Bracell Limited

Stock Code: 1768

ANNUAL REPORT 2014

ABOUT bracell

Listed on the Hong Kong Stock Exchange, Bracell Limited ("Bracell"; stock code: 1768) is one of the largest specialty cellulose producers in the world. Bracell's operations in Brazil consist of a secure renewable plantation that grows eucalyptus trees on its 150,000 hectares of freehold land, and a state-of-the-art mill to produce both specialty-grade and rayon-grade dissolving wood pulp. They are natural raw materials and key ingredients to a diverse range of everyday items from textiles, baby wipes and eyeglass frames, to soft ice-cream, sausage casings and pharmaceuticals, as well as industrial products such as high-performance tire cords.

Bracell attaches high priority to its social and sustainability responsibilities and is committed to preserving and protecting the environment in every aspect of its operations.

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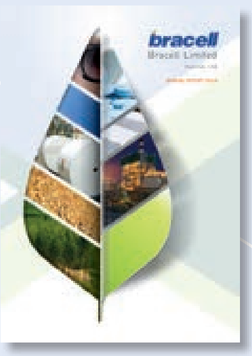


COVER DESIGN OF 2014 ANNUAL REPORT

2014 was a year of change for Bracell. Bracell focuses on its dissolving wood pulp business after the disposal of its viscose staple fiber business in 2014. It also changed its company name. As Bracell is engaged in planting trees, the leaf on the cover page symbolizes that Bracell is turning over a new page in its corporate history. Bracell attaches high priority to its social and sustainability responsibilities and is committed to preserving and protecting the environment in every aspect of its operations. All of Bracell's products are made from trees, which are natural and biodegradable ingredients of everyday items. The leaf also mimics the shape of the leaves on eucalyptus trees, that Bracell plants on its freehold timberland in Brazil.

WHAT WE DO – OUR INTEGRATED FORESTRY AND MILL OPERATION IN BRAZIL

Bracell Limited is a leading global pure-play dissolving wood pulp producer, which is engaged in the production and sale of both specialty-grade and rayon-grade dissolving wood pulp ("DWP") from its Bahia Specialty Cellulose ("BSC") plant in Brazil using wood resources grown from its own eucalyptus plantations.

PLANTATIONS

- Over 150,000 hectares of freehold timberland in Bahia, Brazil, of which 84,000 hectares are reserved for eucalyptus plantation
- Short harvest cycle of six to seven years

WOOD CHIPS

DISSOLVING WOOD PULP FACILITY

- Two production lines in Bahia, Brazil with an annual design production capacity of 485,000 metric tons (350,000 metric tons of specialty-grade pulp)
- Flexibility to switch production between rayon and specialty grades of pulp
- Strategically located near our wood source

SPECIALTY-GRADE PULP

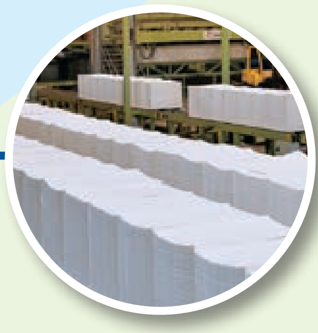
End Product Applications

Acetate eyeglass frames

Pharmaceutical tablets

High-performance tire cords

RAYON-GRADE PULP



End Product Applications

Textile products

Non-woven products

INFORMATION FOR INVESTORS

Listing Information

Listing:	Stock Exchange of Hong Kong
Stock code:	1768
Ticker symbol:	1768.HK (Reuters)
	1768 HK Equity (Bloomberg)

Key Dates

11 August 2014
(Announcement of 2014 Interim Results)

11 December 2014
(Special General Meeting)

17 December 2014
(Completion of the Disposal of the VSF Business in the PRC)

29 January 2015
(Special General Meeting)

30 January 2015
(Name Change Effective)

16 March 2015
(Announcement of 2014 Annual Results)

18 May 2015
(Annual General Meeting)

Registrar & Transfer Offices

Principal

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Share Information

Board lot size:
500 shares

Shares outstanding as at 31 December 2014
3,420,420,250 shares

Market capitalization as at 31 December 2014
HK$3,523 million (approximately US$455 million)

Investor Relations Contact

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www.irasia.com/listco/hk/bracell

FINANCIAL HIGHLIGHTS

Year ended 31 December US$ Million	2014[2]	2013[3] (Restated)	Change
Continuing operations[1]			
Revenue	479	456	5%
Cost of sales	300	285	5%
Gross profit	179	170	5%
Gross profit margin	37%	37%	
EBITDA[4]	200	177	13%
EBITDA margin	42%	39%	
Profit before income tax	55	36	54%
Profit from continuing operations	15	30	(49)%
Discontinued operations[1]			
EBITDA[4]	45	29	56%
EBITDA margin[5]	8%	9%	
(Loss)/profit before income tax and gain on disposal of the Sale Companies	(3)	6	(150)%
Profit from discontinued operations	24	7	223%
Profit attributable to shareholders	37	33	12%
Earnings per share (US cents)	1.1	1.0	10%
Dividend per share (HK dollars)	1.425	0.025	
– Special dividend per share declared and paid (HK dollars)	1.40	–	
– Proposed final dividend per share (HK cents)	2.5	2.5	

As at 31 December US$ Million	2014	2013[6]	Change
Total assets	1,578	2,577	(39)%
Total liabilities	492	819	(40)%
Net assets	1,086	1,758	(38)%
Total debt	376	666	(44)%
Bank balances and cash	101	166	(39)%
Net debt	275	500	(45)%
Current ratio	1.7x	2.4x	
Net gearing[7]	25%	28%	

Notes:

(1) Continuing operations refer to the dissolving wood pulp business of the Group and discontinued operations refer to the viscose staple fiber business of the Group which was disposed of in December 2014.

(2) The financials of the continuing operations for the year ended 31 December 2014 include the sales of dissolving wood pulp to third parties as well as to the discontinued operations.

(3) The financials of the continuing operations for the year ended 31 December 2013 were restated to include the sales of dissolving wood pulp to third parties as well as to the discontinued operations.

(4) EBITDA is calculated as profit before income tax, finance costs, depreciation, amortization of intangible assets, changes in the value of forestation and reforestation assets and gain on disposal of the Sale Companies, if any.

(5) EBITDA margin of the discontinued operations was calculated using the revenue of the discontinued operations, without any elimination, as the denominator.

(6) The financial position in 2013 included the viscose staple fiber business prior to its disposal.

(7) Net gearing is calculated by dividing (i) net debt by (ii) total equity (including non-controlling interests).

CHAIRMAN'S STATEMENT

John Jeffrey YING
Chairman

During 2014, we experienced a watershed year by substantially realigning our strategic focus to concentrate only on our higher margin business, the dissolving wood pulp operations centered in Brazil. Our viscose staple fiber business based in China had experienced very challenging market conditions and declining prices since 2011, and I am pleased to note that with its sale at an enterprise value of US$858 million, we were able to crystalize and unlock value for all shareholders – previously unreflected in the Company's stock price – with a special dividend of HK$1.40 per share. We are now able to fully benefit from a leading market position in a higher margin business with a simpler and streamlined business model that will be easier for investors to understand and value. As part of a rebranding initiative, the Company has been renamed Bracell Limited.

Bracell Limited ("Bracell") is a leading global pure-play specialty cellulose producer, owning over 150,000 hectares (370,000 acres) of freehold timberland and a modern dissolving wood pulp ("DWP") mill with an annual design capacity of 485,000 metric tons. Our state-of-the-art mill is capable of producing both rayon-grades and specialty-grades of DWP, the natural raw material and key ingredient in a very wide range of everyday consumer items, including mass-market and designer textiles, baby wipes, specialty filters, sunglass frames, cosmetics, sausage casings and pharmaceutical products. We are currently the world's third largest DWP producer as well as the second largest specialty-grade DWP producer in terms of potential production capacity. Backed by the secure raw materials supply from our own plantations, Bracell will continue to improve our product quality and reliability to meet the stringent customer specifications of our specialty customers. We remain focused on further penetrating the specialty cellulose market and becoming a leading global player in the specialty-grade DWP segment.

As part of the divestiture of the viscose staple fiber ("VSF") business, the Company entered into a three-year pulp off-take agreement to sell all of our rayon-grade DWP at prevailing market prices to the acquirer. By providing certainty, this contract will allow us to optimize the capacity utilization of our operations, leading to economies of scale and better cost control, and to focus all of our efforts on increasing the production and sale of specialty-grade DWP.

Despite a challenging environment in 2014, Bracell achieved higher production and sales volumes for both rayon-grade and specialty-grade DWP, offsetting the impact from flat average selling prices of our rayon-grade and lower average selling prices of our specialty-grade DWP from the previous year. Our revenues from continuing operations increased by 5% to US$479 million from US$456 million in 2013. By continuing to focus on operational efficiencies, we maintained our cost of sales as a percentage of revenue at a similar level as the previous year, resulting in our EBITDA margin increasing to 42% from 39% in 2013 and our gross profit margin remaining stable at 37%. As a note on our divested VSF business, the EBITDA margin decreased to 8% from 9% in 2013 and gross profit margin fell to 7% from 14% in 2013.

The depreciation of the Brazilian Reais in 2014 resulted in adverse non-cash impacts arising from fair value adjustments to our forestation assets, deferred income tax assets and Brazilian Reais denominated monetary assets. Balancing these losses was the gain realized by the divestiture of the VSF business, with the net result of profit attributable to shareholders increasing by 12% to US$37 million from US$33 million.

We continued to manage our balance sheet in a conservative manner, and our balance sheet remains healthy after the disposal of the VSF business. At 31 December 2014, the Company had US$101 million of cash and cash equivalents and net debt of US$275 million, compared with US$166 million and US$500 million, respectively, at the end of 2013.

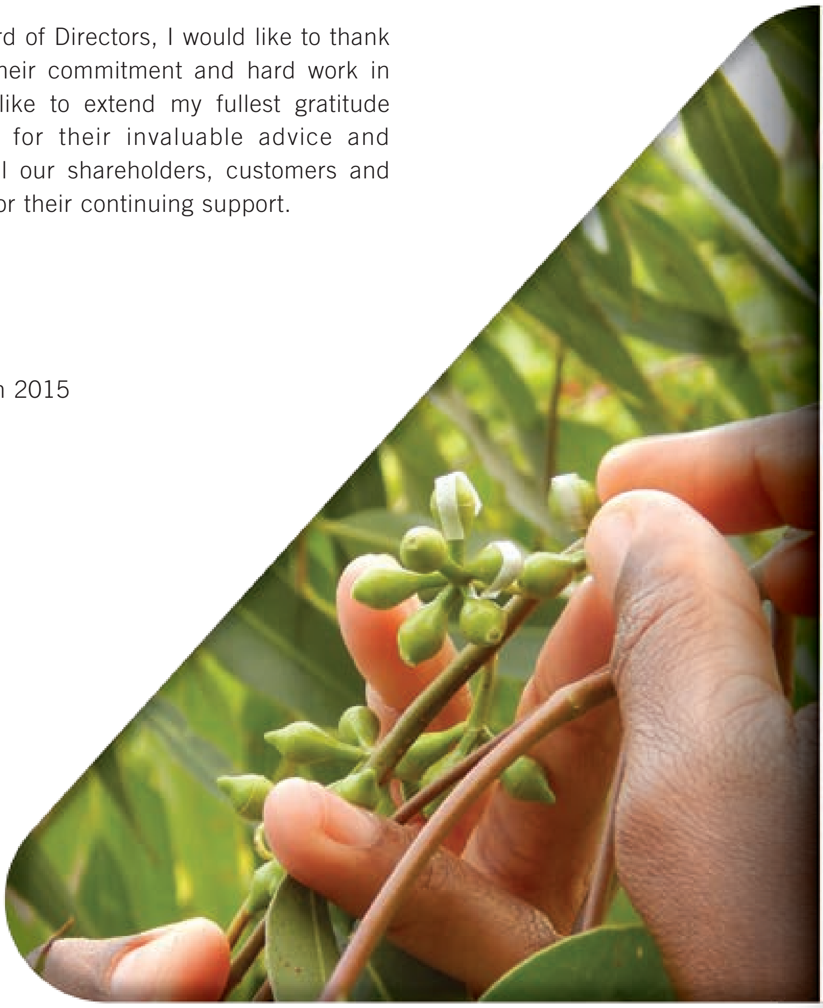
At Bracell, we remain focused on human resources as a cornerstone of our future success and increasing the breadth and depth of our team by seeking talent. Building on the different perspectives, complementary experiences and skill sets each individual brings to us, we believe an investment in people is critical for us to become a world-class company.

The Board of Directors continues to strive towards global best practices in our corporate governance and sustainability efforts in order to best serve the collective interests of all shareholders and stakeholders. We are pleased that our achievements in corporate governance continue to be recognized by the market with the conferral of additional awards during 2014.

Looking ahead, we expect the rayon-grade DWP market to remain challenging, while the specialty-grade DWP market is projected to experience limited demand and pricing growth in the short term. Given the high barriers of entry into the specialty-grade market, we remain confident in the long-term attractiveness of our business model, are committed to further increasing the sales of our specialty products and focused on improving the efficiency and cost competitiveness of our operations.

After considering our earnings, cash position and future financial needs, I am pleased to report that the Board of Directors has recommended the payment of a final dividend of HK2.5 cents per share for the year ended 31 December 2014.

On behalf of the Board of Directors, I would like to thank all Bracell staff for their commitment and hard work in 2014. I also would like to extend my fullest gratitude to all the Directors for their invaluable advice and assistance, and to all our shareholders, customers and business associates for their continuing support.



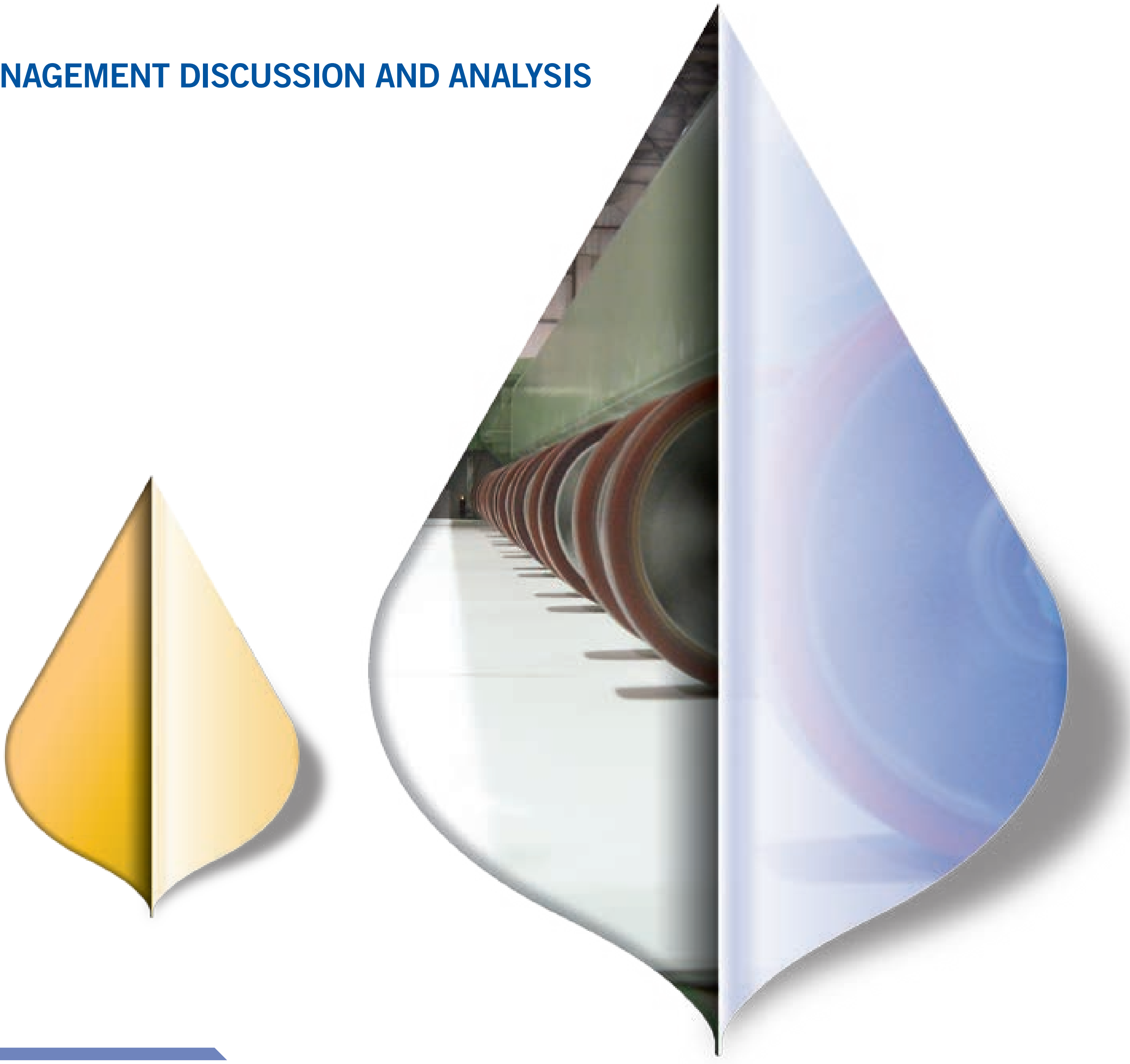
John Jeffrey YING
Chairman
Hong Kong, 16 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's focus is to continue to penetrate into the specialty-grade pulp segment in view of its superior positioning within the value chain.

The Group's integrated forestry and mill operation in Brazil supports its ongoing commitment to continuously enhance product quality and consistently offer reliable products to meet stringent customer specifications.

MANAGEMENT DISCUSSION AND ANALYSIS



Bracell Limited is now a leading global pure-play dissolving wood pulp ("DWP") producer. The continuing operations of the Group comprise the production and sale of both specialty-grade and rayon-grade dissolving wood pulp at its Bahia Specialty Cellulose ("BSC") plant in Brazil using wood resources grown from its own eucalyptus plantations.

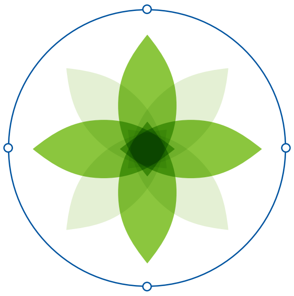
Business Review

Following completion of the disposal of its viscose staple fiber ("VSF") business in December 2014, the Group is now a leading global pure-play dissolving wood pulp ("DWP") producer. The continuing operations of the Group comprise the production and sale of both specialty-grade and rayon-grade dissolving wood pulp at its Bahia Specialty Cellulose ("BSC") plant in Brazil using wood resources grown from its own eucalyptus plantations.

In 2014, the sales volume of the Group's rayon-grade DWP increased by 8% and the bulk was sold to the disposed VSF plants in Fujian and Jiangxi, China, observing the price undertaking accepted by the Ministry of Commerce ("MOFCOM") of China in April 2014. During the year, the market conditions for rayon-grade DWP remained challenging despite a slight increase in demand. There was continued excess capacity in the market and its downstream products, namely VSF, faced pricing pressure from competing fibers that experienced a significant drop in prices. As a result, rayon-grade DWP spot prices were near US$800 per metric ton at the end of 2014, compared with about US$900 per metric ton a year ago.

As the world's second largest specialty-grade DWP producer in terms of potential production capacity and backed by its own eucalyptus plantations, the Group will continue to further penetrate the specialty-grade DWP segment by improving its product quality according to stringent customer specifications.

For specialty-grade DWP, the Group continued its ongoing strategy to further penetrate into this segment. Sales volume for this segment increased by 7% compared to last year. Since a major industry player added significant capacity in the second half of 2013, the specialty-grade DWP segment has begun to face a short-term oversupply situation. Competitors have reacted to the market situation with more aggressive pricing strategies in order to maintain their market shares. Thus, product prices in this segment also faced pressure during the year.



