Capitalisation Issue	(5,918)	—	—	(5,918)
At 31 December 2014	248,235	(10,749)	(1,362)	236,124

30. BANKING FACILITIES

The Group's banking facilities amounting to RMB168,316,000 (2013: RMB142,600,000), of which RMB131,707,000 (2013: RMB103,000,000) had been utilised as at the end of the reporting period, are secured by the pledge of certain of the Group's assets (note 31) amounting to RMB141,759,000 (2013: 134,892,000).

31. PLEDGE OF ASSETS

Details of pledge of the Group's assets for the Group's other bank borrowings are set out below:

	Notes	2014 RMB'000	2013 RMB'000
Property, plant and equipment	*17*	**65,582**	72,063
Investment properties	*18*	**4,376**	4,789
Prepaid land lease payments	*19*	**12,513**	12,999
Inventories	*21*	**35,046**	35,661
Pledged bank deposits	*24*	**24,242**	9,380
		141,759	134,892

32. OPERATING LEASE ARRANGEMENT

(a) As lessor

The Group leases its investment properties under operating leases arrangements, with leases negotiated for terms ranging from two to four years with fixed monthly rentals. None of the leases include any contingent rentals.

At 31 December 2014, the Group's had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2014 RMB'000	2013 RMB'000
Within one year	**566**	523
In the second to fifth years, inclusive	**508**	836
	1,074	1,359

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms of two years. None of the leases include any contingent rentals.

At 31 December 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2014	2013
	RMB'000	*RMB'000*
Within one year	**55**	90
In the second to fifth years, inclusive	**—**	55
	55	145

33. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2014	2013
	RMB'000	*RMB'000*
Contracted but not provided for:		
Property, plant and equipment and prepaid land lease payments	**157,000**	1,765

34. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	2014	2013
	RMB'000	*RMB'000*
Related company in which two close members of a director are the controlling shareholders		
Purchases of raw materials	**—**	50,185
Related company in which a director of the Company is a controlling shareholder:		
Rental expenses	**—**	675

The above related party transactions also constitute connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Outstanding balances with related parties

(i) Details of amounts payables to the above-mentioned related companies amounted to Nil (2013: RMB97,779,000) and Nil (2013: Nil) are included trade and bills payables in note 25 to the financial statements.

(ii) Details of amounts due to a director and shareholders are included in note 26 to the financial statements.

(c) Compensation of key management personnel of the Group

	2014	2013
	RMB'000	*RMB'000*
Short term employee benefits	**2,272**	470

Further details of directors' emoluments are included in note 12 to the financial statements.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	The Group		**The Company**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Loans and receivables				
Trade receivables	**242,404**	228,533	**—**	—
Financial assets included in prepayments, deposits and other receivables	**286**	174	**—**	—
Pledged bank deposits	**24,242**	9,380	**—**	—
Cash and cash equivalents	**631,963**	173,944	**—**	—
	898,895	412,031	**—**	—

Financial liabilities

	The Group		**The Company**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial liabilities at amortised cost				
Trade and bills payables	**155,543**	115,612	**—**	—
Financial liabilities included in other payables and accruals	**6,308**	7,204	**3,850**	—
Interest bearing bank borrowings	**131,707**	103,000	**—**	—
	293,558	225,816	**3,850**	—

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise trade and bills receivables, other receivables, pledged bank deposits, cash and cash equivalents, trade and bills payables, accruals and other payables, amounts due to a director and shareholders and bank borrowings. These financial instruments mainly arise from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of the directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's bank balance and bank borrowings. The interest rate risk for bank balance is low as the maturity is short. The following table demonstrates the sensitivity on bank borrowings to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before income tax (through the impact on the Group's bank borrowings which is subject to floating interest rate) and the Group's equity.