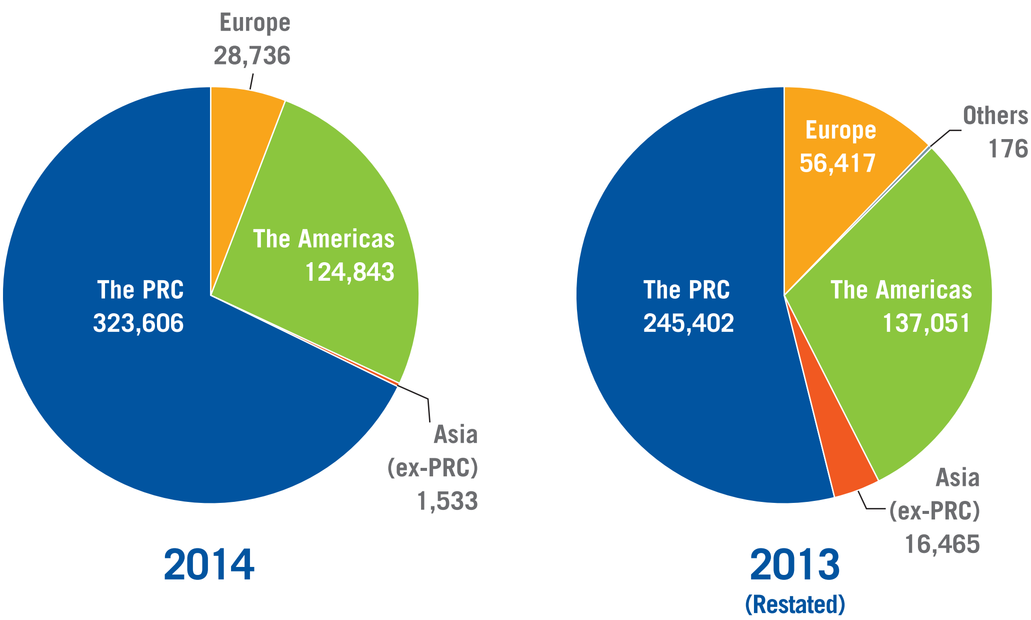
In 2014, the average selling price ("ASP") of the Group's rayon-grade DWP remained flat while the ASP of the Group's specialty-grade DWP was 9% lower than that in 2013. Despite the ASP trends, the higher sales volumes of both rayon-grade and specialty-grade DWP during the year resulted in a 5% increase in the revenue of the Group's continuing operations to US$479 million. Cost of sales as a percentage of revenue was maintained at a similar level as in last year, and therefore the gross profit also increased by 5% to US$179 million with a gross margin of 37%.

The selling, general and administrative expenses of the Group's continuing operations declined notably by 11% during the year, reflecting a decrease in logistic costs and the Group's efforts on cost saving. The EBITDA of the Group's continuing operations increased by 13% to US$200 million, with an EBITDA margin of 42%. The profit before income tax of the Group's continuing operations also increased by 54% to US$55 million.

While the Group's continuing operations recorded higher revenue, gross profit, EBITDA, EBITDA margin and profit before income tax in 2014, as compared to 2013, profit from continuing operations dropped by 49% to US$15 million. This is mainly due to deferred income tax assets write-offs of US$26 million during the year that had no cash impact and was non-recurring.

Also, in 2014, there was an adverse non-cash impact of US$21 million arising from fair value adjustments relating to forestation assets in Brazil mainly as a result of the depreciation of the Brazilian Reais against the US Dollar. There was an adverse non-cash impact of US$22 million of a similar nature in 2013. Furthermore, the depreciation of the Brazilian Reais against the US Dollar during 2014 and 2013 had a negative impact on the deferred income tax assets as well as the Brazilian Reais denominated monetary assets of the Group, resulting in a negative non-cash impact on both its profit before and after income tax from continuing operations for both years.

Revenue of Continuing Operations by Geographical Markets
US$'000



Before including the gain on disposal of the VSF business, the discontinued VSF business registered a loss of US$3 million before income tax for the period from 1 January 2014 up to its disposal by the Group while it registered a profit of US$6 million before income tax in 2013. The profit for the year from discontinued operations was US$24 million in 2014, after including the gain on the disposal of the VSF business of US$36 million and related tax provisions.

The Group's profit attributable to shareholders for 2014 increased by 12% to US$37 million as the negative non-cash impacts of deferred income tax assets write-offs and tax provisions mentioned above were more than offset by the positive impact of a gain on the disposal of the VSF business.

On 4 April 2014, MOFCOM of China announced its final ruling that the antidumping duties were imposed on dissolving pulp products manufactured in the United States of America, Canada and Brazil, which meet the specifications set out in the final ruling, with effect from 6 April 2014 for a period of five years. At the same time, MOFCOM of China accepted the price undertaking proposed by BSC in respect of its dissolving pulp products to be sold into China.

On 17 December 2014, the Group completed the disposal of its VSF business in China to a company controlled by the ultimate controlling shareholder of the Company at a final consideration of US$591 million as well as other transactions set out in the circular issued by the Company on 19 November 2014. Following completion of the disposal, a special dividend of HK$1.40 per share was distributed to all shareholders.

In January 2015, the Company was renamed Bracell Limited as part of a corporate rebranding initiative following the disposal of its VSF business.

DWP Business

Year ended 31 December	2014	2013 (Restated)	Change
Production volume[1] (metric tons)	**435,589**	413,589	5%
Sales volume[2] (metric tons)	**449,037**	415,110	8%
ASP[2] (US$/metric ton)	**1,066**	1,097	(3)%
Revenue[2] (US$'000)	**478,718**	455,511	5%
Gross profit (US$'000)	**178,773**	170,066	5%
Gross profit margin (%)	**37%**	37%	
EBITDA[3] (US$'000)	**207,976**	176,965	18%
EBITDA margin (%)	**43%**	39%	

Notes:

(1) Production volume represents total production volume of the DWP business.

(2) The above segment information on the DWP business of the Group for 2014 includes the sale of DWP to third parties as well as to the two disposed VSF plants in Fujian and Jiangxi, China. Information for 2013 has been restated to conform to the current year's presentation.

(3) The segment EBITDA above does not include unallocated items, as set out in note 5(b) entitled "Segment Information" in the notes to the consolidated financial statements, which were included in the EBITDA of the Group's continuing operations.

The Group's DWP business segment results comprise rayon-grade pulp and specialty-grade pulp sold to third parties as well as rayon-grade pulp to the two disposed VSF plants in Fujian and Jiangxi, China.

Production volume increased by 5% to 435,589 metric tons, while sales volume increased by 8% to 449,037 metric tons in 2014.

Rayon-grade pulp

Rayon-grade pulp is the principal raw material ingredient used for the production of VSF. China is the largest rayon-grade pulp market by demand, according to Hawkins Wright (an independent consultancy providing market intelligence and business information relating to international forest products) and China Chemical Fibers and Textiles Consultancy ("CCF").

Demand for rayon-grade pulp grew steadily in 2014. Current global demand for rayon-grade pulp is approximately 4.9 million metric tons annually with growth mainly recorded in China. Such demand is expected to grow at approximately 5% per annum from 2013 to 2018, according to Hawkins Wright. However, abundant supply and weak downstream product pricing kept rayon-grade DWP prices under pressure in 2014. Spot market prices dropped to near US$800 per metric ton at the end of 2014, compared with about US$900 per metric ton at the end of 2013, and a record high of approximately US$2,600 per metric ton in the first quarter of 2011.

In 2014, the Group sold 335,604 metric tons of rayon-grade pulp, an increase of 8% from last year. This comprises sales to third parties as well as sales to the two disposed VSF plants in Fujian and Jiangxi, China.

With effect from 1 January 2015, under a three-year pulp supply agreement approved by independent shareholders in December 2014, the Group supplies rayon-grade DWP produced by BSC only to a company controlled by the ultimate controlling shareholder of the Company. Such arrangement gives the Group certainty on its sales of rayon-grade DWP at prevailing open market spot prices. This enables the Group to focus its efforts on the production and sale of specialty-grade DWP, with a view that all rayon-grade DWP produced by BSC will be contractually purchased in its entirety under the pulp supply agreement. This arrangement also provides BSC with certainty on the capacity utilization of its mill in Brazil by ensuring it is operating at the optimal level, thereby allowing economies of scale and better cost control.

Specialty-grade pulp

Specialty-grade pulp is the natural key ingredient of a wide array of everyday use consumer products. The Group's products are manufactured to a high degree of purity, and are mostly used for applications such as acetate for cigarette filters and eyeglass frames, and pharmaceutical tablets and tire cords.

Total global demand for specialty grades is currently approximately 1.5 million metric tons annually, and is estimated to grow at approximately 3% per year from 2013 to 2018, according to Hawkins Wright. Barriers of entry into this market are high owing to the advanced technological know-how required for the production of high purity products, stringent customer specifications and long product qualification cycles.

As such, the market prices of the specialty-grade pulp trended upward at above 6% compound annual growth rate ("CAGR") in the past decade. However, product prices faced downward pressure during 2014 as one of the major industry players added significant capacity in the second half of 2013, and competitors adopted more aggressive pricing strategies to maintain their market share.

Despite a more competitive backdrop in 2014, the Group increased its penetration into the specialty-grade pulp market. The Group sold 113,433 metric tons of specialty-grade DWP during the year, representing a 7% increase from 2013. As the Group continues to improve product quality according to stringent customer specifications, it is in a good position to make further progress in penetrating this market segment going forward.

VSF Business

Year ended 31 December	2014[2]	2013 (Restated)	Change
Production volume (metric tons)	**325,723**	181,858	79%
Sales volume (metric tons)	**316,541**	180,515	75%
ASP (US$/metric ton)	**1,671**	1,848	(10)%
Revenue (US$'000)	**529,060**	333,569	59%
Gross profit[1] (US$'000)	**38,670**	46,028	(16)%
Gross profit margin (%)	**7%**	14%	
EBITDA[1][3] (US$'000)	**45,226**	35,015	29%
EBITDA margin (%)	**9%**	10%	

Notes:

(1) The costs of the rayon-grade pulp used by the VSF manufacturing operations are based on the pulp prices paid by the two disposed VSF plants in Fujian and Jiangxi, China. Information for 2013 has been restated to conform with the current year's presentation.

(2) The 2014 segment information represents information on the VSF business up to its disposal by the Group.

(3) The segment EBITDA does not include elimination items, as set out in note 5(b) entitled "Segment Information" in the notes to the consolidated financial statements, which were included in the EBITDA of the Group's discontinued operations.

VSF, produced from rayon-grade pulp, is a high purity, highly absorbent and biodegradable material typically used in a variety of textile products to enhance comfort and add a silky touch and colour brilliance, and other non-woven products.

The expanding consumer market in China makes it both the largest producer and consumer of VSF in the world, according to CCF. Global demand for VSF has grown by approximately 8% annually and by more than 10% per annum in China in the past decade according to Fiber Organon (a statistical journal published by Fiber Economics Bureau in the United States).

Even though demand for VSF continued to expand, its product prices continued to decline during the year driven by abundant supply, slower economic growth in China, and a weak pricing environment of competing fibers. Spot prices of VSF fell to approximately US$1,600 per metric ton at the end of 2014, compared with approximately US$1,750 per metric ton a year ago, and a record high of approximately US$3,700 per metric ton in the first quarter of 2011. The Group's ASP for VSF declined by 10% to US$1,671 per metric ton during the year.

The disposed VSF plant in Fujian, China, with an annual design capacity of 200,000 metric tons, commenced production in December 2013. Therefore, the production and sales volumes of the VSF business in 2014 increased by 79% and 75% to 325,723 metric tons and 316,541 metric tons respectively. The disposed Jiangxi VSF plant produced 170,153 metric tons, which is above its design capacity, while the disposed Fujian VSF plant produced 155,570 metric tons.

Despite the significant increase in sales volume and a slight improvement in the cost of sales per metric ton in 2014, the decline in the ASP of VSF resulted in the segment gross profit dropping by 16% to US$39 million while the segment EBITDA improved by 29% to US$45 million.

In December 2014, the Group completed the disposal of its VSF business in China to a company controlled by the ultimate controlling shareholder of the Company.

Future Development Plan

Following the disposal, the Group is now a leading global pure-play specialty cellulose producer. The Group's main facility of BSC in Brazil is the third largest DWP producer in the world with an annual production capacity of 485,000 metric tons. In addition to its state-of-the-art production facilities, the Group also owns over 150,000 hectares of freehold timberland in Brazil, which fully meets all the wood requirements of the BSC facility.

The Group's entry into the pulp supply agreement to sell its rayon-grade DWP only to a single customer in the next three years enables the Group's BSC mill to operate at the optimal level and achieve greater operational efficiency. Also, this arrangement allows the Group to focus its efforts on shifting its product mix further towards the specialty-grade DWP segment, particularly in the acetates, in view of its lower level of pricing volatility and superior positioning within the value chain.

As the world's second largest specialty-grade DWP producer in terms of potential production capacity and backed by its own eucalyptus plantations, the Group will continue to further penetrate the specialty-grade DWP segment by improving its product quality according to stringent customer specifications.

The Group will also continue to explore the feasibility of further greenfield or brownfield expansions and/or acquisition opportunities if they meet the Group's stringent strategic and financial return targets.

Outlook

The rayon-grade DWP market is expected to remain challenging in view of the oversupply and the weak downstream product pricing situation. The Group will focus relentlessly on the efficiency of its operations in order to maintain its cost competitiveness in the production of rayon-grade DWP. This will enable the Group to protect its margins in this segment.

On the specialty-grade front, the slower growth in demand for acetate and the temporary inventory destocking of both acetate pulp and acetate tow mean that the demand of this segment will see limited growth in the near future. This, coupled with the current abundant supply situation, will likely cap prices in the short term. Nonetheless, barriers of entry into the specialty-grade market remain high owing to the advanced technological know-how required, stringent customer specifications and long product qualification cycles. Such specialized product nature and the inherently higher production costs of specialty-grade DWP also mean that the pricing downside of this segment is much more limited, compared with rayon-grade DWP.

Bracell is currently the world's second largest specialty-grade DWP producer in terms of potential production capacity. The Group's integrated operations in Brazil – from its wood plantations to state-of-the-art production facility – support its ongoing commitment to continuously enhance product quality and consistently offer reliable products to meet stringent customer specifications. The Group is confident of the long-term attractiveness of the specialty-grade DWP segment and is fully committed to further penetrating and increasing its market share in this segment.

The Group will also constantly strive to sustain all its operations with improved efficiency at a competitive cost level. The above, together with its conservative cash flow management and strong balance sheet management, means that the Group is poised to grow further in future and to deliver attractive long-term shareholder value.

Financial Review

Consolidated Results

The Group's revenue from continuing operations increased by 5% to US$479 million for the year ended 31 December 2014 from US$456 million in 2013 due to the increased sales volumes. Cost of sales as a percentage of revenue was maintained at a similar level as last year, gross profit therefore increased by 5% to US$179 million with a gross margin of 37%. The EBITDA of the Group's continuing operations also improved by 13% to US$200 million with an EBITDA margin of 42%.

After taking into account deferred income tax assets write-offs, profit from continuing operations for 2014 was US$15 million, representing a decrease of 49% from 2013. Including the profit for the year from discontinued operations which was boosted by the gain on disposal of the VSF business, profit attributable to shareholders increased by 12% to US$37 million, earnings per share increased by 10% to US1.1 cents from US1.0 cent in 2013.

Cost of Sales

Cost of sales of the continuing operations primarily consists of the cost of planting and harvesting wood, chemicals and conversion costs including energy, labor costs and depreciation.

The Group's cost of sales of the continuing operations increased by 5% to US$300 million for the year ended 31 December 2014, in line with the rise in revenue.

Other Income Statement Items

Selling and Distribution and Administrative Expenses

Selling and distribution expenses of the continuing operations decreased by 11% to US$41 million for the year ended 31 December 2014, from US$47 million in 2013, mainly due to a decrease in logistic costs. As a result of the Group's cost saving measures, administrative expenses of the continuing operations also dropped by 10% to US$45 million during the year.

Changes in Fair Value of Forestation and Reforestation Assets

Fair value of forestation and reforestation assets is estimated using a discounted cash flow model with reference to estimates in growth, harvest, sales prices and costs. The volume of forest harvested and recoverable as estimated by the Group is based on statistical information and data obtained from physical measurements and other information gathering techniques.

The Group assumes a six-year harvest cycle of trees within this model. Such information gathered and data used requires, to a certain extent, estimates and judgments in determining the amount of forest to be harvested and recoverable in the future. If future expectations at any given period end differ from original estimates, the difference will impact the carrying amount of such forestation and reforestation assets in the balance sheet, and be taken in the consolidated income statement in the period.

Revaluation of the Group's forestation and reforestation assets is conducted semi-annually at each reporting date. The Group recognized a decrease in fair value of forestation and reforestation assets of US$21 million in 2014, and there was a similar decrease in fair value of US$22 million in 2013, due primarily to the prevailing exchange rates of the Brazilian Reais against the US Dollar at the respective year ends. The exchange rate between Brazilian Reais and US Dollar depreciated from US$1.00:BRL2.34 as at 31 December 2013 to US$1.00:BRL2.66 as at 31 December 2014.

Finance Costs

The Group's finance costs of the continuing operations decreased from US$31 million in 2013 to US$24 million in 2014 mainly because of one-off expenses in 2013 arising from the drawdown of the term loan tranche of the senior secured trade facility.

Changes in Fair Value of Derivative Financial Instruments

The Group manages its interest rate risk through the use of interest rate swaps ("IRS"). Since 2010, the Group adopted hedge accounting for its IRS under International Accounting Standard 39 whereby (i) the changes in fair value of IRS are recorded in the consolidated statement of comprehensive income, and (ii) the gain/loss on settlement of IRS are included in finance costs.

The Group mitigates the currency fluctuations affecting its operations mainly through a hedging program using plain vanilla non-deliverable forward contracts. Effective from 1 July 2012, the Group adopted hedge accounting for its currency hedging risk management program under International Accounting Standard 39 whereby (i) the changes in fair value of derivative financial instruments are recorded in the consolidated statement of comprehensive income, and (ii) the gain/loss on settlement of derivative financial instruments are mainly included in the cost of sales.

For the year ended 31 December 2014, the decrease in fair value of currency derivative financial instruments and IRS amounted to US$2 million. Following the adoption of hedge accounting, this amount is recorded in the consolidated statement of comprehensive income, under the line item "unrealized loss on cash flow hedge".

Capital Expenditure

The Group continued to exercise careful control over capital expenditure and to constrain expenditure as appropriate during the year.

Overall, the Group's continuing operations incurred US$92 million in capital expenditure for the year ended 31 December 2014, compared to US$64 million in 2013. The capital expenditure includes US$43 million spent on forestation and reforestation assets in Brazil and US$49 million on other capital expenditure.

Charge on Assets

As at 31 December 2014, certain assets of the Group with an aggregate carrying value of US$829 million (2013: US$1,073 million) were pledged with banks for banking facilities used by our subsidiaries.

Cash Flow, Liquidity and Financial Position

The Group continues to be adequately capitalized and fully capable of funding its foreseeable capital expenditure requirements with cash flows from operating activities and banking facilities.

As at 31 December 2014, the Group's bank balances and cash amounted to US$101 million, compared with US$166 million as at 31 December 2013. Net debt as at 31 December 2014 amounted to US$275 million, compared with US$500 million as at 31 December 2013. The Group's net gearing ratio (which is calculated by dividing (i) long-term and short-term borrowings minus bank balances and cash by (ii) total equity (including non-controlling interests)) was 25% as at 31 December 2014, compared to 28% as at 31 December 2013.

As at 31 December 2014, the Group had total banking facilities available for draw-down of US$154 million.

Net cash from operating activities of the continuing operations improved to US$190 million in 2014 (2013: US$142 million).

Treasury Policies and Risk Management

The Group has a prudent approach towards treasury management and risk management. Most of the Group's receipts from its continuing operations are in US Dollars. Its main costs are denominated in Brazilian Reais where it has its main production facilities. As stated above, its approach to currency risk is to mitigate the currency fluctuations affecting its operations mainly through non-deliverable forward contracts. The Group does not issue any put options.

The cash of the Group's continuing operations is generally placed in short term deposits denominated in US Dollars. Most of its borrowings are in US Dollars and largely carry floating interest rates and the Group has entered into interest rate swap agreements to swap part of its floating interest rate borrowing for fixed interest rate to mitigate potential increases in future interest rates.

Events After Balance Sheet Date

Effective from 1 January 2015 for a term of three years, pursuant to a pulp supply agreement, a subsidiary of the Group supplies all its rayon-grade pulp to a subsidiary of the Group's controlling shareholder, for use in the production of VSF.

In January 2015, the Company was renamed Bracell Limited as part of a corporate rebranding initiative following the disposal of its VSF business.

Bracell recognizes the long-term importance of our operations to the society, the economy and the environment. Our goal is to maintain a mutually beneficial relationship with our stakeholders and the environment to achieve sustainable success of our community.

Environment

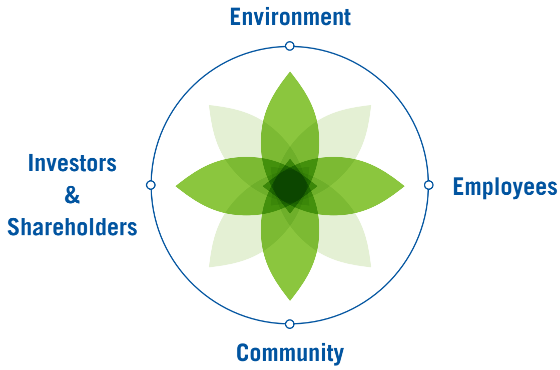
We are committed to preserving and protecting the environment in every aspect of our operation. Besides conducting our operations in a manner that will comply with the applicable laws and regulations in each jurisdiction that we operate in, we implement best practices standards throughout our business.

In Brazil, approximately 40% of the Group's forest areas are occupied by native vegetation among areas of permanent preservation, legal reserve and other areas. These areas are interspaced with the eucalyptus plantations forming a 91-kilometer ecological corridor. The Group employs the most advanced eco-friendly cultivation techniques, namely the "Mosaic plantation concept", which arranges harvesting and transport to increase water retention and soil fertility while minimizing soil erosion and wood wastage. This concept also promotes the interspersing eucalyptus plantations with natural forest reserves to maintain natural flora and fauna biodiversity. We operate our own nursery to cultivate eucalyptus seedlings that are done without any genetic modification techniques, and these are used for replanting our woodlands. The Group also has a strict 'No Burn' policy in our forestry operations.

The Bahia Specialty Cellulose ("BSC") mill incorporates state-of-the-art design and the latest chemical recovery system which recovers and recycles up to 95% of the chemicals used in the manufacturing process, as well as increases energy efficiency so that the Group becomes less dependent on fossil fuel. As a result, we produce excess electricity, which are sold to national power grids.

To minimize the impact of waste discharged from our plants, we have installed facilities and implemented procedures to carefully treat all the waste discharged during our production processes in Brazil. These processes are constantly monitored and regularly checked to ensure that all the national standards are met and impact to the environment is minimized.

Throughout our operations, the Group has actively participated in environmental education. In the past year, we have organized several programs in Brazil for students, teachers and community residents geared towards raising awareness and training to promote preservation and restoration of degraded areas and springs in forests.



BSC obtained the Cerflor-NBR14789 (Forest Management) and Cerflor-NBR14790 (Chain of Custody) certified by Programme for the Endorsement of Forest Certification ("PEFC"). Apart from that, BSC also obtained ISO14001 (Environmental Management) Certifications, and its manufacturing facilities are also ISO 9001 certified.

Investors & Shareholders

Bracell believes that communicating with investors and shareholders is very important and the Group seeks to provide them with timely and accurate disclosures.

The Group maintains continuous communications with shareholders, analysts and the media, ensuring fair disclosure through regular meetings, conference calls, and other investor events. Through our investor relations websites, (www.brazilcellulose.com and www.irasia.com/listco/hk/bracell) investors and shareholders can access Bracell's annual and interim reports, announcements, and news releases. Bracell values ongoing feedback from investors and shareholders, and makes all efforts to handle incoming enquiries and requests in a timely manner.

CORPORATE SOCIAL RESPONSIBILITY

During the year, the Group won awards in investor relations and corporate governance arenas. We were awarded "Best Investor Relations Company (China)" and "Asia's Outstanding Company on Corporate Governance (China)" from Corporate Governance Asia Magazine, as well as "The Excellence of Listed Enterprise Awards 2014" from Capital Weekly.

The Company considers the Annual General Meeting as an important opportunity for face-to-face communication between the Board and shareholders. The meeting provides a platform for Board members to address questions raised and to listen to the views of our shareholders.

Employees

Our sustainability relies on the growth of trees and people. People are one of the most important assets of Bracell. As at 31 December 2014, the Group had 1,367 employees in total, which were all employed by the Group's continuing operations.

Remuneration packages, including basic salaries, bonuses and benefits-in-kind are structured with reference to market terms and individual merit and are reviewed annually. In August 2014, the Company granted restricted share units to key employees as part of a broader incentive plan.

The Group remained committed to staff development throughout the year. Its employees attended various external courses and in-house training programs to improve employee competencies and productivity.

Community

Wherever we operate, Bracell places top priority to actively maintain our social responsibility to the local communities. This is demonstrated by our partnerships and cooperative programs with local residents, government bodies and non-governmental organizations, all established with the goal to engage stakeholders and improve livelihoods of the residents in these communities.

In Brazil, the Group has established the Community Planting Program since 2006 where it provides for the cultivation of eucalyptus by small rural landowners on their properties, with a commitment to sell the wood back to the Group. The aim is to plant up to 20,000 hectares of farm trees over the next six years and to date, approximately 7,800 hectares have been planted with eucalyptus trees, providing a source of income to over 110 families under this program.

The Group established the Piassava Program in Brazil a few years ago and it has been renamed the "Fibers of the Land" to reach rural communities of Entre Rios and Mata de São João municipalities and also to Itanagra and Araçãs. It has helped 250 families to generate additional income from the sales of handicrafts from sustainable extraction of fibers. In addition, the Group also established the Swallows Project and through which, it helped 40 local women in rural communities to generate income while they made uniforms for the Group's mill workers.

In addition, the Group's forestry operation has cooperation contracts with beekeepers to install beehives in certain areas of our land to extract honey. Known as the Beekeeper Program, it is a partnership with the Beekeepers' Associations operating in the North Forest District of Bahia that supports approximately 330 partner beekeepers living there.

To step up our support to meeting the growing needs of the community in Bahia, Brazil, the Group's environmental education project developed activities that focused on raising awareness on the conservation of the riparian forest, protection of water sources, and waste treatment and disposal. 74 teachers from 3 municipalities were trained during the year.

Working with Chapada Institute of Education and Research, the Pedagogical Guidance project provided qualified pedagogical guidance to teachers, in order to strengthen class practice and to improve students' learning results. 8,000 students have benefited from the program during the year.

Going forward, Bracell will continue to actively support the local community and partner with local government bodies and schools on initiatives to benefit the community.

BOARD OF DIRECTORS

John Jeffrey YING, 52, has been the chairman and an independent non-executive Director of the Company since October 2010. He is also the chairman of the executive committee (the "Executive Committee") and the independent board committee (the "Independent Board Committee") and a member of the remuneration committee (the "Remuneration Committee") of the Company. Mr. Ying is the founder and managing director of Peak Capital, a private investment firm formed in 1999 that invests in growth and expansion capital transactions in the Greater China region. He is a non-executive director of Tai Ping Carpets International Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). From 2008 to 2009, Mr. Ying concurrently served as a managing director of Arctic Capital Limited, a private equity firm, where he was responsible for managing investments in North Asia. He served as a managing director in Asia of The Carlyle Group, a private global investment firm, in Hong Kong from 1998 to 1999, where he was responsible for managing investments in China and Thailand. He also worked at Merrill Lynch & Co. from 1984 to 1986 and from 1989 to 1998, and his last position held was as a director in investment banking. Mr. Ying sits on the board of several not-for-profit organizations, including the chairman of Asian Republican Coalition, the chairman emeritus of The Hong Kong Ballet and a director emeritus of the Graduate Executive Board of The Wharton School. Mr. Ying received both a master of business administration degree in finance from The Wharton School and a master of arts degree in international studies from the University of Pennsylvania in 1989. He graduated from the Massachusetts Institute of Technology with a bachelor of science degree in electrical engineering in 1984.

TEY Wei Lin, 43, was appointed as the Chief Executive Officer of the Company with effect from 18 March 2014. He was appointed as a non-executive Director in June 2010 and subsequently re-designated as an executive Director of the Company in March 2012 and appointed as the Acting Chief Executive Officer of the Company in September 2012. He is also a member of the Executive Committee, the Remuneration Committee and the nomination committee (the "Nomination Committee") of the Company. Mr. Tey is the president of RGE Pte Ltd ("RGE"), a company which oversees a group of companies focused on resource-based manufacturing industries (the "RGE group of companies") and has held senior management positions with the RGE group of companies since 2001. He is a responsible officer (pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) of Pacific Eagle Asset Management Limited. From 1995 to 2000, Mr. Tey worked with GIC Real Estate, the real estate investment arm of the Government of Singapore Investment Corporation, and his last position with GIC Real Estate was vice president. Mr. Tey graduated with a first class honors bachelor of business administration degree from the National University of Singapore in 1996.

Jeffrey LAM Kin Fung, GBS, JP, 63, has been an independent non-executive Director of the Company since October 2010. He is also the chairman of the Remuneration Committee and a member of the Independent Board Committee. Mr. Lam has over 30 years of experience in the toy industry and is currently the managing director of Forward Winsome Industries Limited which is engaged in toy manufacturing. He serves as an independent non-executive director of several other companies listed on the Stock Exchange, namely China Overseas Grand Oceans Group Limited, Wynn Macau, Limited, CC Land Holdings Limited, Chow Tai Fook Jewellery Group Limited and Shougang Concord Technology Holdings Limited. He is a member of the National Committee of the Chinese People's Political Consultative Conference, a member of the Hong Kong Legislative Council, a non-official member of the Executive Council, the chairman of the Assessment Committee of the Mega Events Fund, a member of the board of Airport Authority Hong Kong cum chairman and director of Aviation Security Company Limited and a member of the Independent Commission Against Corruption Complaints Committee. Mr. Lam is also a council member of the Hong Kong Trade Development Council, a general committee member of the Hong Kong General Chamber of Commerce, the vice chairman of The Hong Kong Shippers' Council and a member of the Fight Crime Committee.

Mr. Lam was awarded the Young Industrialist Award of Hong Kong in 1989 and the Outstanding Award — Hong Kong Toy Industry in 1999. In 1996, Mr. Lam was appointed justice of the peace and became a member of the Most Excellent Order of the British Empire. He was awarded the Silver Bauhinia Star Award in 2004 and the Gold Bauhinia Star Award in 2011 respectively. Mr. Lam was conferred university fellow of Tufts University in the US and Hong Kong Polytechnic University in 1997 and in 2000 respectively. He received a bachelor's degree in mechanical engineering from Tufts University in 1974.

David YU Hon To, 66, has been an independent non-executive Director of the Company since October 2010. He is also the chairman of the audit committee (the "Audit Committee") and a member of the Nomination Committee and the Independent Board Committee. Mr. Yu has extensive experience in the fields of corporate finance, auditing and corporate management. He is the chairman of MCL Financial Group Ltd, a Hong Kong-based financial advisory and investment firm. He serves as an independent non-executive director of several other companies listed on the Stock Exchange, namely Great China Holdings Limited, Haier Electronics Group Co., Ltd., China Renewable Energy Investment Limited, Media Chinese International Limited, One Media Group Limited, Playmates Holdings Limited, Synergis Holdings Limited, China Resources Gas Group Limited, Keck Seng Investments (Hong Kong) Limited and New Century Asset Management Limited (as manager of New Century Real Estate Investment Trust). Mr. Yu obtained a bachelor's degree in social sciences from the Chinese University of Hong Kong in 1971. He is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants.

BOARD OF DIRECTORS

LIM Ah Doo, 65, has been an independent non-executive Director of the Company since March 2012. He is also the chairman of the Nomination Committee and a member of the Audit Committee and the Independent Board Committee. Mr. Lim has extensive experience as a former senior banker and corporate executive. He is currently an independent director and chairman of the audit committee of U Mobile Sdn Bhd and a director, the chairman of the audit committee and a member of the remuneration committee of GDS Holdings Limited. Mr. Lim is also on the board of several listed entities, acting as an independent director of SM Investments Corporation, a company listed on the Philippine Stock Exchange, and an independent director and chairman of the audit committees of each of Sembcorp Marine Ltd ("Sembcorp"), GP Industries Ltd ("GP Industries"), Linc Energy Limited ("Linc") and ARA-CWT Trust Management (Cache) Limited, trustee manager of listed Cache Logistics Trust. Shares of Sembcorp and GP Industries and units of Cache Logistics Trust are listed on the Stock Exchange of Singapore (the "Singapore Stock Exchange"). Shares of Linc are listed on the Singapore Stock Exchange and the OTCQX (USA). Mr. Lim is also a member of the Ethics Sub-Committee of the Public Accountants Oversight Committee, Singapore and an adjunct professor of Nanyang Business School, Nanyang Technological University in Singapore. During his 18 years with Morgan Grenfell, he held several key positions including chairing Morgan Grenfell (Asia) Limited. Mr. Lim obtained an honours degree in engineering from the Queen Mary College, University of London in 1971 and a master degree in business administration from the Cranfield School of Management, England in 1976.

LOW Weng Keong, 62, has been an independent non-executive Director of the Company since April 2013. He is also a member of the Audit Committee, the Remuneration Committee and the Independent Board Committee. Mr. Low has extensive experience in accounting, taxation and advisory services. He is currently an independent director of UOL Group Limited and Riverstone Holdings Limited, both of which are companies listed on the Singapore Stock Exchange. He is also a director of the Singapore Institute of Accredited Tax Professionals Limited, a director of the Confederation of Asian and Pacific Accountants, a former global president and chairman of CPA Australia Limited and a member of the Singapore Goods and Services Tax Board of Review. He was a former head of tax services as well as country managing partner and head of Ernst & Young Singapore from which firm he retired in 2005 after 19 years of service. Prior to that he was the far east area tax manager for Brown & Root Inc., a US Fortune 500 company. Mr. Low is a life member of CPA Australia, a fellow member of the Institute of Chartered Accountants in England & Wales and the Institute of Singapore Chartered Accountants, an associate member of the UK Chartered Institute of Taxation and an accredited tax advisor of the Singapore Institute of Accredited Tax Practitioners.

Armin MEYER, 65, was appointed as a non-executive Director of the Company with effect from 1 June 2014. Prior to this, he was an advisor to the Board of the Company from 1 June 2011 to 31 May 2014. Mr. Meyer has broad international corporate experience and is a qualified electrical engineer. He is currently an independent non-executive director and the deputy chairman of Amcor Limited, a company listed on the Australian Securities Exchange. He served as the chairman of the board and the chief executive officer of Ciba Ltd from 2001 to 2007 and as its chairman of the board from 2008 to 2009. From 1995 to 2000, Mr. Meyer was an executive vice president and a member of the group executive committee of ABB Ltd, a company listed on the stock exchanges of Zurich, Stockholm and New York. He was previously a director of Zurich Financial Services Ltd from 2001 to 2013 and a member of the executive committee and the foundation board of IMD International Institute for Management Development from 1999 to 2011. Mr. Meyer obtained a master's degree in electrical engineering in 1974 and a doctoral degree in science and technology in 1976, both from the Swiss Federal Institute of Technology.

SENIOR MANAGEMENT

Corporate

ANG Eugene, 46, has been the Vice President for Corporate Finance of the Group since 2007. Mr. Ang has extensive experience in finance, tax and banking. Prior to joining the Group in 2004, he was senior vice president at BNP Paribas. Mr. Ang graduated with a bachelor's degree in accountancy from National University of Singapore in 1992. He has been an associate member of Institute of Chartered Accountants in England and Wales since 1997 and a chartered financial analyst with the CFA Institute since 2001. (Note)

AU-YANG Peter, 54, has been the Chief Financial Officer of the Company since 2013. Mr. Au-Yang has over 17 years of experience in the investment banking industry in Asia and was an executive director and the chief operating officer of The Securities and Futures Commission between 2003 and 2006. Mr. Au-Yang graduated with a bachelor of science degree in business studies from University of Bradford in 1982 and a master of science degree in accounting and finance from the London School of Economics and Political Science in 1983.

DOHRN Peer, 52, has been the Vice President for Specialty-grade Pulp Sales of the Group since 2010 and he joined the Group in 2007. Prior to joining the Group, Mr. Dohrn was sales manager for Europe of Western Pulp Limited in Vancouver, Canada and Buckeye Technologies in Memphis, USA for over 10 years. Mr. Dohrn graduated with a diploma engineer degree from University of Technology in Dresden in 1989 and a master of business marketing degree from Free University of Berlin in 1996.

POON Wai Yip Ben, 51, has been the Senior Vice President for Commercial of the Group since 2012. Prior to joining the Group, Mr. Poon was Asia Pacific managing director for Cookson Electronic-Enthone division. Mr. Poon also spent 21 years at The Dow Chemical Company with his last position as global commercial vice president for MEGlobal. Mr. Poon graduated with a master of business administration degree from University of Louisiana at Monroe in 1988. He is a member of both Chartered Institute of Management Accountants and Hong Kong Institute of Certified Public Accountants.

SIM Sze Kuan, 50, has been the Vice President for Legal Affairs of the Group since 2012. Mr. Sim was previously the Acting Head, Legal for RGE Pte Ltd until 2011. Prior to then, Mr. Sim was a partner in private practice at Singapore law firm Khattar Wong and Partners from 1992 to 2000, and Director Legal with a Singapore venture capital fund, Bio-One Capital, from 2001 to 2008. He is a certified lawyer admitted in the jurisdictions of England and Wales, Singapore, Hong Kong and New York. Mr. Sim graduated with a LLB degree from the London School of Economics and Political Science in 1988.

SUN Yongning, 65, has been the Associate Director for Marketing of Rayon-grade Pulp and Viscose Staple Fiber of the Group since 2009 and he joined the Group in 2002. Mr. Sun has more than 40 years of experience in consultancy, sales and customer service in the viscose staple fiber industry. Mr. Sun graduated with a diploma in economics from Beijing Economic Management College in 1987. He has been the vice president of China Chemical Fiber Industry Association since 2009. (Note)

Brazil Operations

LEITE Marcelo, 57, has been the Deputy Managing Director of Bahia Specialty Cellulose since 2014 and he joined Bahia Specialty Cellulose in 2006. Prior to then, he held managerial roles in pulp process engineering and technology at Kvaerner Pulping Ltd., Jaakko Poyry Brasil, and Cia. Suzano de Papel e Celulose between 1985 and 2006. Mr. Leite graduated with a bachelor's degree in chemical engineering from São Paulo University in Brazil in 1980.

LINDBLOM Per, 49, has been the Managing Director of Bahia Specialty Cellulose since 2012. Mr. Lindblom worked for more than 10 years in Asia Pacific Resources International Limited, a member of the RGE group, with his last position as business unit head for Riau Pulp, one of the largest pulp mills in the world. Mr. Lindblom graduated with a master's degree in mechanical engineering from Lulea University in Sweden in 1990.

WEITZL Otto, 61, has been the Finance Director of Bahia Specialty Cellulose since 2012 and he joined the Group in 2007. He has more than 30 years of experience in finance and the viscose staple fiber industry. Prior to joining the Group, Mr. Weitzl was chief financial officer of TCG Unitech GmbH, a light metal component and module producer in Austria, from 2005 to 2006. Between 1973 and 2005, he worked at Lenzing AG as head of finance and treasury of the group and chief financial officer for various group entities.

China Operations

CHEN Xiaorong, 47, has been a General Manager of Sateri Jiangxi since 2012. Mr. Chen has more than 20 years of experience in manufacturing operations including more than 13 years of operation management experience in US companies. He was a quality manager of ABB Zhongshan for more than 4 years, a quality and operation system manager of Kohler Foshan for 3 years, and a plant director of PGI non-woven company for more than 6 years. Mr. Chen graduated with a bachelor of electric degree from Hunan University in 1992. He was certified for six-sigma black belt in 2002, with experience in six-sigma and lean manufacturing for cost saving. (Note)

WU Heping, 48, has been the Acting General Manager of Sateri Fujian since 2012 and he joined the Group in 2003. He has 26 years of experience in viscose area. Prior to joining the Group, he worked in Jiujiang Chemical Fibre Company. Mr. Wu graduated with a diploma from Zhongyuan University of Technology (formerly known as Zhengzhou Textile Institute) in 1989. (Note)

Note: Following completion of the disposal of the VSF business by the Group in December 2014, these members of the senior management team were transferred out of the Group as part of the VSF business disposal and ceased to be employed by it.