	2014	2013
	RMB'000	*RMB'000*
Increase/(decrease) in profit before tax and equity if:		
100 basis points increase	**(965)**	(700)
100 basis points decrease	**965**	700

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

Carrying amounts of financial assets and financial liabilities at the end of each reporting period exposed to foreign currency risk were as follows:

	2014	2013
	RMB'000	*RMB'000*
Financial assets denominated in foreign currencies:		
Other receivables	**—**	25
Cash and bank balances	**6,237**	1,014
	6,237	1,039
Financial liabilities denominated in foreign currencies:		
Trade and bills payables	**20,781**	2,673
Other payables and accruals	**—**	2,696
	20,781	5,369
Net financial liabilities exposed to foreign currency risk	**(14,544)**	(4,330)

The Group's financial assets and financial liabilities exposed to currency risk were primarily denominated in United States dollars and Hong Kong dollars as follows:

	2014	2013
	RMB'000	*RMB'000*
Denominated in:		
Hong Kong dollars	**(9,764)**	(4,628)
United States dollars	**(4,780)**	298
	(14,544)	(4,330)

Should RMB at the end of each reporting period fluctuate by 10% against all the foreign currencies, the carrying amount of the Group's net financial liabilities exposed to currency risk at the end of each reporting period determined in accordance with HKAS 21 "The Effects of Changes in Foreign Exchange Rates" would increase/decrease as summarised below:

	2014	2013
	RMB'000	*RMB'000*
Increase/(decrease) in profit before tax and equity if:		
Increase 10% exchange rates	**1,454**	433
Decrease 10% exchange rates	**(1,454)**	(433)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to management review. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which mainly comprise of pledged bank deposits and cash and cash equivalents, arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Credit risk in pledged bank deposits and cash and cash equivalents is mitigated as cash is deposited in banks of high credit rating.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 22 to the financial statements.

Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents and have available funding through an adequate amount of committed credit facilities to meet its commitments.

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, are as follows:

	On demand or within 1 year	
	2014	2013
	RMB'000	*RMB'000*
Trade and bills payables	**155,543**	115,612
Financial liabilities included in other payables and accruals	**6,308**	7,204
Bank borrowings	**134,025**	109,574
	295,876	232,390

Fair value estimation

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as inputs.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as going concern and to maintain reasonable capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Year.

The Group monitors capital using a gearing ratio, which is net debts divided by total capital. Net debts include interest-bearing bank borrowings, trade and bills payables, other payables and accruals, income tax payable and amounts due to a director and shareholders less cash and bank balances.

At the end of each reporting period, the Group's strategy was to maintain the gearing ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, without limitation, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due. The gearing ratios at the end of the reporting period were as follows:

	2014	2013
	RMB'000	*RMB'000*
Interest bearing bank borrowings	**131,707**	103,000
Trade and bills payables	**155,543**	115,612
Other payables and accruals	**8,506**	12,556
Income tax payable	**14,706**	12,885
Less: Cash and bank balances	**(656,205)**	(183,324)
Net debts	**(345,743)**	60,729
Total capital	**955,030**	552,449
Gearing ratio	**(36.20)%**	10.99%

37. EVENTS AFTER THE REPORTING PERIOD

(a) On 22 December 2014, the Group entered into the Asset Acquisition Agreement with Zhangzhou Zhenglin (the "Vendor"), pursuant to which the Group agreed to acquire the Production Facilities from the Vendor at a total cash consideration of RMB162,000,000. The transaction was not yet completed at the date of this report.

(b) The Company and the Placing Agent entered into a placing agreement on 2 January 2015 (after trading hours) for the placing of up to HK$200 million seven year 6.5% coupon unlisted Corporate Bonds for cash at par on a best effort basis during a period of six months from the date of the Placing Agreement.

BUSINESS REVIEW

The Group achieved satisfactory results in general in the Year, in spite of continued competitive environment and near-maximum production capacity across all segments. For the Year, revenue reached RMB1,074.2 million, an increase of about 4.8% over the Previous Year, whilst gross profit of RMB236.8 million, net profit of RMB146.8 million and net profit excluding listing fees of RMB157.7 million increased by approximately 9.0%, 2.9% and 8.9% respectively compared to the Previous Year.

Results of Operation

The Group produces and sells a broad variety of upstream packaging paperboard products (including white top linerboard, kraftlinerboard and high performance corrugated medium), as well as downstream products comprising of corrugated medium boards and boxes and poker cards. All sales were to customers in the PRC.