The Company is committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of our shareholders and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

During the year ended 31 December 2014, the Company has applied the principles of, and complied with, its Corporate Governance Manual and the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the deviation as disclosed below:

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Our Non-executive Directors (including Independent Non-executive Directors) are not appointed for a specific term but are subject to retirement by rotation and re-election by shareholders of the Company (the "Shareholders") at the Company's annual general meetings (the "AGM(s)") at least once every three years in accordance with the Bye-laws of the Company (the "Bye-laws"). The Company in practice has complied with the relevant code provision of the CG Code.

The Board

Board Leadership

The Board assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The Directors are accountable for making decisions objectively in the best interest of the Company. The Board is responsible for making decisions on all major aspects of the Company's affairs, including the approval and monitoring of key policy matters, overall strategies, business plans and annual budgets, internal controls and risk management systems, material transactions, major capital expenditure, appointment of Directors, corporate governance practices and procedures, and other significant financial and operational matters.

The Board may delegate aspects of its management and administration functions to the management by giving clear directions as to the management's powers. In particular, the day-to-day management of the Company is delegated to the Chief Executive Officer and his management team.

The Board has a balance of skill and experience appropriate for the requirement of the business of the Group and includes Directors with diverse expertise and experience necessary to guide and develop the Group into a market leader in its business.

The Company has arranged appropriate Directors' and officers' liabilities insurance coverage for the Directors and officers of the Company.

Composition

The composition of the Board during the year ended 31 December 2014 and up to the date of this report is set out as follows:

Independent Non-executive Directors:

John Jeffrey YING (Chairman)
Jeffrey LAM Kin Fung
David YU Hon To
LIM Ah Doo
LOW Weng Keong

Non-executive Director:

Armin MEYER (appointed on 1 June 2014)

Executive Director:

TEY Wei Lin (Chief Executive Officer)

Biographical details (including roles, functions, education and experience) of the Directors are set out in the section "Board of Directors" on pages 26 to 29 of the annual report for the year ended 31 December 2014 (the "2014 Annual Report"), and are also available on the Company's website. There are no family or other material relationships among members of the Board. The Company has maintained on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company an updated list of its Directors and their roles and functions. All Independent Non-executive Directors are identified as such in the updated list and in all corporate communications that disclose the names of the Directors.

Changes in Directors' Information

Each Director has informed the Company in a timely manner of any change, the number and nature of offices held in public companies or organizations and other significant commitments. The Company will disclose the changes, if any, in accordance with regulatory and statutory requirements.

Changes in information of Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, since the publication of the Company's interim report for the six months ended 30 June 2014, are set out below:

(a) Mr. Jeffrey LAM Kin Fung, an Independent Non-executive Director, ceased to be a member of the board of the West Kowloon Cultural District Authority with effect from 22 October 2014; and

(b) Mr. LOW Weng Keong, an Independent Non-executive Director, ceased to be a councillor of the Singapore Division of CPA Australia on 31 December 2014.

Independence of Independent Non-executive Directors

For a Director to be considered independent, the Board must be satisfied that the Director does not have any direct or indirect material relationship with the Group. The Board has received from each Independent Non-executive Director an annual written confirmation of his independence and is of the view that all the Independent Non-executive Directors meet the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules and are independent. There are seven Directors on the Board, of which, five are Independent Non-executive Directors. The proportion of Independent Non-executive Directors exceeds the requirements of the Listing Rules which requires listed issuers to have independent non-executive directors representing at least one-third of the board.

Roles of Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are segregated. The Chairman, who is an Independent Non-executive Director, is responsible for leadership of the Board, for ensuring that the Board functions effectively and independently. The Chief Executive Officer is responsible for leading the operations of the Group's businesses to achieve their business and financial targets, proposing strategies to the Board and ensuring the effective implementation of the strategies and policies adopted by the Board. The senior management team is responsible for the day-to-day operations of the Group under the leadership of the Chief Executive Officer.

Board Meetings and Supply of and Access to Information

The Board is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board meets regularly and at least four times a year with at least 14 days' notice. Additional meetings with reasonable notice will be held as and when the Board considers appropriate. Regular Board meetings each year are scheduled in advance to facilitate maximum attendance of Directors. During the year ended 31 December 2014, the Board held ten Board meetings, including four regular Board meetings. The Board also approved matters by way of written resolutions during 2014.

Draft agenda for each Board meeting is circulated to all Directors such that all Directors are given the opportunity to include matters for discussion in the agenda. Meeting agenda, together with Board papers, are sent to all Directors no less than three days prior to the regular Board meeting (and so far as practicable for such other Board meetings).

The Company Secretary records in sufficient detail the matters considered, decision reached and any concerns raised or dissenting views expressed by the Directors. Draft minutes of each Board meeting are circulated to all Directors within a reasonable time after each meeting for their comment before being tabled at the following Board meeting for approval. All Board minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

Except for those circumstances permitted by the Bye-laws and the Listing Rules, a Director who has a material interest in any contract, transaction, arrangement or any other kind of proposal put forward to the Board for consideration will abstain from voting on the relevant resolution and such Director is not counted for the purpose of determining quorum.

Every Director has right of access to information on the Group at any reasonable time on reasonable notice and has access to the advice and services of the Company Secretary and/or the Vice President, Legal Affairs of the Company. Each of the Directors also has separate and independent access to the Company's senior management and is entitled to seek independent professional advice in appropriate circumstances at the Company's expense to perform their duties.

The Board has been provided, on a monthly basis, with the Group's monthly management information updates of major business operations, which present a balanced and understandable assessment of the Group's performance, position and prospects.

Directors' Attendance at Meetings

Details of Directors' attendance at the Board meetings, the Board committees meetings, and the general meetings held in 2014 are set out below:

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Executive Committee	Independent Board Committee	Annual General Meeting	Special General Meeting
Number of Meetings held	10	4	4	3	4	3	1	1
				Meetings Attended/Held				
Independent Non-executive Directors								
John Jeffrey YING	10/10	–	4/4	–	4/4	3/3	1/1	1/1
Jeffrey LAM Kin Fung	10/10	–	4/4	–	–	2/3	1/1	1/1
David YU Hon To	10/10	4/4	–	3/3	–	3/3	1/1	1/1
LIM Ah Doo	9/10	4/4	–	3/3	–	3/3	1/1	1/1
LOW Weng Keong	9/10	4/4	4/4	–	–	2/3	1/1	1/1
Non-executive Director								
Armin MEYER[1]	8/8	–	–	–	–	–	1/1	1/1
Executive Director								
TEY Wei Lin[2]	6/10	–	4/4	3/3	4/4	–	1/1	1/1

Notes:

(1) Mr. Armin MEYER was appointed as a Non-executive Director with effect from 1 June 2014.

(2) Mr. TEY Wei Lin had voluntarily excused himself from four special Board meetings at which decision relating to the disposal of the viscose staple fiber business in the PRC (the "VSF Disposal") was made.

Appointment, Re-election and Rotation of Directors

Each Director has entered into a service contract with the Company and is subject to retirement by rotation and re-election by the Shareholders at the AGM(s) at least once every three years in accordance with the Bye-laws. A retiring Director is eligible for re-election, and re-election of retiring Directors at AGM(s) will be dealt with by separate individual resolutions. Where vacancies arise at the Board, candidates will be proposed and put forward to the Board by the Nomination Committee as set out in the paragraph headed "Nomination Committee" of this report.

Induction, Board Visit and Continuous Professional Development of Directors

Each newly appointed Director receives a comprehensive, formal and tailored induction on the first occasion of his appointment so as to help ensure that he has an appropriate understanding of the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The Company Secretary from time to time provides updated materials to Directors and organizes in-house seminars conducted by professional organizations in relation to the latest development and changes to the Listing Rules and relevant legal and regulatory requirements relating to Directors' duties and responsibilities in the discharge of their duties. From time to time, Directors also attend corporate events or visits as arranged by the Company for a deeper understanding of the Group's business operations.

The Directors have provided to the Company their records of continuous professional development during the year 2014, a summary of which is set out below:

Name of Directors	Corporate governance or regulatory development related	Business or management related
Independent Non-executive Directors		
John Jeffrey YING	✓	✓
Jeffrey LAM Kin Fung	✓	✓
David YU Hon To	✓	✓
LIM Ah Doo	✓	✓
LOW Weng Keong	✓	✓
Non-executive Director		
Armin MEYER	✓	✓
Executive Director		
TEY Wei Lin	✓	✓

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted its own Guidelines on Securities Transactions regarding securities transactions by Directors, directors of its subsidiaries, and relevant employees who are likely be in possession of unpublished price-sensitive or inside information of the Company or its securities, on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Listing Rules. Reminders are sent during each year to Directors, directors of subsidiaries, and relevant employees that they should not deal in the securities of the Company during the "black-out period" specified in the Model Code.

The Company has made specific enquiries with the Directors, and all Directors confirmed that they have complied with the required standards set out in the Company's Guidelines on Securities Transactions and the Model Code regarding Directors' securities transactions for the year ended 31 December 2014.

Board Committees

The Board has established the Audit Committee, the Remuneration Committee, the Nomination Committee and the Executive Committee with written terms of reference approved by the Board. Terms of reference of the above Board committees are made available on the websites of the Stock Exchange and the Company as appropriate. In addition, the Company has established an Independent Board Committee to review all connected transactions entered into by the Group. Each of the above Board committees is chaired by an Independent Non-executive Director. The procedures and arrangements for a Board meeting, as mentioned in the paragraph headed "The Board" of this report, have been adopted for the committee meetings so far as practicable. The Board committee chairmen shall report formally to the Board on the Board committee's decisions and recommendations where appropriate.

Audit Committee

The Audit Committee is chaired by an Independent Non-executive Director and comprises only Independent Non-executive Directors, at least one of whom possesses the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The current composition of the Audit Committee is as follows:

Independent Non-executive Directors:

David YU Hon To (Chairman of the Audit Committee)
LIM Ah Doo
LOW Weng Keong

The primary duties of the Audit Committee are to review the financial reporting process and internal controls. The Audit Committee has the responsibility of overseeing the relationship between the Company and its external auditors, reviewing the Group's financial results, overseeing the Group's financial reporting system and internal control procedures, and recommending and implementing the risk management measures of the Group.

Details of the duties of the Audit Committee are set out in the terms of reference of the Audit Committee, which is made available at the websites of the Company and the Stock Exchange.

The Audit Committee shall meet at least four times a year to discuss the internal controls and other audit, accounting and financial related issues. During the year ended 31 December 2014, the Audit Committee held four meetings and met with the external auditor twice at pre-meeting sessions in the absence of the management of the Company. The attendance of each member of the Audit Committee is set out in the paragraph headed "Directors' Attendance at Meetings" of this report.

For the year ended 31 December 2014, the Audit Committee's review mainly covers audit plans and findings of the internal and external auditors, the external auditor's independence, re-appointment of the external auditor, the Group's accounting principles and practices, the Listing Rules and statutory compliance, internal controls, risk management, financial reporting matters and the adequacy of resources, qualification and experience of staff of the Group's accounting and financial reporting function, and their training programs and budget. The Audit Committee was satisfied that the internal controls system was effective and adequate.

Remuneration Committee

The Remuneration Committee is chaired by an Independent Non-executive Director and comprises a majority of Independent Non-executive Directors. The current composition of the Remuneration Committee is as follows:

Independent Non-executive Directors:

Jeffrey LAM Kin Fung (Chairman of the Remuneration Committee)
John Jeffrey YING
LOW Weng Keong

Executive Director:

TEY Wei Lin

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for the remuneration of the Directors and the senior management of the Company. It shall determine, with delegated responsibility, the remuneration packages of the Executive Director and the senior management of the Company. It shall also make recommendations to the Board on the remuneration of Non-executive Directors, including Independent Non-executive Directors. No Director is involved in deciding his own remuneration.

Details of the duties of the Remuneration Committee are set out in the terms of reference of the Remuneration Committee, which is made available at the websites of the Company and the Stock Exchange.

The Remuneration Committee shall meet at least once a year. During the year ended 31 December 2014, four meetings of the Remuneration Committee were held. The attendance of each member of the Remuneration Committee is set out in the paragraph headed "Directors' Attendance at Meetings" of this report. In addition to the committee meetings, the Remuneration Committee also dealt with matters by way of written resolutions during 2014.

For the year ended 31 December 2014, the Remuneration Committee's duties performed mainly covered the review of the policy and structure for the remuneration of the Directors and the senior management of the Company, the review and recommendation for Board approval of proposed Directors' fees to each of the Executive Director, Non-executive Director and Independent Non-executive Directors, the review and determination of remuneration packages of the Executive Director and the senior management of the Company, the review of the Remuneration Policy and the terms of reference of the Remuneration Committee, and the review and recommendation for Board approval of the granting and/or cancellation of Restricted Share Units (the "RSUs") pursuant to the Pre-IPO RSU Scheme and Post-IPO RSU Scheme.

For the year ended 31 December 2014, details of the remuneration of Directors on individual-name basis and the senior management of the Company by band are set out in note 10 of the notes to the consolidated financial statements on pages 101 and 102 of the 2014 Annual Report.

Nomination Committee

The Nomination Committee is chaired by an Independent Non-executive Director and comprises a majority of Independent Non-executive Directors. The current composition of the Nomination Committee is as follows:

Independent Non-executive Directors:

LIM Ah Doo (Chairman of the Nomination Committee)
David YU Hon To

Executive Director:

TEY Wei Lin

The Nomination Committee is responsible for reviewing the balance of skills, experience and diversity of the Board and making recommendations to the Board on the appointment and re-appointment of Directors to complement the Company's corporate strategy.

Details of the duties of the Nomination Committee are set out in the terms of reference of the Nomination Committee, which is made available at the websites of the Company and the Stock Exchange.

As set out in the Board Diversity Policy adopted by the Company, the Company considers the Board should have a balance of skills, experience and diversity of perspectives. The Nomination Committee will consider a number of factors, such as gender, age, cultural and educational background, professional experience and skills, and knowledge, in the selection of Directors to the Board. The Nomination Committee and the Board will review the Board Diversity Policy, at least annually, to ensure its continued effectiveness.

The Nomination Committee shall meet at least once a year. During the year ended 31 December 2014, three meetings of the Nomination Committee were held. The attendance of each member of the Nomination Committee is set out in the paragraph headed "Directors' Attendance at Meetings" of this report.

For the year ended 31 December 2014, the Nomination Committee's duties performed included the review of the structure, size and composition of the Board, the review of the independence of Independent Non-executive Directors, the nomination of a new Non-executive Director, the nomination of Directors retiring by rotation and their re-election, the recommendation to the Board on the appointment of the Chief Executive Officer, and the review of the Board Diversity Policy and the terms of reference of the Nomination Committee.

Executive Committee

The Executive Committee is chaired by an Independent Non-executive Director who is also the Board Chairman and comprises two Directors. The current composition of the Executive Committee is as follows:

Independent Non-executive Director:

John Jeffrey YING (Chairman of the Executive Committee)

Executive Director:

TEY Wei Lin

During the year ended 31 December 2014, four meetings of the Executive Committee were held. The attendance of each member of the Executive Committee is set out in the paragraph headed "Directors' Attendance at Meetings" of this report.

The Executive Committee performed its duties and responsibilities under its terms of reference, including reviewing the operating performance and financial position of the Group and evaluating the business strategies of the Group.

Details of the duties of the Executive Committee are set out in the terms of reference of the Executive Committee, which is made available at the website of the Company.

Independent Board Committee

The Independent Board Committee is chaired by an Independent Non-executive Director who is also the Board Chairman and comprises five Directors. The current composition of the Independent Board Committee is as follows:

Independent Non-executive Directors:

John Jeffrey YING (Chairman of the Independent Board Committee)
Jeffrey LAM Kin Fung
David YU Hon To
LIM Ah Doo
LOW Weng Keong

During the year ended 31 December 2014, three meetings of the Independent Board Committee were held. The attendance of each member of the Independent Board Committee is set out in the paragraph headed "Directors' Attendance at Meetings" of this report.

For the year ended 31 December 2014, the Independent Board Committee reviewed all connected transactions entered into by the Group.

Corporate Governance

The Board is responsible for performing the corporate governance functions as set out under code provision D.3.1 of the CG Code. For the year ended 31 December 2014, significant corporate governance issues as reviewed and discussed by the Board include the regular review of policies and practices on corporate governance and compliance, review of training and continuous professional development of Directors, and review of disclosure in this report.

Accountability and Audit

Financial Reporting

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements to ensure that the consolidated financial statements give a true and fair presentation in accordance with the International Financial Reporting Standards. The statement by the independent auditor about their reporting responsibilities is set out in the Independent Auditor's Report on pages 57 and 58 of the 2014 Annual Report.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Independent Auditor

The Audit Committee reviews and monitors the independent auditor's independence and objectivity and the effectiveness of the audit process. It receives each year a letter from the independent auditor confirming their independence and objectivity and holds meetings with representatives of the independent auditor to consider the scope of their audit, approve their fees, and the scope and appropriateness of non-audit services, if any, to be provided by them. The Audit Committee also makes recommendations to the Board on the appointment and retention of the independent auditor.

The remuneration payable to the independent auditor of the Company in respect of audit and non-audit services provided to the Group for the year ended 31 December 2014 amounted to approximately US$1,248,000 and approximately US$580,000 respectively. The non-audit services mainly consist of tax advisory services on the VSF Disposal.

Internal Controls and Risk Management

The Board has overall responsibility for the Group's system of internal controls and assessment and management of risks. In meeting its responsibility, the Board has put in place policies and procedures which provide a framework for the identification and management of risks.

The Group regards internal audit as an important part of the Board's oversight function. The Group's internal audit department (the "IA department") is authorized by the Board to have access to all records, people and physical properties relevant to the performance of internal audit. The IA department has unrestricted access to the chairman of the Audit Committee and reports directly to the Audit Committee for direction and accountability. This reporting relationship enables the IA department to provide an objective assurance to the effectiveness of the internal control system of the Group.

The IA department prepares and submits an internal audit plan to the Audit Committee for approval on an annual basis, according to a risk-based audit priority weighting policy. Reports to the management are prepared after completion of the audit work, and are summarized for review at each Audit Committee meeting. Continual follow-up work is undertaken by the IA department to establish the extent of completion of remedial actions taken by the management, with follow-up results and available resources reviewed by the Audit Committee at each committee meeting.

The Board will continue to identify, evaluate and manage the significant risks faced by the Group, and to enhance the internal controls system of the Group with the assistance of the IA department on an ongoing basis.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the internal controls system of the Group for the year ended 31 December 2014, and is satisfied that the internal controls system was effective and adequate. In addition, it has also reviewed and is satisfied with the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function of Group, and their training programs and budget.

Internal Audit

The IA department is responsible for providing an independent and objective assessment of the Group's system of internal controls and underlying business processes.

The IA department adopts a risk-based approach to conduct its annual audits and assesses the risk levels faced by the Group and its operations through its past audit findings, risk assessment and consultations with both the management and Audit Committee. The scope of work performed by the IA department includes operational, financial and IT audits, special investigations and productivity efficiency reviews. To permit the rendering of impartial and unbiased judgment essential to the proper conduct of audits, the IA department is independent of the activities it audits. This does not preclude the IA department's proactive engagement of the management of the Company in planning processes or special assignments that have been approved by either the Chief Executive Officer or the Audit Committee. The IA department communicates the results of its projects to the senior management of the Company through its reports on an as-completed basis as well as to the Audit Committee on a regular basis in the Audit Committee meetings.

Whistleblowing Policy

The Company has established a whistleblowing policy and system for employees and other stakeholders to raise concerns, in confidence, about possible improprieties in any matter related to the Group.

Company Secretary

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman of the Board and is responsible for ensuring Board meeting procedures are followed, advising the Board on governance matters, and facilitating induction and continuous professional development of the Directors. During 2014, the Company Secretary undertook over 15 hours of professional training to update her skills and knowledge.

Constitutional Documents

No changes were made to the Company's constitutional documents during the year ended 31 December 2014. With effect from 30 January 2015, the name of the Company has been changed to "Bracell Limited" and the amendment to the Bye-laws to reflect the new name of the Company became effective. The updated Memorandum of Association of the Company and the Bye-laws are available on the websites of the Company and the Stock Exchange.

Communication with Shareholders

The Board recognizes the significance and importance of providing clear and full information of the Group to the Shareholders. The Company has adopted a Shareholders' Communication Policy and will review the same on a regular basis to ensure its effectiveness.

The Company's website provides a channel for the Shareholders and interested parties to access information about the Group (such as interim and annual reports, announcements, circulars, press releases, and key corporate governance policies and documents, including the terms of reference of the various Board committees).

The Company's AGM is a valuable forum for the Board to communicate directly with the Shareholders. For the AGM, notice to the Shareholders must be sent at least 20 clear business days in advance, and for all other general meetings, at least 10 clear business days in advance. The Chairman, together with the chairmen of the Audit Committee, Remuneration Committee and Nomination Committee and the external auditor are required to attend the AGM. The Chairman provides an explanation of the detailed procedures for conducting a poll to the Shareholders at the commencement of the meeting and answers questions from the Shareholders in relation to voting by poll. The Company follows the procedure of proposing a separate resolution for each substantive issue, including the election of individual Directors. The Company's Hong Kong branch share registrar acts as scrutineer to monitor and count the poll votes cast at the AGM. The results of the voting by poll are published on the websites of the Company and the Stock Exchange.

In 2014 and up to the date of this report, an AGM was held on 20 May 2014 and two Special General Meetings (the "SGM(s)") were held on 11 December 2014 and 29 January 2015 respectively. Details of the matters to be resolved at the AGM and the SGMs were set out in the respective circulars to the Shareholders.

All resolutions put to the Shareholders at the AGM were passed as ordinary resolutions. In the SGM held on 11 December 2014, the resolutions put to the Shareholders to approve the proposed VSF Disposal and the distributions out of the Company's contributed surplus not exceeding the amount standing to the credit of the contributed surplus account of the Company and transactions contemplated therein were passed as ordinary resolutions, while the resolution to approve the proposed change of company name and the amendment to the Bye-laws was not passed as a special resolution. Following completion of the VSF Disposal and in the SGM held on 29 January 2015, the resolution put to the Shareholders to approve the proposed change of company name and the amendment to the Bye-laws was passed as a special resolution.

The Shareholders may direct their questions about their shareholdings to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited. The Shareholders and the investment community, including potential investors and analysts reporting and analyzing the Company's performance may at any time make a request for the Company's information to the extent such information is publicly available, or make any query in respect of the Company. The designated contact details are set out in the section headed "Information for Investors" of the 2014 Annual Report.

Shareholders' Rights

Procedures for Shareholders to convene a SGM

Pursuant to bye-law 58 of the Bye-laws and Section 74 of the Companies Act 1981 of Bermuda (the "Act"), registered Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying voting rights at general meetings of the Company (the "SGM Requisitionist(s)") can request the convening of a SGM by written requisition. The written requisition, with the proposed object(s) of the SGM, must be signed and validly deposited at the registered office of the Company, which is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda (the "Registered Office") for the attention of the Board or the Company Secretary.

If the Board does not within 21 days from the date of deposit of the written requisition proceed to convene a SGM, the SGM Requisitionist(s), or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a SGM, but any SGM so convened shall not be held after the expiration of three months from the date of the deposit of the written requisition.

Procedures for Shareholders to make enquiries to the Board

The Shareholders may at any time send their enquiries to the Board in writing through the Investor Relations Department with contact details as shown in the section headed "Information for Investors" of the 2014 Annual Report. The Shareholders may also make enquires with the Board at the general meetings of the Company.

Procedures for Shareholders to put forward proposals at a general meeting

Pursuant to Sections 79 and 80 of the Act, either any number of the registered Shareholders holding not less than one-twentieth of the paid-up capital of the Company carrying the voting right at general meetings of the Company, or not less than 100 of such registered Shareholders (the "Requisitioner(s)"), can request the Company in writing to (i) give to the Shareholders entitled to receive notice of the next general meeting notice of any resolution which may properly be moved and is intended to be moved at the meeting; and (ii) circulate to Shareholders entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The written requisition must be signed by all the Requisitioners and be deposited at the Registered Office for attention of the Company Secretary with a sum reasonably sufficient to meet the Company's relevant expenses, not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution, or not less than one week before the meeting in the case of any other requisition. Provided that if any AGM is called for a date six weeks or less after the requisition has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

Procedures for Shareholders to propose a person for election as a Director

As regards the procedures for proposing a person for election as a Director, details are available at the Company's website as set out in the section headed "the Company – Corporate Governance".

DIRECTORS' REPORT

The Directors present their Report together with the audited financial statements of Bracell Limited (the "Company", formerly known as "Sateri Holdings Limited") and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2014.

Principal Activities

The principal activity of the Company is investment holding, and the principal activities of its subsidiaries are set out in note 35 of the notes to the consolidated financial statements.

Results and Dividend

The results of the Group for the year ended 31 December 2014 are set out in the consolidated income statement of the Group on page 59 of the annual report for the year ended 31 December 2014 (the "2014 Annual Report").

The Board has recommended a final dividend of HK2.5 cents per share for the year ended 31 December 2014 (2013: HK2.5 cents per share) payable to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on 27 May 2015. Together with the special dividend of HK$1.40 per share paid to the Shareholders on 24 December 2014, total dividend for the year ended 31 December 2014 will be HK$1.425 per share (2013: HK2.5 cents per share).

Closure of Register of Members

The register of members of the Company will be closed from 13 May 2015 to 18 May 2015, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the entitlement to attend and vote at the forthcoming annual general meeting (the "AGM"), all transfer forms accompanied by the relevant share certificates of the Company must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 12 May 2015.

The register of members of the Company will be closed on 27 May 2015, on which no transfer of shares of the Company will be effected. In order to qualify for the proposed final dividend (subject to Shareholders' approval at the AGM), all transfer forms accompanied by the relevant share certificates of the Company must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 26 May 2015.

Financial Summary

A summary of the financial results and financial position of the Group for the past five financial years is set out on pages 126 and 127 of the 2014 Annual Report.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 14 of the notes to the consolidated financial statements.

Share Capital

Details of the movements in the share capital of the Company during the year ended 31 December 2014 are set out in note 27 of the notes to the consolidated financial statements.

Under the Companies Act 1981 of Bermuda (as amended), in addition to retained profits, contributed surplus and share premium are also distributable to the Shareholders.

However, distribution of amounts in the share premium account requires approval of the Shareholders.

In addition, the Company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realizable value of the Company's assets would thereby be less than its liabilities.

Reserves

Details of the movements in the reserves of the Group during the year ended 31 December 2014 are set out in the consolidated statement of changes in equity on page 64 of the 2014 Annual Report.

At 31 December 2014, the Company's reserves, comprising the retained profits, contributed surplus and share premium that are available for distribution to the Shareholders amounted to approximately US$838,106,000 (2013: US$1,249,632,000).

Donations

During the year ended 31 December 2014, the Group made donations in the total amount of US$227,000 (2013: RMB4,000,000, equivalent to approximately US$646,000).

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Bye-laws of the Company or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

Bank Borrowings

Details of the Group's bank borrowings are set out in note 26 of the notes to the consolidated financial statements. Bank borrowings repayable within one year or on demand are classified as current liabilities in the consolidated financial statements. Bank borrowings repayable over one year are classified as non-current liabilities in the consolidated financial statements.

Major Customers and Suppliers

During the year ended 31 December 2014, the Group's five largest external customers accounted for approximately 22.6% of the Group's total revenue and the Group's largest external customer for the year accounted for approximately 10.5% of the Group's total revenue. The Group's five largest external suppliers accounted for approximately 14.4% of the Group's total purchases, including raw materials, fuels and logistics expenses, while the Group's largest external supplier for the year accounted for approximately 5.2% of the Group's total purchases.

To the knowledge of the Directors, none of the Directors or their respective associates or any of the Shareholders who owns more than 5% of the Company's issued share capital has any interest in any of the Group's five largest external customers or external suppliers.

Employees

Total staff costs of the Group for the year under review amounted to approximately US$75,675,000 (2013: US$74,578,000). As at 31 December 2014, the Group had 1,367 employees in total, which were all employed by the Group's continuing operations. Details of the staff cost of the Group's continuing operations are set out in note 7 of the notes to the consolidated financial statements. Remuneration for employees is based upon their qualification, experience, job nature, performance and market condition.

The Group may also pay discretionary year end bonuses to employees based on individual performance. Other benefits to employees include medical insurance, retirement schemes and training programs. Directors and qualified employees of the Company may be granted share options to subscribe for shares in the Company (the "Shares") as well as restricted share units (the "RSUs") in accordance with the terms and conditions of the share option scheme and the restricted share unit schemes approved by the Company on 8 November 2010.

Directors

The Directors of the Company during the year and up to the date of this report were as follows:

Independent Non-executive Directors:

John Jeffrey YING (Chairman)
Jeffrey LAM Kin Fung
David YU Hon To
LIM Ah Doo
LOW Weng Keong

Executive Director:

TEY Wei Lin (Chief Executive Officer)

Non-executive Director:

Armin MEYER (appointed on 1 June 2014)

Bye-law 84 of the Company's Bye-laws provides that at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. In accordance therewith, Messrs. Jeffrey LAM Kin Fung and LIM Ah Doo shall retire from office by rotation at the AGM and, being eligible, offer themselves for re-election.

Bye-law 83 of the Company's Bye-laws provides that any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. In accordance therewith, Mr. Armin MEYER shall retire from office at the AGM and, being eligible, offer himself for re-election.

Directors' Remuneration

Details of Directors' remuneration are set out in note 10 of the notes to the consolidated financial statements. The emoluments of the Executive Director of the Company are determined, with delegated responsibility, by the Remuneration Committee, having regard to relevant factors, including the Company's operating results and individual performance, while those of the Non-executive Directors are reviewed and considered by the Board, taking into account relevant factors, including responsibility of the role, industry complexity and comparable market statistics.

Directors' Service Contracts

Each Director has entered into a letter of appointment with the Company for an indefinite term, subject to the retirement requirement as set out in the Bye-laws of the Company. None of the Directors, including those Directors who are proposed for re-election at the AGM, has a service contract with any member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

Directors' Interests in Contracts of Significance

There were no contracts of significance to which the Company, its holding company, or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Businesses

None of the Directors or their respective associates has any competing interests which need to be disclosed pursuant to Rule 8.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Independence Confirmation

The Company has received from all of its Independent Non-executive Directors annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules and considers all of them to be independent.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares of Equity Derivatives and Debentures

As at 31 December 2014, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

Long positions in the Shares and the underlying Shares

Name of Director	Capacity	Number of Shares held	Approximate % of the issued share capital of the Company
Mr. John Jeffrey YING ("Mr. Ying")(1)	Beneficial owner	960,591	0.03%

Note:

(1) On 15 February 2014, 384,237 Shares underlying RSUs granted under the Pre-IPO RSU Scheme were vested to Mr. Ying. As at 31 December 2014, Mr. Ying held a total of 960,591 Shares representing the total number of Shares vested to Mr. Ying under the Pre-IPO RSU Scheme.

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2014, the following persons, other than the Director whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares of Equity Derivatives and Debentures" above, had the following interests in the Shares or the underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the Shares and the underlying Shares

Name	Capacity	Number of Shares held	Approximate % of the issued share capital of the Company
Gold Silk Holdings Limited ("Gold Silk")[(1)]	Beneficial owner	2,863,496,750	83.83%
Fiduco Trust Management AG ("Fiduco")[(1)(2)]	Interest in a controlled corporation	2,863,496,750	83.83%
Mr. Sukanto TANOTO ("Mr. Tanoto")	Person who set up a discretionary trust	2,863,496,750	83.83%

Notes:

(1) The entire issued share capital of Gold Silk is held by Fiduco, as the trustee of a discretionary trust established by Mr. Tanoto as settlor. The beneficiaries of such discretionary trust include Mr. Tanoto and certain members of his family. Mr. Tanoto is deemed to be interested in the 2,863,496,750 Shares held by Gold Silk pursuant to Part XV of the SFO.

(2) Fiduco is the trustee of a discretionary trust established by Mr. Tanoto as settlor and whose beneficiaries include Mr. Tanoto and certain members of his family.

Save as disclosed above, as at 31 December 2014, no other person, other than the Director whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares of Equity Derivatives and Debentures" above, had any interests or short positions in the Shares or the underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Restricted Share Unit Schemes and Share Option Scheme

1. Restricted Share Unit Schemes

The Company adopted the Pre-IPO Restricted Share Unit Scheme (the "Pre-IPO RSU Scheme") and the Post-IPO Restricted Share Unit Scheme (the "Post-IPO RSU Scheme", and together with the Pre-IPO RSU Scheme, the "RSU Schemes") on 8 November 2010. The terms of the RSU Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as the RSU Schemes do not involve the grant of options by the Company to subscribe for new Shares.

The RSUs do not carry any right to vote at general meetings of the Company, or any dividend, transfer or other rights (including those arising on the liquidation of the Company).

No grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an RSU pursuant to the RSU Schemes, unless and until the Share underlying the RSU is actually allotted and issued or transferred (as the case may be) to the grantee upon the vesting of such RSU.

1.1 Pre-IPO RSU Scheme

As at 31 December 2014, RSUs in respect of 8,165,026 underlying Shares were granted to 18 grantees (one of which is a Director and two of which are former Directors) pursuant to the Pre-IPO RSU Scheme. Total RSUs in respect of 5,638,668 underlying Shares granted to 10 grantees were canceled since the adoption of the Pre-IPO RSU Scheme, of which 80,049 underlying Shares granted to one grantee were canceled during the year ended 31 December 2014. Total RSUs in respect of 2,526,358 underlying Shares were vested under the Pre-IPO RSU Scheme, of which a total of 960,591 RSUs were vested during the year ended 31 December 2014. As at 31 December 2014, there was no RSU granted pursuant to the Pre-IPO RSU Scheme outstanding.

The grant and vesting of the RSUs granted pursuant to the Pre-IPO RSU Scheme are in compliance with Rule 10.08 of the Listing Rules.

1.2 Post-IPO RSU Scheme

At any time during the period within which the Post-IPO RSU Scheme is valid and effective, the maximum aggregate number of Shares that may underlie the RSUs granted pursuant to the Post-IPO RSU Scheme shall be calculated in accordance with the following formula:

$$X = A - B$$

where:

X = the maximum aggregate number of Shares that may underlie the RSUs granted pursuant to the Post-IPO RSU Scheme;

A = such number of Shares representing (i) 10% of the Shares in issue on the date of listing of the Company's Shares on the Stock Exchange, which is 8 December 2010 (the "Listing Date") or (ii) 10% of the Shares in issue as at the New RSU Approval Date (as defined below) (as the case may be) (the "RSU Scheme Mandate Limit"); and

B = the maximum aggregate number of Shares underlying the RSUs already granted pursuant to the Post-IPO RSU Scheme.

"New RSU Approval Date" means the date when the Shareholders approve the renewed RSU Scheme Mandate Limit.

Shares underlying the RSUs canceled in accordance with the terms of the Post-IPO RSU Scheme will not be counted for the purposes of determining the maximum aggregate number of Shares that may underlie the RSUs granted pursuant to the Post-IPO RSU Scheme.

In addition, pursuant to the listing approval issued by the Stock Exchange on 7 December 2010, the total number of Shares which may be issued under the Post-IPO RSU Scheme must not exceed 336,882,675 Shares, representing 10% of the Company's issued share capital upon listing of the Company's Shares on the Stock Exchange.

As at 31 December 2014, RSUs in respect of 7,677,276 underlying Shares were granted to 23 grantees (one of which is a former Director) pursuant to the Post-IPO RSU Scheme. Total RSUs in respect of 2,302,867 underlying Shares granted to 14 grantees were canceled since the adoption of the Post-IPO RSU Scheme, of which 1,200,000 underlying Shares granted to six grantees were canceled during the year ended 31 December 2014. Total RSUs in respect of 3,399,409 underlying Shares were vested under the Post-IPO RSU Scheme, of which a total of 1,585,097 RSUs were vested during the year ended 31 December 2014. As at 31 December 2014, there were 1,975,000 RSUs granted pursuant to the Post-IPO RSU Scheme outstanding.

The grant and vesting of the RSUs granted pursuant to the Post-IPO RSU Scheme are in compliance with Rule 10.08 of the Listing Rules.

For further details of the RSU Schemes, please refer to note 28 of the notes to the consolidated financial statements.

2. Share Option Scheme

The Company also adopted a share option scheme on 8 November 2010 (the "Share Option Scheme").

As at 31 December 2014, no option has been granted or agreed to be granted by the Company pursuant to the Share Option Scheme.

A summary of the Share Option Scheme disclosed in accordance with the Listing Rules is as follows:

(1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

(2) Participants of the Share Option Scheme

The Board may, at its discretion, grant options pursuant to the Share Option Scheme to the Directors (including Executive Directors, Non-executive Directors and Independent Non-executive Directors), the directors of the Company's subsidiaries and the employees of the Group who the Board considers, in its absolute discretion, have contributed or will contribute to the Group (the "Participants").

(3) Total number of Shares available for issue under the Share Option Scheme

At any time during the period within which the Share Option Scheme is valid and effective, the maximum aggregate number of Shares in respect of which options may be granted pursuant to the Share Option Scheme shall be calculated in accordance with the following formula:

$$X = A - B - C$$

where:

X = the maximum aggregate number of Shares in respect of which options may be granted pursuant to the Share Option Scheme;

A = such number of Shares representing (i) 10% of the Shares in issue on the Listing Date; or (ii) 10% of the Shares in issue as at the New Option Approval Date (as defined below) (as the case may be) (the "Option Scheme Mandate Limit");

B = the maximum aggregate number of Shares underlying the options already granted pursuant to the Share Option Scheme; and

C = the maximum aggregate number of Shares underlying the options already granted pursuant to any other share option schemes of the Company.

"New Option Approval Date" means the date when the Shareholders approve the renewed Option Scheme Mandate Limit.

Shares in respect of options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Company will not be counted for the purpose of determining the maximum aggregate number of Shares in respect of which options may be granted pursuant to the Share Option Scheme.

In addition, pursuant to the listing approval issued by the Stock Exchange on 7 December 2010, the total number of Shares which may be issued under the Share Option Scheme and any other share option schemes must not exceed 336,882,675 Shares, representing 10% of the issued share capital upon listing.

As of 31 December 2014, the total number of Shares available for grant under the Share Option Scheme was 336,882,675, representing 9.85% of the Company's issued share capital as of 31 December 2014.

(4) Maximum entitlement of each participant

No participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to such person under the Share Option Scheme (including exercised, canceled and outstanding options) in any 12-month period up to and including the date of such further grant (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the Shareholders in general meeting with the proposed participant and his associates abstaining from voting) would exceed 1% of the Shares in issue from time to time.

(5) Period within which the Shares must be taken up under an option

The period during which an option may be exercised (the "Option Period") by a Grantee (as defined below) shall be the period to be determined and notified by the Board to the Grantee at the time of making an offer, which shall not expire later than 10 years from the date of grant.

Subject to any restrictions applicable under the Listing Rules, an option may be exercised by the Grantee at any time during the Option Period in accordance with the terms of the Share Option Scheme and the terms on which the option was granted. If the vesting of Shares underlying an option is subject to the satisfaction of performance or other conditions and such conditions are not satisfied, the option shall lapse automatically on the date on which such conditions are not satisfied in respect of the relevant Shares underlying the option.

(6) Minimum period, if any, for which an option must be held before it can be exercised

There is no specific requirement under the Share Option Scheme that an option must be held for any minimum period before it can be exercised, but the terms of the Share Option Scheme provide that the Board has the discretion to impose a minimum period at the time of grant of any particular option.