The Group's revenue increased from approximately RMB1,024.6 million in the Previous Year to approximately RMB1,074.2 million in the Year, representing a year-to-year growth of approximately 4.8%. Its production was at near full capacity, with paperboard production lines operating at 94.2%, corrugated medium boards and boxes at 84.7% and poker cards at 98.8% of their respective designed annual production capacities.

FINANCIAL REVIEW

The following is a breakdown of the revenue of the Group by products:

	For the year ended 31 December			
	2014		2013	
	RMB'000	***% of total revenue***	*RMB'000*	*% of total revenue*
Paperboards	**734,874**	**68.4**	752,837	73.5
Corrugated medium boards and boxes	**186,966**	**17.4**	127,260	12.4
Poker cards	**152,366**	**14.2**	144,526	14.1
Total	**1,074,206**	**100.0**	1,024,623	100.0

Revenue

(i) *Paperboards*

The sales volume of the Group's paperboard products slightly increased from 196,016 tonnes in the Previous Year to 196,176 tonnes in the Year. The slowdown in growth was due to paperboard production lines operating at near full capacity and increase in the Group's self-consumption of paperboards for its downstream production.

Revenue from sales of paperboard products decreased from approximately RMB752.8 million for the Previous Year to approximately RMB734.9 million for the Year, at approximately 2.4%. The decrease was due to the Group's strategy to increase its market share in Fujian Province, the PRC by offering more competitive product prices to customers so that the average selling price of its paperboards lowered from RMB3,841 per tonne in the Previous Year to RMB3,746 per tonne in the Year.

In 2014, the Group increased the use of its paperboards in downstream production to better control quality as well as to enhance its competitiveness through integration of production chain. The total quantities of self-produced (i) kraftlinerboard and (ii) high performance corrugated medium used in production of the Group's corrugated medium board and box products for the two years ended 31 December 2014 were (i) approximately 1,269 tonnes and 1,608 tonnes, and (ii) 426 tonnes and 938 tonnes respectively, representing an increase of approximately 26.7% for kraftlinerboard and 120.2% for high performance corrugated medium.

(ii) *Corrugated medium boards and boxes*

Revenue from sales of corrugated medium boards and boxes increased from approximately RMB127.3 million for the Previous Year to approximately RMB187.0 million for the Year, representing a year to year growth of approximately 46.9%, while sales volume grew by approximately 19,350,000 sq.m. or 58.9% as compared to the Previous Year. The growth was largely contributed by the increased sales efforts of the Group by building solid relationships with its existing customers and potential new customers.

(iii) *Poker Cards*

Revenue from sales of poker card products increased from approximately RMB144.5 million for the Previous Year to approximately RMB152.4 million for the Year, representing a growth of approximately 5.5% due to the growth in sales volume and average unit selling price. The sales volume of poker card products increased from approximately 167.8 million sets for the Previous Year to 171.2 million sets in the Year, representing a year-to-year growth of approximately 2.0%; whereas the average unit selling price increased by approximately 3.5% from approximately RMB86 cents per set for the Previous Year to RMB89 cents per set for the Year due to the Group's launch of premium line of poker card products towards the end of 2014 at an average unit selling price of approximately RMB4.3 per set.

Gross profit and gross profit margin

The following is a breakdown of the gross profit and gross profit margin of the Group by products:

	For the year ended 31 December			
	2014		2013	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	***(%)***	*RMB'000*	*(%)*
Paperboards	**125,171**	**17.0**	125,764	16.7
Corrugated medium boards and boxes	**57,444**	**30.7**	41,224	32.4
Poker cards	**54,208**	**35.6**	50,309	34.8
Total	**236,823**	**22.0**	217,297	21.2

The gross profit increased by approximately RMB19.5 million or 9.0% from approximately RMB217.3 million for the Previous Year to approximately RMB236.8 million for the Year, while gross profit margin grew from 21.2% to 22.0% for the same period. The growth in gross profit margin was due to the increase in sales volume of corrugated medium boards and boxes which commanded higher profit margin than paperboards. Segment gross profit margin remained relatively stable as the Group adopts cost plus pricing policy and tight control on costing.