(7) Amount payable upon acceptance and the period within which the payments or calls must or may be made or loans for such purposes must be repaid

An offer of the grant of an option is deemed to be accepted by the Participant (the "Grantee") when the Company receives from the Grantee the duplicate notice of grant duly signed by the Grantee and a remittance of the sum of US$1.00 or such other amount in any other currency as may be determined by the Board as consideration for the grant of the option. Such remittance is not refundable in any circumstances. The offer shall remain open for acceptance for such time to be determined by the Board, provided that no such offer shall be open for acceptance after the expiry of the period within which the Share Option Scheme is valid and effective or after the termination of the Share Option Scheme in accordance with its terms or after the Participant to whom the offer is made has ceased to be a Participant.

(8) Basis of determining the exercise price

The price per Share at which a Grantee may subscribe for Shares upon the exercise of an option (the "Exercise Price") shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

(a) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, which must be a business day;

(b) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(c) the nominal value of the Shares.

(9) Remaining life

Subject to the early termination of the Share Option Scheme pursuant to the terms thereof, the Share Option Scheme shall remain valid and effective for 10 years commencing on the date of adoption on 8 November 2010.

Purchase, Sale or Redemption of Securities

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Public Float

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of an issuer's total issued share capital must at all times be held by the public. As the Company was able to achieve a minimum market capitalization of at least HK$10 billion upon the listing of Shares on the Stock Exchange, the Stock Exchange had granted a waiver under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of 15% (or a higher percentage upon exercise of the Over-allotment Option as defined in the Company's prospectus dated 26 November 2010) of the Company's issued share capital (the "Company's Minimum Public Float"). Accordingly, the Company's Minimum Public Float upon the Listing Date was 15% and became 16.17% on 3 January 2011 due to the partial exercise of the Over-allotment Option.

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

Connected Transactions

During 2014, announcements were published, and a circular was despatched, by the Company in accordance with the Listing Rules regarding the connected transactions entered into by the Group. Set out below is information in relation to the connected transactions entered into by the Group and required under the Listing Rules to be disclosed in the 2014 Annual Report:

1. Disposal of the viscose staple fiber business in the PRC

On 29 October 2014, Bracell International Co. Ltd ("BICL", formerly known as "Sateri International Co. Ltd"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Pacific Viscose Limited ("PVL"), which is a company controlled by the ultimate controlling shareholder of the Company (the "Ultimate Controlling Shareholder"). Pursuant to the Sale and Purchase Agreement, BICL sold the Group's entire equity and loan interests in the Group's viscose staple fiber business in the PRC to PVL (the "VSF Disposal"). The VSF Disposal was completed on 17 December 2014 (the "Completion") and the consideration for the VSF Disposal in the amount of US$591,467,000 was paid in cash on Completion.

2. Provision of guarantees in respect of certain bank facilities

On 17 December 2014, BICL has provided guarantees (the "Guarantees") in respect of certain bank facilities granted to Sateri (Jiangxi) Chemical Fibre Co., Ltd. ("Sateri Jiangxi") and Sateri (Fujian) Fibre Co., Ltd. ("Sateri Fujian") (both subsidiaries of the Company prior to Completion). The aggregate amount under the bank facilities which is subject to the Guarantees is RMB3,553 million (approximately HK$4,512.3 million). In connection with the VSF Disposal, PVL has agreed, in the Sale and Purchase Agreement, to use its best endeavours to replace the Guarantees with guarantees by the Purchaser Group (as defined in the circular of the Company dated 19 November 2014) and to ensure that BICL is released in full from the Guarantees no later than six months following Completion. Until the release of the Guarantees, PVL will indemnify BICL against any loss arising after Completion under or by reason of the Guarantees.

3. Amendment to the Deed of Non-Competition

On 17 December 2014, the Company and its controlling shareholders entered into an amendment deed (the "Amendment Deed") to revise the deed of non-competition (the "Deed"), which was entered into among the Company, Gold Silk, Fiduco, Mr. Tanoto (Gold Silk, Fiduco and Mr. Tanoto are hereinafter collectively referred to as the "Controlling Shareholders") and Pinnacle Company Limited ("Pinnacle") on 19 November 2010.

4. Transfer of interest rate swap arrangements

On 17 December 2014, BICL has entered into interest rate swaps with certain banks in respect of certain bank borrowings granted to Sateri Fujian for hedging Sateri Fujian's US dollar floating interest rate exposure (the "Swaps"). In connection with the VSF Disposal, BICL has agreed to transfer the Swaps to PVL on Completion, which may initially be effected by way of back-to-back interest rate swap transactions on Completion with the novation of the Swaps to be effected as soon as reasonably practicable following Completion (or in such other manner as the parties may agree). The parties have further agreed that BICL will be responsible for all marked-to-market profit or loss arising from the Swaps up to the date of Completion and any such profit or loss will be settled by BICL or PVL (as the case may be) at Completion. The marked-to-market loss arising from the Swaps as at Completion was US$2,886,000 (approximately HK$22,395,000).

5. Termination of the Call Option and ROFR Arrangement

On 17 December 2014, BICL and RGE Limited, a company controlled by the Ultimate Controlling Shareholder, entered into a termination agreement to terminate the Call Option and Right of First Refusal Agreement relating to RGE China Investment Limited (formerly known as "Sateri China Investment Limited"), which was a special purpose vehicle to undertake a viscose staple fiber project in Fengdu County, Chongqing, the PRC (the "Termination Agreement).

Details of the VSF Disposal, the Guarantees, the Amendment Deed, the Swaps and the Termination Agreement are set out in the circular of the Company dated 19 November 2014.

Continuing Connected Transactions

Set out below is information in relation to the continuing connected transactions (the "CCTs") entered into by the Group and required under the Listing Rules to be disclosed in the 2014 Annual Report:

1. Renewed Agency Agreement with DP Macao

On 16 August 2012, the Company's subsidiary, SC International Macao Commercial Offshore Limited ("SC International Macao"), and DP Marketing International Macao Commercial Offshore Limited ("DP Macao", formerly known as "DP Marketing International Limited – Macao Commercial Offshore"), a dissolving wood pulp and paper pulp trading company which was a former subsidiary of the Company and is now controlled by the Ultimate Controlling Shareholder, renewed an agency agreement (the "Renewed Agency Agreement"). Pursuant to the Renewed Agency Agreement, SC International Macao would act as the agent of DP Macao outside Indonesia for the sale of dissolving wood pulp for a period of three years with effect from 1 January 2013. Save for the renewal of the period of the agency agreement, all other terms of the agency agreement remain unchanged.

Under the Renewed Agency Agreement, DP Macao will pay SC International Macao a commission of 2% of the actual amount it receives for dissolving wood pulp sales attributable to SC International Macao. All expenses incurred by SC International Macao in connection with the Renewed Agency Agreement are for its own account.

The Renewed Agency Agreement is on normal commercial terms and the terms of the Renewed Agency Agreement, including the relevant annual caps for the three year contract period, are fair and reasonable and in the interests of the Company and the Shareholders as a whole and the renewal of the Agency Agreement is in the ordinary and usual course of the Company's business.

The Renewed Agency Agreement was terminated with effect from 17 December 2014 following the entering into of a termination agreement between SC International Macao and DP Macao on Completion.

SC International Macao has commission income of approximately US$813,000 from DP Macao under the Renewed Agency Agreement during the period from 1 January 2014 to the date of Completion. The annual cap for the maximum amount of commission income to SC International Macao by DP Macao under the Renewed Agency Agreement for the year ended 31 December 2014 was set at US$6,026,800 pursuant to the requirement of the Listing Rules.

2. Renewed Sales Framework Agreement with DP Macao

On 16 August 2012, Sateri Jiangxi and Sateri Fujian (the subsidiaries of the Company prior to Completion), and DP Macao renewed a sales framework agreement (the "Renewed Sales Framework Agreement") that was approved by the independent Shareholders on 28 September 2012. The Renewed Sales Framework Agreement governs the terms on which dissolving wood pulp is sold to Sateri Jiangxi and Sateri Fujian for a period of three years with effect from 1 January 2013. Save for the renewal of the period of the sales framework agreement, all other terms of the sales framework agreement remain unchanged.

Under the Renewed Sales Framework Agreement, all transactions for the sale of dissolving wood pulp by DP Macao to Sateri Jiangxi and Sateri Fujian must be on normal commercial terms and at a price that is no greater than the open market spot price at the time of the transaction that would be payable in a contract between independent third parties for a comparable quantity and quality of dissolving wood pulp.

The Renewed Sales Framework Agreement is on normal commercial terms and the terms of the Renewed Sales Framework Agreement, including the relevant annual caps for the three year contract period, are fair and reasonable and in the interests of the Company and the Shareholders as a whole and the renewal of the Sales Framework Agreement is in the ordinary and usual course of the Company's business.

The Renewed Sales Framework Agreement was terminated with effect from 17 December 2014 following the entering into of a termination agreement by Sateri Jiangxi, Sateri Fujian and DP Macao on Completion.

The value of sales of dissolving wood pulp by DP Macao to Sateri Jiangxi and Sateri Fujian during the period from 1 January 2014 to the date of Completion was approximately US$16,250,000. The annual cap for the maximum amount of purchase by Sateri Jiangxi and Sateri Fujian from DP Macao under the Renewed Sales Framework Agreement for the year ended 31 December 2014 was set at US$205,831,080 pursuant to the requirement of the Listing Rules.

3. Confirmations on CCTs

The auditor of the Company, PricewaterhouseCoopers, has confirmed that:

(i) nothing has come to their attention that causes them to believe that the CCTs have not been approved by the Board;

(ii) for the CCTs involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the CCTs were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) nothing has come to their attention that causes them to believe that the CCTs were not entered into, in all material respects, in accordance with the relevant agreements governing such CCTs; and

(iv) with respect to the aggregate amount of each of the CCTs, nothing has come to their attention that causes them to believe that the CCTs have exceeded the relevant annual caps disclosed above in this section.

The Independent Non-executive Directors of the Company have reviewed the CCTs and the report of the auditor and confirmed that the transactions have been entered into:

(i) in the ordinary and usual course of business of the Company;

(ii) on normal commercial terms or better; and

(iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Related Party Transactions

Details of the significant related party transactions undertaken in the normal course of business are set out in note 32 of the notes to the consolidated financial statements. Other than those transactions disclosed in the sections headed "Connected Transactions" and "Continuing Connected Transactions" above, none constitutes a discloseable connected transaction as defined under the Listing Rules.

Deed of Non-Competition

The Company entered into the Deed on 19 November 2010 so as to maintain a clear delineation of the respective businesses of the Group and those of the Controlling Shareholders and Pinnacle with effect from the Listing Date and to formalize the principles for the management of potential conflicts between them and to enhance our corporate governance in connection with the listing of the Shares on the Stock Exchange.

As approved by the independent Shareholders of the Company at the SGM held on 11 December 2014, the Company agreed to dispose of the viscose staple fiber business in the PRC to PVL and the Deed was amended and restated by the Amendment Deed.

The Independent Non-executive Directors have reviewed compliance by the Controlling Shareholders and Pinnacle and confirmed that based on confirmations and information provided by each of the Controlling Shareholders and Pinnacle, they are in compliance with the Deed and the Amendment Deed as appropriate during the period from 1 January 2014 to 31 December 2014.

The Independent Non-executive Directors were not required to review any other matter in relation to compliance and enforcement of the Deed and the Amendment Deed during the period from 1 January 2014 to 31 December 2014.

Corporate Governance

A report on the principal corporate governance practice adopted by the Company is set out in the Corporate Governance Report on pages 32 to 43 of the 2014 Annual Report.

Auditor

Following the retirement of Deloitte Touche Tohmatsu as auditor of the Company from the conclusion of the annual general meeting of the Company in 2012, PricewaterhouseCoopers was appointed as auditor of the Company. The consolidated financial statements of the Group for the year ended 31 December 2014 have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company until the conclusion of the next annual general meeting will be proposed at the AGM to be held on 18 May 2015.

On behalf of the Board

John Jeffrey YING
Chairman

Hong Kong, 16 March 2015

INDEPENDENT AUDITOR'S REPORT

pwc

羅兵咸永道

TO THE SHAREHOLDERS OF BRACELL LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Bracell Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 59 to 125, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Other Matters

This report, including the opinion, has been prepared for and only for you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 March 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Notes	2014 US$'000	2013 (Restated) US$'000
Continuing operations			
Revenue	5	**478,718**	455,511
Cost of sales		**(299,945)**	(285,445)
Gross profit		**178,773**	170,066
Selling and distribution expenses		**(41,214)**	(46,549)
General and administrative expenses		**(44,724)**	(49,640)
		92,835	73,877
Other income and (losses)/gains, net			
Decrease in fair value of forestation and reforestation assets	13	**(20,551)**	(22,465)
Others	6	**6,177**	15,006
		(14,374)	(7,459)
Operating profit	7	**78,461**	66,418
Finance costs	8	**(23,628)**	(30,703)
Profit before income tax		**54,833**	35,715
Income tax expense	9	**(39,490)**	(5,447)
Profit for the year from continuing operations		**15,343**	30,268
Discontinued operations			
Profit for the year from discontinued operations	23	**24,167**	7,491
Profit for the year		**39,510**	37,759
Profit attributable to:			
Owners of the Company		**37,364**	33,344
Non-controlling interests		**2,146**	4,415
		39,510	37,759
Profit attributable to owner of the Company arising from			
Continuing operations		**15,380**	30,478
Discontinued operations	23	**21,984**	2,866
		37,364	33,344
Dividends	11	**628,556**	11,000
Basic and diluted earnings per share (US cents)	12		
From continuing operations		**0.5**	0.9
From discontinued operations		**0.6**	0.1
		1.1	1.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 US$'000	2013 (Restated) US$'000
Profit for the year	**39,510**	37,759
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**(2,740)**	9,212
Unrealized loss on cash flow hedge	**(1,668)**	(1,164)
Release of translation reserve upon disposal of the Sale Companies	**(40,486)**	–
Other comprehensive income for the year	**(44,894)**	8,048
Total comprehensive income for the year	**(5,384)**	45,807
Total comprehensive income attributable to:		
Owners of the Company	**(7,485)**	40,371
Non-controlling interests	**2,101**	5,436
	(5,384)	45,807
Total comprehensive income attributable to owners of the company arising from:		
Continuing operations	**13,712**	29,314
Discontinued operations	**(21,197)**	11,057
	(7,485)	40,371

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 US$'000	2013 US$'000
Non-current assets			
Forestation and reforestation assets	13	**138,942**	161,554
Property, plant and equipment	14	**983,888**	1,737,909
Prepaid lease payments	15	**–**	33,091
Investment properties	16	**–**	1,703
Intangible assets		**375**	475
Deferred income tax assets	17	**13,438**	46,947
Other non-current assets	18	**47,969**	58,091
		1,184,612	2,039,770
Current assets			
Inventories	20	**80,177**	180,954
Trade, bills and other receivables	21	**212,718**	190,659
Bank balances and cash	22	**100,955**	166,046
		393,850	537,659
Current liabilities			
Trade and other payables	24	**90,154**	135,732
Current income tax payable		**20,767**	12,963
Derivative financial instruments	25	**5,698**	4,555
Bank borrowings	26	**115,578**	72,198
		232,197	225,448
Net current assets		**161,653**	312,211
Total assets less current liabilities		**1,346,265**	2,351,981

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 US$'000	2013 US$'000
Non-current liabilities			
Bank borrowings	26	**260,051**	593,725
Derivative financial instruments	25	**592**	67
		260,643	593,792
		1,085,622	1,758,189
Capital and reserves			
Share capital	27	**171,021**	171,021
Share premium and reserves		**912,912**	1,549,020
Equity attributable to owners of the Company		**1,083,933**	1,720,041
Non-controlling interests		**1,689**	38,148
		1,085,622	1,758,189

The consolidated financial statements on pages 59 to 125 were approved and authorized for issue by the Board of Directors on 16 March 2015 and were signed on its behalf by:

John Jeffrey Ying
Director

Tey Wei Lin
Director

STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 US$'000	2013 US$'000
Non-current assets			
Investment in a subsidiary	34	**1,007,993**	1,016,776
Loan to a subsidiary	34	**–**	395,493
		1,007,993	1,412,269
Current assets			
Other receivables		**310**	184
Amounts due from subsidiaries	34	**–**	7,758
Bank balances		**1,438**	3,082
		1,748	11,024
Current liabilities			
Accrued charges		**529**	285
Amounts due to subsidiaries	34	**251**	2,325
		780	2,610
Net current assets		**968**	8,414
		1,008,961	1,420,683
Capital and reserves			
Share capital	27	**171,021**	171,021
Share premium and reserves	33	**837,940**	1,249,662
		1,008,961	1,420,683

The consolidated financial statements on page 59 to 125 were approved and authorized for issue by the Board of Directors on 16 March 2015 and were signed on its behalf by:

John Jeffrey Ying
Director

Tey Wei Lin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company										
	Share capital US$'000	Share premium US$'000	Special reserve US$'000 (note a)	Other non-distributable reserves US$'000 (note b)	Translation reserve US$'000	Cash flow hedging reserve US$'000	Awarded shares compensation reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Total US$'000
At 1 January 2014	**171,021**	**426,151**	**277,394**	**6,252**	**43,101**	**(4,622)**	**30**	**800,714**	**1,720,041**	**38,148**	**1,758,189**
Profit for the year	–	–	–	–	–	–	–	37,364	37,364	2,146	39,510
Currency translation differences	–	–	–	–	(2,695)	–	–	–	(2,695)	(45)	(2,740)
Release of translation reserve upon disposal of the Sale Companies	–	–	–	–	(40,486)	–	–	–	(40,486)	–	(40,486)
Unrealized loss on cash flow hedge	–	–	–	–	–	(1,668)	–	–	(1,668)	–	(1,668)
Total comprehensive income for the year	–	–	–	–	(43,181)	(1,668)	–	37,364	(7,485)	2,101	(5,384)
Transactions with owners											
Disposal of the Sale Companies	–	–	–	(6,252)	–	–	–	6,252	–	(38,560)	(38,560)
Special dividend (note 11)	–	–	(277,394)	–	–	–	–	(340,162)	(617,556)	–	(617,556)
Dividend (note 11)	–	–	–	–	–	–	–	(11,000)	(11,000)	–	(11,000)
Awarded shares compensation expense	–	–	–	–	–	–	(196)	129	(67)	–	(67)
Total transactions with owners	–	–	(277,394)	(6,252)	–	–	(196)	(344,781)	(628,623)	(38,560)	(667,183)
At 31 December 2014	**171,021**	**426,151**	**–**	**–**	**(80)**	**(6,290)**	**(166)**	**493,297**	**1,083,933**	**1,689**	**1,085,622**
At 1 January 2013	170,896	425,521	277,394	3,438	34,910	(3,458)	839	781,048	1,690,588	32,712	1,723,300
Profit for the year	–	–	–	–	–	–	–	33,344	33,344	4,415	37,759
Currency translation differences	–	–	–	–	8,191	–	–	–	8,191	1,021	9,212
Unrealized loss on cash flow hedge	–	–	–	–	–	(1,164)	–	–	(1,164)	–	(1,164)
Total comprehensive income for the year	–	–	–	–	8,191	(1,164)	–	33,344	40,371	5,436	45,807
Transactions with owners											
Issue of new shares (note 27)	125	630	–	–	–	–	(755)	–	–	–	–
Appropriations	–	–	–	2,814	–	–	–	(2,814)	–	–	–
Dividend (note 11)	–	–	–	–	–	–	–	(11,000)	(11,000)	–	(11,000)
Awarded shares compensation expense	–	–	–	–	–	–	(54)	136	82	–	82
Total transactions with owners	125	630	–	2,814	–	–	(809)	(13,678)	(10,918)	–	(10,918)
At 31 December 2013	171,021	426,151	277,394	6,252	43,101	(4,622)	30	800,714	1,720,041	38,148	1,758,189

Notes:

(a) Special reserve represents the sum of the deemed contribution of US$38,769,000 from shareholders mainly arising from the waiver of interest-free advances and the excess of the aggregate nominal amount of the share capital and share premium of a subsidiary acquired by the Company over the nominal amount of shares of the Company issued to the then shareholders amounting to US$238,625,000 in 2010.