(i) *Paperboards*

The gross profit of paperboard products decreased from approximately RMB125.8 million for the Previous Year to approximately RMB125.2 million for the Year, representing a decrease of approximately RMB0.6 million or 0.5%, whereas its gross profit margin slightly increased from 16.7% for the Previous Year to 17.0% for the Year. The growth in gross profit margin was due to the increase in percentage of contribution from white top lineboard, which has the highest gross profit margin among paperboard products.

(ii) *Corrugated medium boards and boxes*

The gross profit of corrugated medium boards and boxes increased from approximately RMB41.2 million for the Previous Year to approximately RMB57.4 million for the Year, representing an increase of approximately RMB16.2 million or 39.3%, whereas their gross profit margin slightly decreased from 32.4% for the Previous Year to 30.7% for the Year. During the Year, the Group received larger sales orders for corrugated medium boards and boxes as a result of offering competitive prices, which allowed its production lines to operate more efficiently.

(iii) *Poker cards*

The gross profit of poker card products increased from RMB50.3 million for the Previous Year to approximately RMB54.2 million for the Year, representing an increase of approximately RMB3.9 million or 7.8%, whereas their gross profit margin increased from 34.8% for the Previous Year to 35.6% for the Year. The increase was attributable to the Group's launch of premium line of poker card products towards the end of 2014.

Profit for the year

Net profit for the Year increased by approximately RMB4.1 million or 2.9%, from approximately RMB142.7 million for the Previous Year to approximately RMB146.8 million for the Year. The net profit margin decreased slightly to 13.7% for the Year as compared to 13.9% for the Previous Year due to listing expenses of RMB10.9 million incurred during the year. Excluding such listing expenses, the Group's net profit would increase by approximately RMB13.0 million or 8.9%, from approximately RMB144.7 million for the Previous Year to approximately RMB157.7 million for the Year.

OUTLOOK

The Board considers that there is growing demand for corrugated medium and box products in the PRC. In order to expand its production capacity, the Group entered into an agreement in December 2014 for acquisition of production facilities with an annual production capacity of approximately 57,000,000 sq.m. of corrugated medium board and 18,900,000 sq.m. of boxes, completion of which is currently under way. These production facilities are expected to contribute positively towards the Group's profitability. The Group will seek further suitable expansion opportunities for its downstream end product operations.

USE OF NET PROCEEDS FROM LISTING

The Group has received net proceeds of approximately RMB256.1 million, after deducting underwriting fee and other related expenses, from the share offer of the Company in 2014. These proceeds will be applied in accordance with the proposed plan set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 16 June 2014.

The Group held the unutilised net proceeds in short-term deposits or time deposits with authorised financial institutions in the PRC as at 31 December 2014.

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of HK8.1 cents (equivalent to approximately RMB6.4 cents) per Share (2013: nil) for the Year to the Shareholders whose names appear on the register of members of the Company on 10 April 2015. The interim dividend will be paid on or about 22 May 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of the members of the Company will be closed from Wednesday, 8 April 2015 to Friday, 10 April 2015, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to the interim dividend. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 2 April 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

From 26 June 2014 (the date of commencement of dealings in Shares on the Stock Exchange) to 31 December 2014, the Company had complied with the code provisions in the Corporate Governance Code as set forth in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters including the above annual results.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"Board"	the board of directors of the Company
"Company"	Changgang Dunxin Enterprise Company Limited (長港敦信實業有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares are listed in the Stock Exchange
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRSs"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administration Region of the People's Republic of China

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, but for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Previous Year"	the year ended 31 December 2013
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	share(s) of HK$0.01 each in the capital of the Company
"Shareholder(s)"	holder of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Year"	the year ended 31 December 2014
"%"	per cent

By order of the Board
Zheng Dunmu
Chairman

Hong Kong, 13 March 2015

As at the date of this announcement, the Board comprises Mr. Zheng Dunmu, Mr. Zheng Dunqian, Mr. Chen Ruomao as executive directors and Mr. Kwong Kwan Tong, Mr. Ye Deshan and Mr. Hu Zhenghui as independent non-executive directors.

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.dxwj.com under the section of "Investor Relations/Announcement and Notices" respectively. The annual report of the Company for the Year will be dispatched to the Shareholders and will be available on the same websites in due course.