(b) Other non-distributable reserves represent statutory reserves required to be appropriated from net profit after tax of subsidiaries established in the People's Republic of China (the "PRC") under the relevant laws and regulations at an amount determined annually by the respective boards of directors of the subsidiaries, but must not be less than 10% of the net profit after tax of the subsidiaries, until such reserves reach 50% of the registered capital of the relevant subsidiaries. The reserve may be used to offset accumulated losses and/or converted to increase capital of the relevant subsidiaries subject to certain restrictions set out in the Company Law of the PRC.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Notes	2014 US$'000	2013 US$'000
Cash flows from operating activities			
Net cash generated from operations including continuing and discontinued operations	31	174,130	145,788
Income taxes paid		(3,616)	(1,283)
Net cash from operating activities		170,514	144,505
– Continuing operations		190,132	142,041
– Discontinued operations	23	(19,618)	2,464
		170,514	144,505
Cash flows from investing activities			
Purchase of property, plant and equipment		(125,966)	(258,782)
Additions of forestation and reforestation assets		(43,400)	(32,474)
Additions to prepaid lease payments		(11)	(1,591)
Decrease in pledged bank deposits		–	73
Interest received		693	1,628
Proceeds on disposals of property, plant and equipment		2,385	276
Net inflow of cash and cash equivalents in respect of the disposal of the Sales Companies	23	562,540	–
Net cash generated from/(used in) investing activities		396,241	(290,870)
Cash flows from financing activities			
Drawdown of bank borrowings		167,160	592,982
Repayment of bank borrowings		(135,894)	(440,760)
Interest paid		(34,529)	(25,022)
Repayment of obligations under finance leases		–	(689)
Payment of dividends		(628,556)	(11,000)
Net cash (used in)/generated from financing activities		(631,819)	115,511
Net decrease in cash and cash equivalents		(65,064)	(30,854)
Foreign exchange differences		(27)	1,497
Cash and cash equivalents at beginning of the year		166,046	195,403
Cash and cash equivalents at end of the year			
Represented by bank balances and cash		100,955	166,046

1 General information

Bracell Limited (formerly known as Sateri Holdings Limited, the "Company") was incorporated on 8 June 2010 and registered as an exempted company with limited liability in Bermuda under the Companies Act 1981 of Bermuda (as amended). The Company is controlled by Gold Silk Holdings Limited, a limited liability company incorporated in Cayman Islands and 100% owned and controlled by Mr. Sukanto Tanoto and certain members of his family (the "Major Shareholder"). The address of the principal place of business of the Company is 21/F, China Building, 29 Queen's Road Central, Central, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are set out in note 35.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in United States dollars ("US$" or "USD"), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 16 March 2015.

2 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the rules governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the forestation and reforestation assets which are carried at fair value less estimated costs to sell, and derivative financial instruments which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

In 2014, the Group adopted the amendments of IFRS below, which are relevant to its operations.

IAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
IAS 36 (Amendment)	'Impairment of assets' on recoverable amount disclosures
IAS 39 (Amendment)	Financial Instrument: Recognition and Measurement – Novation of derivative

Annual improvements 2012

Amendment to IFRS 2	Share-based payment
Amendment to IFRS 3	Business combinations
Amendment to IAS 37	Provision, contingent liabilities and contingent assets
Amendment to IAS 39	Financial Instrument – recognition and measurement

The adoption of these amendments has no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies, presentation and disclosures of the financial statements.

New standards and amendments that have been issued and relevant to the Group but are not yet effective:

New standards and amendments		Effective for accounting periods beginning on or after
IFRSs (Amendments)	Annual Improvements 2010 – 2012 Cycle	2015
IFRSs (Amendments)	Annual Improvements 2011 – 2013 Cycle	2015
IFRSs (Amendments)	Annual Improvements 2012 – 2014 Cycle	2016
IFRS 9 (2014)	Financial Instruments	2018
IFRS 15	Revenue from Contracts with Customers	2017

The Group has not early adopted the above new standards and amendments. Management has made a preliminary assessment that the adoption of these new standards and amendments is not expected to have a significant impact on the Group's consolidated financial statements.

2 Summary of significant accounting policies (continued)

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceased.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Total comprehensive income and expense of a subsidiary is 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.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in the consolidated income statement.

2 Summary of significant accounting policies (continued)

(b) Basis of consolidation (continued)

(i) Business combinations (continued)

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in the consolidated income statement or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated income statement.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the consolidated income statement.

2 Summary of significant accounting policies (continued)

(c) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of estimated customer returns, discounts, sales related taxes and other similar allowances.

(i) Revenue from sale of goods is recognized when the goods are delivered and title has passed.

(ii) Commission income is recognized when services are provided.

(iii) Interest income is recognized on a time-proportion basis using the effective interest method.

(iv) Rental income, including rentals invoiced in advance, from investment properties let under operating leases is recognized in the consolidated income statement on a straight line basis over the period of the respective leases.

(v) Revenue from sale of electricity is recognized when the electricity is delivered.

2 Summary of significant accounting policies (continued)

(f) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction cost directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated income statement.

(i) Financial assets

The Group's financial assets comprise loans and receivables, available-for-sale financial assets and derivative financial instruments.

(1) Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts but excluding future credit losses) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis.

(2) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss ("FVTPL"), loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period.

(3) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade, bills and other receivables) are carried at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

2 Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

(i) Financial assets (continued)

(4) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For financial assets other than those at FVTPL, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period of between 30 to 180 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Decrease in the carrying amount of the allowance account are recognized in the consolidated income statement. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through the consolidated income statement to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

2 Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

(ii) Derivative financial instruments and hedging

Derivatives are classified as financial assets or liabilities held for trading and are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in the consolidated income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated income statement depends on the nature of the hedge relationship.

(1) Hedge accounting

The Group designates certain derivatives as hedges of highly probable forecast transactions for interest rate risk and foreign exchange risk exposures. At the inception of the hedging relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

(2) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement as other income and gains/(losses).

Amounts previously recognized in other comprehensive income and accumulated in equity (cash flow hedging reserve) are reclassified to the consolidated income statement in the periods when the hedged item is recognized in the consolidated income statement, in the same line of the consolidated income statement as the recognized hedged item. However, when the hedge forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the consolidated income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in the consolidated income statement.

2 Summary of significant accounting policies (continued)

(g) Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is provided on a straight line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated income statement in the period when the asset is derecognized.

(h) Forestation and reforestation assets

Forestation and reforestation assets comprise the plantation in Brazil. These biological assets comprise plantations and seedling stocks. The Group's plantation comprises trees planted for the production of wood for use in the Group's dissolving wood pulp production process.

Plantation expenditure on forestation and reforestation includes land preparation expense and the cost of seedlings transferred for plantation which are capitalized as costs for forestation and reforestation assets. Expenditure on seedling stocks includes other direct expenses incurred during the cultivation period of the seedling stock. These expenditures on seedling stocks are deferred and transferred to plantation once they are planted.

Forestation and reforestation assets are stated at fair value less costs to sell at the end of the reporting period.

At the time the tree is harvested, the agricultural produce is measured at its fair value less estimated costs to sell. It is taken out of forestation and reforestation assets (non-current assets) and accounted for under inventories (current assets).

(i) Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than freehold land and construction in progress) are stated in consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

2 Summary of significant accounting policies (continued)

(i) Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than freehold land and construction in progress, over their estimated useful lives and after taking into account of their estimated residual values, using the straight line method.

Leasehold improvements	Shorter of lease term of land and useful life of buildings
Buildings	Shorter of the unexpired term of the relevant lease and their estimated useful lives ranging from 25 to 30 years
Plant and machinery	5 to 25 years
Other tangible assets	5 to 10 years

Freehold land is stated at cost less identified impairment losses. No depreciation is provided for freehold land.

Construction in progress represents property, plant and equipment in the course of construction for production purpose or for its own use. Construction in progress is carried at cost less any impairment loss. Construction in progress is classified into the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the period in which the item is derecognized.

2 Summary of significant accounting policies (continued)

(j) Investment properties

Investment properties are properties held to earn rentals and/or to enjoy capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognized so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the period in which the item is derecognized.

(k) Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance sheet date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the consolidated income statement in the period in which they are incurred.

(l) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method.

2 Summary of significant accounting policies (continued)

(m) Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

(n) Income tax

Income tax expense represents the sum of the income tax currently payable and deferred income tax.

The income tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2 Summary of significant accounting policies (continued)

(n) Income tax (continued)

Deferred income tax liabilities are recognized for taxable temporary differences associated on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred income 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 profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred income tax is recognized in the consolidated income statement, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred income tax is also recognized in other comprehensive income or directly in equity respectively.

(o) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in the consolidated income statement in the period in which they arise. Foreign exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated income statement for the period, except for foreign exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the foreign exchange differences are also recognized directly in other comprehensive income.

2 Summary of significant accounting policies (continued)

(o) Foreign currencies (continued)

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. United States dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Foreign exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the foreign exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the consolidated income statement. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated foreign exchange differences are re-attributed to non-controlling interests and are not recognized in the consolidated income statement.

(p) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of the ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognized in the consolidated income statement on a straight line basis over the terms of the relevant leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense on a straight line basis over the lease terms.

The Group as lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as obligations under finance leases.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately to the consolidated income statement.

Operating lease payments are recognized as an expense on a straight line basis over the lease terms. Benefits received and receivable as an incentive to enter into an operating lease are recognized as a reduction of rental expense over the lease terms on a straight line basis.

2 Summary of significant accounting policies (continued)

(q) Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortized over the lease terms on a straight line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

(r) Retirement benefit costs

Payments to defined contribution retirement benefit schemes and state-managed retirement benefit schemes are recognized as expenses when employees have rendered service entitling them to the contribution.

(s) Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of time value of money is material).

(t) Share-based payment transactions

(i) Equity-settled share-based payment transactions

(1) Restricted Share Unit Schemes ("RSU Schemes")

RSU Schemes comprise the Company's Pre-IPO Restricted Share Unit Scheme and Post-IPO Restricted Share Unit Scheme. The fair value of services received determined by reference to the fair value of shares awarded at the grant date is expensed on a straight line basis over the vesting period, with a corresponding increase in awarded shares compensation reserve.

2 Summary of significant accounting policies (continued)

(t) Share-based payment transactions (continued)

(i) Equity-settled share-based payment transactions (continued)

(1) Restricted Share Unit Schemes ("RSU Schemes") (continued)

When trustee purchases the Company's shares from the open market, the consideration paid, including any directly attributable incremental costs, is presented as "Awarded shares compensation reserve" in the consolidated statement of changes in equity and deducted from total equity. No gain or loss is recognized on the transactions of the Company's own shares.

When the trustee transfers the Company's shares to grantees upon vesting, the related costs of the granted shares vested are reversed from the "Awarded shares compensation reserve". Accordingly, the related expense of the granted shares vested is reversed from the "Awarded shares compensation reserve". The difference arising from such transfer is debited/credited to retained profits.

When the restricted share units ("RSUs") are forfeited before vesting, the amount previously recognized in the consolidated income statement in relation to that forfeiture will be reversed from the same line in the consolidated income statement.

(2) Share options scheme

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period or recognized as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognized in the consolidated income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When the share options are exercised, the amount previously recognized in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share options reserve will be transferred to retained profits.

(u) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts.

2 Summary of significant accounting policies (continued)

(v) Related parties

Where one party has the ability to control the other party or exercise significant influence in making financial and operating decision of another party, they are considered to be related. Parties are also considered to be related if one party is subject to control, and another party is subject to control, joint control or significant influence by the same third party.

(w) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the consolidated income statement, which comprises the post-tax profit or loss of the discontinued operations and the post-tax gain or loss recognized on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operations.

3 Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

(i) Foreign currency risk management

Several subsidiaries of the Company have foreign currency receipts and payments, which expose the Group to foreign currency risk. Also, certain trade and other receivables, trade and other payables, bank balances, bank borrowings and other non-current assets of the Group are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

The Group's treasury's risk management policy is to hedge up to 100% of material foreign currency net cash flows for up to the subsequent 18 months. The Group enters into forward foreign exchange contracts to hedge material forecasted foreign currency exposures where applicable. Currently, forward exchange contracts are arranged mainly to hedge the currency fluctuation of Brazilian Reais ("BRL") against USD, with USD as the functional currency of the Company and its Brazilian operating subsidiaries. The Group continues to adopt hedge accounting for its foreign exchange contracts entered into.

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(i) Foreign currency risk management (continued)

The Group was primarily exposed to currencies of BRL, Renminbi and USD other than the functional currencies of the relevant group entities. The carrying amounts of these assets and liabilities at the end of each reporting period were as follows:

	2014 US$'000	2013 US$'000
Assets		
BRL	**69,844**	85,128
Renminbi	**658**	1,649
USD	**–**	10,490
Liabilities		
BRL	**33,739**	33,921
USD	**–**	146,913

Sensitivity analysis

The respective functional currencies of the group entities were primarily USD and Renminbi, and the group entities were mainly exposed to the effects of fluctuation in BRL, USD and Renminbi.

The following table details the increase and decrease by 5% (2013: 5%) in the functional currency of relevant group entity against BRL, USD and Renminbi with other variables held constants. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end. A 5% (2013: 5%) strengthening of functional currencies against BRL, USD and Renminbi (foreign currencies) respectively will give rise to the following impact to post-tax profit/loss for the year.

	USD Impact (note i)		BRL Impact (note ii)		Renminbi Impact (note iii)	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
(Decrease)/increase in post-tax profit for the year	**–**	5,116	**(1,191)**	(1,690)	**(27)**	(82)

For a 5% (2013: 5%) weakening of USD, BRL and Renminbi, there would be an equal and opposite impact.

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(i) Foreign currency risk management (continued)

Sensitivity analysis (continued)

Notes:

(i) This is mainly attributable to the exposure on USD denominated bank balances, receivables, payables and borrowings at year end.

(ii) This is mainly attributable to the exposure on BRL denominated other non-current assets, trade and other receivables, bank balances and trade and other payables at year end.

(iii) This is mainly attributable to exposure on Renminbi denominated bank balances and other receivables at year end.

(ii) Interest rate risk management

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings. The Group aims to keep certain borrowings at fixed rates of interest. In order to achieve this result, the Group entered into interest rate swaps to minimize its exposure to interest rate risk. At 31 December 2014, the outstanding interest rate swaps have been designated as highly effective hedging instruments. The critical terms of these interest rate swaps are similar to those of hedged borrowings (see note 26 for details). The Group's bank deposits and bank balances also have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits and bank balances.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on the agreed notional principal amounts. The Group's cash flow interest rate risk changed from variable rate to fixed rate. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the variable rate bank borrowings.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(ii) Interest rate risk management (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank balances and bank borrowings that are not under cash flow hedge. The analysis has been prepared assuming these financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

At 31 December 2014, interest rates increased by 50 (2013: 50) basis points with all other variables held constant, the potential effect on post-tax profit for the year is as follows:

	2014 US$'000	2013 US$'000
Increase/(decrease) in post-tax profit for the year	**456**	(347)

If interest rates decreased by 50 (2013: 50) basis points with all other variables held constant, these would be an equal and opposite impact on the profit.

The sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

(iii) Credit risk management

At 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position.

The extent of the Group's credit exposure is represented by the aggregate balance of trade, bills and other receivables, derivative financial instruments and bank balances.

In order to minimize the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group has reviewed the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management of the Company considers that the Group's credit risk is significantly reduced.

The credit risk on bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(iii) Credit risk management (continued)

The Group has concentration of credit risk on its top three external customers which in aggregate accounted for 81% (2013: 15%) of the Group's total trade receivables as at 31 December 2014. These top three customers have good credit rating and repayment history and are well-known manufacturers of fiber in the world. The credit period granted to them ranged from 30 to 180 days.

The Group does not have any significant concentration of credit risk on other receivables.

(iv) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilization of borrowings.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay. The tables include both interest and principal cash flows. For variable rate non-derivative financial liabilities, the undiscounted cash flows on interest are estimated based on interest rates at the end of the reporting period, and therefore subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

In addition, the following tables detail the Group's liquidity analysis for its derivative financial liabilities. The tables have been drawn up based on the undiscounted contractual net cash outflows on derivative instruments settled on a net basis. Floating rate is determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial liabilities are prepared based on the contractual maturities as management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(iv) Liquidity risk management (continued)

	Weighted average effective interest rate %	0-90 days US$'000	91-365 days US$'000	1-2 years US$'000	2-3 years US$'000	Over 3 years US$'000	Total undiscounted cash flows US$'000	Carrying amount US$'000
At 31 December 2014								
Non-derivative financial liabilities								
Trade and other payables		44,692	–	–	–	–	44,692	44,692
Bank borrowings – Variable rates	4.4	33,408	97,673	128,060	121,504	30,282	410,927	375,629
		78,100	97,673	128,060	121,504	30,282	455,619	420,321
Derivative financial liabilities								
Forward foreign exchange contracts		416	5,060	–	–	–	5,476	5,325
Interest rate swaps		67	591	237	108	6	1,009	966
		483	5,651	237	108	6	6,485	6,291
At 31 December 2013								
Non-derivative financial liabilities								
Trade and other payables		73,593	–	–	–	–	73,593	73,593
Bank borrowings – Variable rates	4.8	7,882	96,171	167,425	160,778	327,683	759,939	665,923
		81,475	96,171	167,425	160,778	327,683	833,532	739,516
Derivative financial liabilities								
Forward foreign exchange contracts		2,005	2,647	–	–	–	4,652	4,555
Interest rate swaps		225	539	(43)	(459)	(255)	7	67
		2,230	3,186	(43)	(459)	(255)	4,659	4,622

3 Financial risk management (continued)

(b) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to owners of the Company through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, share premium, various reserves and retained profits.

The management and directors of the Company review the capital structure of the Group on a regular basis. As part of this review, the cost of capital and the risks associated with each class of capital are considered. Based on this regular review, the Group will balance its overall capital structure through the payment of dividends, new share issues, new borrowings raised and repayment of borrowings as may be appropriate.

(c) Fair value estimation

The fair value of financial assets and financial liabilities are determined as follows:

- the fair values of the forward foreign exchange contracts have been arrived at using the forward rates of similar instruments as at the end of each reporting period. Fair values of interest rate swaps have been determined using the valuations provided by the counterparty banks as at each reporting period with reference to market data such as settlement prices and interest rates; and

- the fair values of other financial assets and financial liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Management of the Company considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in these consolidated financial statements approximate their fair values.

Fair value measurements recognized in the consolidated statement of financial position

Different levels of fair value measurements of financial instruments subsequent to initial recognition are defined as follows based on the degree to which the fair value is observable.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 Financial risk management (continued)

(c) Fair value estimation (continued)

Fair value measurements recognized in the consolidated statement of financial position (continued)

Management of the Company uses their judgment in selecting an appropriate valuation technique for derivative financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied.

The Group's derivative financial instruments were all measured at fair value under level 2 at 31 December 2014 and 2013 and no transfers between any levels had occurred during the year.

4 Critical accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment and depreciation of property, plant and equipment

The Group performs impairment assessment on property, plant and equipment in accordance with the accounting policy state in note 2(m) if there is any impairment indicator identified. The impairment assessment compares the recoverable amounts against the carrying values of the property, plant and equipment.

The determination of the recoverable amounts requires management judgements and the use of estimates.

The Group depreciates the property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight line method. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect management's estimated amount that the Group would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of their useful lives. Changes in the above estimates will affect the depreciation charged to the consolidated income statement for the year in which such changes take place in future periods.

4 Critical accounting estimates and judgements (continued)

(b) Fair value of forestation and reforestation assets

As described in note 13, management of the Company uses their judgment in selecting an appropriate valuation technique for forestation and reforestation assets.

No active market for the forestation and reforestation assets exists and market-determined prices or values for the forestation and reforestation assets are not available. Management has used the present value of expected net cash flows from the assets discounted at the appropriate discount rate to determine the fair value.

Fair value of forestation and reforestation assets has been estimated using the discounted cash flow model with reference to estimates in growth, harvest, sales prices and costs. Details of the assumptions are listed in note 13. If the expectation on assumptions differs from the original estimate, such difference will impact the carrying amount of forestation and reforestation assets whenever such estimates are changed.

(c) Inventory valuation

Inventories are valued at the lower of the actual cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is generally the merchandise's selling price quoted from the market for similar items. The Group reviews its inventory levels in order to identify slow-moving and obsolete merchandise. When the Group identifies items of inventories which have a market price that is lower than its carrying amount, the Group estimates the amount of allowance on inventories charged to the consolidated income statement for the year.

(d) Estimated impairment of value-added-tax ("VAT") recoverable

In determining whether there is any impairment loss on VAT recoverable, the Group estimates the amount, timing and the ways in which these VAT recoverable are to be utilized, including the utilization through offsetting of VAT payable on future domestic sales, transfer of VAT recoverable to third parties and/or utilization through offsetting with other tax payables. Where the actual amount utilized in offsetting against VAT payable on future sales are less than expected, a material impairment loss may arise and charge to the consolidated income statement for the year.

(e) Estimated impairment of trade, bills and other receivables

The provision policy for doubtful debts of the Group is based on the ongoing evaluation of collectability and aging analysis of the outstanding receivables and on management's judgments. When there is objective evidence of impairment loss, the Group estimates the future cash flows to determine the impairment loss. A considerable amount of judgment is required in assessing the ultimate realization of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, material amount of allowances may be required.

4 Critical accounting estimates and judgements (continued)

(f) Taxes

The Group is subject to income and other taxes in several jurisdictions and records tax liabilities based on its best estimates of the likely amounts payable in each jurisdiction. Where the final tax outcome differs from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

As described in note 17, deferred income tax assets are related to certain unused tax losses of the Group. The realizability of the deferred income tax asset mainly depends on whether sufficient future profits will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred income tax assets may arise, which would be recognized in the consolidated income statement for the period in which such a reversal takes place.

(g) Fair value of derivative financial instruments and investments

As described in note 3(c), management of the Company uses their judgment in selecting an appropriate valuation technique for derivative financial instruments not quoted in an active market. Actual results may differ when the assumptions and selections of valuation technique changes. In addition, the Group has certain unlisted investments, where the directors of the Company are of the opinion that the fair value cannot be measured reliably.

(h) Provisions

The Group made provisions for all loss contingencies when information available prior to the issuance of these consolidated financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of these consolidated financial statements and the amount of loss can be reasonably estimated. For provisions related to litigation, the Group makes provisions based on information from legal counsel and the best estimation of management. The actual resolution of these contingencies may differ from the estimation made by the Group. If the contingencies were settled for an amount greater than the Group's estimate, an additional charge to the consolidated income statement would result. Likewise, if the contingencies were settled for an amount that is less than the Group's estimate, a credit to the consolidated income statement would result.

5 Revenue and segment information

(a) Revenue

	2014 US$'000	2013 (Restated) US$'000
Continuing operations:		
DWP Business	**478,718**	455,511
Discontinued operations:		
VSF Business	**529,060**	333,569

(b) Segment information

Operating segments are identified on the basis of internal reports on components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Company's Board of Directors is the chief operating decision maker for the purposes of IFRS 8 as it collectively makes strategic decisions in allocating the Group's resources and assessing performance.

The Group is organized into the following two major operating divisions, each of which represents an operating and reportable segment of the Group:

DWP Business	This segment derives its revenue from selling dissolving wood pulp ("DWP"), including rayon-grade pulp and specialty-grade pulp, which are manufactured by the Group, to third parties as well as the two VSF plants in Fujian and Jiangxi, PRC
VSF Business	This segment derives its revenue from selling viscose staple fiber ("VSF"), which are manufactured by the Group, to third parties. Rayon-grade pulp used to produce VSF is sourced from the DWP Business as well as from third parties at prices agreed by the parties involved.

5 Revenue and segment information (continued)

(b) Segment information (continued)

During the year ended 31 December 2014, the Group completed its disposal of the entire equity and loan interest in the VSF business (the "Sale Companies") to a company controlled by the ultimate controlling shareholders at a consideration of US$591,467,000. Full consideration was settled on 17 December 2014. The major assets of the VSF business comprise two plants in Fujian and Jiangxi, PRC which produce VSF using DWP as its main raw materials. Accordingly, the results of the VSF business together with the related gain on disposal have been presented as discontinued operations in the consolidated financial statements for the year ended 31 December 2014.

Previously, the revenue of the DWP Business included revenue from sales of DWP to third parties only while the costs to the Group of producing rayon-grade pulp used by the VSF Business are included within the VSF business segment. As a result of the aforementioned disposal, the Group has re-presented its segment information where

i) the revenue of the DWP Business in 2014 included revenue from the sale of DWP to third parties as well as the sale of rayon-grade pulp to the two VSF plants in Fujian and Jiangxi, PRC; and

ii) the costs of the rayon-grade pulp used by the VSF Business in 2014 are based on the pulp prices paid by the two disposed VSF plants in Fujian and Jiangxi, PRC.

In addition, certain investment holding companies previously included under the unallocated segment are grouped within the VSF Business as they were disposed of together with the VSF operating companies.

Information regarding the above segments is reported below. Information for 2013 has been restated to conform to the current year's presentation.

5 Revenue and segment information (continued)

(b) Segment information (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments.

For the year ended 31 December 2014

	Continuing operations DWP Business US$'000	Discontinued operations VSF Business US$'000	Unallocated US$'000	Elimination US$'000	Consolidated US$'000
Segment revenue from external customers	198,557	529,060	–	–	727,617
Inter-segment sales	280,161	–	–	(280,161)	–
Total	478,718	529,060	–	(280,161)	727,617
Segment gross profit	178,773	38,670	–	12,753	230,196
EBITDA	207,976	45,226	(8,251)	(572)	244,379
Depreciation of property, plant and equipment	(60,808)	(32,633)	(4)	–	(93,445)
Depreciation of investment properties	–	(103)	–	–	(103)
Amortization of intangible assets	–	–	(100)	–	(100)
Decrease due to harvest charged to profit or loss	(39,801)	–	–	–	(39,801)
Decrease in fair value of forestation and reforestation assets	(20,551)	–	–	–	(20,551)
Gain on disposal of Sale Companies	–	36,254	–	–	36,254
Finance costs	(23,628)	(15,365)	–	4,727	(34,266)
Segment results and profit/ (loss) before income tax	63,188	33,379	(8,355)	4,155	92,367
Less: Discontinued operations					(33,379)
Elimination					(4,155)
Profit before income tax					54,833

5 Revenue and segment information (continued)

(b) Segment information (continued)

Segment revenue and results (continued)

For the year ended 31 December 2013

	Continuing operations DWP Business (Restated) US$'000	Discontinued operations VSF Business (Restated) US$'000	Unallocated (Restated) US$'000	Elimination (Restated) US$'000	Consolidated US$'000
Segment revenue from external customers	312,112	333,569	–	–	645,681
Inter-segment sales	143,399	–	–	(143,399)	–
Total	455,511	333,569	–	(143,399)	645,681
Segment gross profit	170,066	46,028	–	1,454	217,548
EBITDA	176,965	35,015	(100)	(6,322)	205,558
Depreciation of property, plant and equipment	(55,407)	(18,997)	(2)	–	(74,406)
Depreciation of investment properties	–	(111)	–	–	(111)
Amortization of intangible assets	–	–	(100)	–	(100)
Decrease due to harvest charged to profit or loss	(32,473)	–	–	–	(32,473)
Decrease in fair value of forestation and reforestation assets	(22,465)	–	–	–	(22,465)
Finance costs	(30,703)	(10,104)	–	8,114	(32,693)
Segment results and profit/(loss) before income tax	35,917	5,803	(202)	1,792	43,310
Less: Discontinued operations					(5,803)
Elimination					(1,792)
Profit before income tax					35,715

5 Revenue and segment information (continued)

(b) Segment information (continued)

Segment revenue and results (continued)

Unallocated items consist of other income and (losses)/gains and certain general and administrative expenses.

All assets and liabilities as at 31 December 2014 are attributable to the continuing operations.

Management does not provide an analysis of segment assets and liabilities to the Company's Board of Directors as it is not meaningful to produce such information. Evaluation of the Group's assets and liabilities is undertaken on a consolidated basis. Therefore, the allocation of total assets and liabilities for each operating and reportable segment is not presented.

Geographical information

The customers of the Group's continuing operations are mainly located in the PRC, the Americas, Europe and other Asian countries.

An analysis of the revenue of the Group's continuing operations by geographical market based on where the goods are delivered to is as below:

	2014 US$'000	2013 (Restated) US$'000
The PRC	323,606	245,402
The Americas	124,843	137,051
Europe	28,736	56,417
Asia (excluding the PRC)	1,533	16,465
Others	–	176
	478,718	455,511

The Group's non-current assets (excluding deferred income tax assets) by geographical location are detailed below:

	2014 US$'000	2013 US$'000
The Americas (primarily Brazil)	1,171,131	1,225,883
The PRC	–	766,898
Europe (primarily Switzerland)	15	26
Asia (excluding the PRC)	28	16
	1,171,174	1,992,823

5 Revenue and segment information (continued)

(b) Segment information (continued)

Information about major customers of the Group's continuing operations

One external customer contributed over 10% of the sales of the Group's continuing operations and the Group's sales to this customer was US$76,429,000 in 2014 (2013: three external customers each contributed over 10% of the sales of the continuing operations and the Group's sales to these customers were US$64,179,000, US$47,819,000 and US$46,994,000 respectively).

6 Other income and (losses)/gains, net – others

Continuing operations

	2014 US$'000	2013 (Restated) US$'000
Commission income from a related party	813	1,275
Foreign exchange (loss)/gain	(7,194)	1,668
Bank interest income	563	1,402
Interest income from the Sale Companies	4,727	8,114
Loss on disposals of property, plant and equipment	(685)	(2,032)
Sales of electricity	12,061	4,207
Impairment loss recognized in respect of other non-current assets	(4,231)	–
Others	123	372
	6,177	15,006

7 Operating profit

Continuing operations

	2014 US$'000	2013 (Restated) US$'000
Operating profit has been arrived at after charging:		
Salaries, wages and allowances	**45,137**	46,899
Retirement benefit scheme contributions – defined contribution plans	**2,198**	2,421
Awarded shares compensation expense, net	**136**	509
Total staff costs	**47,471**	49,829
Auditor's remuneration	**995**	958
Depreciation of property, plant and equipment	**60,812**	55,409
Operating lease expense of land and buildings and others	**221**	188

8 Finance costs

Continuing operations

	2014 US$'000	2013 (Restated) US$'000
Interest expenses on:		
– bank borrowings	**17,653**	18,120
– obligations under finance leases	**–**	71
	17,653	18,191
Other finance costs (note)	**5,975**	12,512
Total borrowing costs	**23,628**	30,703

Note: Other finance costs represent primarily the loss on settlement of interest rate swap which was designated as hedging instrument under hedge accounting amounting to US$1,068,000 (2013: US$3,623,000) and the amortization charge of syndicated loan's upfront structure fee amounting to US$3,813,000 (2013: US$7,671,000).

9 Income tax expense

Income tax expense has been provided on the estimated assessable profit for the year at the appropriate tax rates prevailing in the countries/locations in which the Group operates.

Continuing operations

	2014 US$'000	2013 (Restated) US$'000
Current income tax:		
– Provision for the year	**(8,629)**	(5,371)
– Over-provision in prior years (note)	**2,648**	5,760
	(5,981)	389
Deferred income tax (note 17)	**(33,509)**	(5,836)
	(39,490)	(5,447)

Note: Over-provision of income tax represents primarily the write back of aged tax provision balance amounted to US$2,650,000 (2013: US$5,766,000).

Brazilian Corporate Tax ("BCT") consists of income tax and social contributions, which are calculated at the rates of 25% and 9%, respectively on the Brazilian subsidiaries' taxable profit. Bahia Specialty Cellulose S. A. ("BSC"), a subsidiary incorporated in Brazil, obtained approval from the Federal Government ("SUDENE") in 2008 for a 75% reduction in BCT arising from profits attributable to its then existing production line for a ten-year term starting from 1 January 2009.

The Group's Macau subsidiary is exempted from Macau Complementary Tax pursuant to Decree Law No. 58/99/M, Chapter 2, Article 12, dated 18 October 1999.

The corporate income tax of US incorporated entity is calculated based on the estimated assessable profits, multiplied by applicable United States Federal and State corporate income tax rates ranging from 6%-34%.

The corporate income tax of the Group's remaining subsidiaries is calculated at rates ranging from 16.50%-22.05% (2013: 16.50%-22.70%) on the estimated assessable profit of respective entities.

9 Income tax expense (continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

Continuing operations

	2014 US$'000	2013 (Restated) US$'000
Profit before income tax	**54,833**	35,715
Tax at the respective domestic income tax rates applicable to profits in the respective countries/location	**(16,170)**	(9,027)
Expenses not deductible for tax purposes	**(9,229)**	(8,940)
Income not subject to income tax	**1,156**	1,327
Tax losses not recognized	**(1,726)**	–
Effect of tax exemption and concession granted	**9,795**	5,433
Over-provision in respect of prior years	**2,648**	5,760
Write-down of deferred income tax assets (note 17)	**(25,964)**	–
Income tax expense	**(39,490)**	(5,447)

10 Directors' and management's emoluments

(a) Directors' emoluments

The remuneration of each director is set out below:

For the year ended 31 December 2014

Name	Fees US$'000	Salaries, allowances and other benefits US$'000	Retirement benefit scheme contributions US$'000	Awarded shares compensation US$'000	Total emoluments US$'000
Directors:					
John Jeffrey YING	64	–	–	8	72
Jeffrey LAM Kin Fung	64	–	–	–	64
David YU Hon To	64	–	–	–	64
TEY Wei Lin (note a)	64	122	7	–	193
LIM Ah Doo	64	–	–	–	64
LOW Weng Keong	64	–	–	–	64
Armin MEYER (note b)	38	–	–	–	38
	422	122	7	8	559

For the year ended 31 December 2013

Name	Fees US$'000	Salaries, allowances and other benefits US$'000	Retirement benefit scheme contributions US$'000	Awarded shares compensation US$'000	Total emoluments US$'000
Directors:					
John Jeffrey YING	64	–	–	75	139
Jeffrey LAM Kin Fung	64	–	–	–	64
David YU Hon To	64	–	–	–	64
TEY Wei Lin	64	–	–	–	64
LIM Ah Doo	64	–	–	–	64
John SETO Gin Chung (note c)	25	–	–	–	25
LOW Weng Keong (note d)	48	–	–	–	48
	393	–	–	75	468

Notes:

a. TEY Wei Lin was appointed as the Chief Executive Officer with effect from 18 March 2014.

b. Armin MEYER was appointed as a Non-executive Director with effect from 1 June 2014.

c. John SETO Gin Chung retired as a Non-executive Director on 21 May 2013.

d. LOW Weng Keong was appointed as an Independent Non-executive Director with effect from 2 April 2013.

10 Directors' and management's emoluments (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year do not include any directors (2013: nil). The emoluments payable to these five (2013: five) individuals are as follows:

	2014 US$'000	2013 US$'000
Basic salaries, housing allowances, other allowances and benefits in kind	2,336	2,999
Retirement benefit scheme contributions – defined contribution plans	160	180
Awarded shares compensation expense	173	100
	2,669	3,279

The emolument of these individuals fell within the following bands is as follows:

	2014	2013
Emoluments		
HK$2,500,001 to HK$3,000,000	1	–
HK$4,000,001 to HK$4,500,000	2	1
HK$4,500,001 to HK$5,000,000	2	2
HK$5,000,001 to HK$5,500,000	–	1
HK$6,000,001 to HK$6,500,000	–	1
	5	5

During the years ended 31 December 2014 and 2013, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the directors has waived any emoluments during the years.

(c) Compensation of key management personnel

During the year ended 31 December 2014, the emoluments paid to the key management personnel of the Group were approximately US$4,280,000 (2013: US$4,790,000). Apart from those five highest paid individuals whose emoluments are disclosed under note 10(b) above, the remainder of the senior management were all individually paid under HK$2,700,000 (2013: HK$4,000,000).

11 Dividends

	2014 US$'000	2013 US$'000
Special dividend declared and paid of HK$1.40 (2013: nil) per share (note a)	617,556	–
Proposed final dividend of HK2.5 cents (2013: HK2.5 cents) per share (note b)	11,000	11,000

Notes:

a. Following completion of the disposal of the Sale Companies, the Company paid a special dividend of HK$1.40 per share to all shareholders on 24 December 2014.

b. At the board meeting held on 16 March 2015, the directors recommended a final dividend of HK2.5 cents per share to be paid for the year ended 31 December 2014 (2013: HK2.5 cents per share). Such dividend, which will be proposed at the annual general meeting of the Company to be held on 18 May 2015, has not been recognized as liabilities in the consolidated financial statements.

12 Earnings per share

Basic earnings per share is calculated by dividing the Group's profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential shares.

	2014 US$'000	2013 (Restated) US$'000
Earnings for the purposes of basic and diluted earnings per share		
Profit for the year from the continuing operations attributable to owners of the Company	15,380	30,478
Profit for the year from discontinued operations attributable to owners of the Company	21,984	2,866

12 Earnings per share (continued)

	Number of shares 2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings per share	**3,418,584,003**	3,417,880,894
Effect of dilutive potential ordinary shares:		
Awarded shares compensation scheme	**826,663**	2,266,410
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,419,410,666**	3,420,147,304

13 Forestation and reforestation assets

	2014 US$'000	2013 US$'000
At 1 January	**161,554**	185,678
Additions	**43,400**	32,474
Decrease due to harvest	**(45,461)**	(34,133)
Decrease in fair value recognized in the consolidated income statement	**(20,551)**	(22,465)
At 31 December	**138,942**	161,554

Wood is the principal raw materials used in producing DWP, one of the principal products of the Group. The Group owns plantation land in Brazil. Generally, the Group harvests the planted trees six to seven years ("harvest cycle") after planting and two harvests can potentially be obtained from a single seedling. Additions of forestation and reforestation assets represent the costs incurred for maintaining the forest and planting new trees.

At 31 December 2014 and 2013, management of the Group determine the fair value of forestation and reforestation assets using a discounted cash flow model and under the Level 3 fair value hierarchy.

13 Forestation and reforestation assets (continued)

Management performed the valuation of the forestation and reforestation assets by using the discounted cash flow model with reference to wood price and other parameters as set out in below table. Valuation is performed for interim and annual financial reporting. The following significant unobservable inputs were used to value the Group's forestation and reforestation assets:

Significant unobservable inputs	Rate/data used	Relationship of unobservable inputs to fair value
Weighted average capital cost ("WACC")	10% (2013:10%)	The higher the WACC, the lower the fair value.
Reference wood price based on the prices agreed in the contracts entered into with local farmers	BRL40.02 per cubic meter (2013: BRL38.60) (equivalent to US$15.05 and US$16.48 respectively)	The higher the reference wood price used in USD, the higher the fair value.
Exchange rate between USD and BRL	US$1.00: BRL2.66 (2013: US$:1.00: BRL2.34)	The stronger the USD against BRL, the lower the fair value in USD.
Overhead expenses based on 2015 budget (2013: 2014 budget) and projection for the remaining years in a proportional manner to the volume planted annually	BRL10,474,000 (equivalent to US$3,944,000) (2013: BRL10,293,000 (equivalent to US$4,395,000))	The higher the overhead expenses in USD, the lower the fair value.

Other assumptions adopted in the discounted cash flow model are as follows:

– a six-year harvest cycle of the trees;

– the wood production rate calculated based on the planting programs during the period from 2009 to 2014;

– wood consumption rate calculated based on the actual and estimated annual production capacity of the mills; and

– the forestry maintenance costs calculated based on the average historical expenses.

At 31 December 2014, total forestation and reforestation assets were valued at approximately US$138,942,000 (2013: US$161,554,000). The decrease in fair value of US$20,551,000 (2013: US$22,465,000) was recognized in the consolidated income statement for the year.

14 Property, plant and equipment

	Freehold land US$'000 (note i)	Buildings and leasehold improvement US$'000	Plant and machinery US$'000	Other tangible assets US$'000 (note ii)	Construction in progress US$'000	Total US$'000
Cost						
At 1 January 2013	35,216	221,127	1,437,801	26,218	185,664	1,906,026
Additions	–	511	5,154	726	263,698	270,089
Transfer	1,410	10,002	60,310	1,811	(73,533)	–
Disposals	–	(34)	(2,432)	(1,163)	–	(3,629)
Foreign exchange differences	–	2,311	11,559	136	4,016	18,022
At 31 December 2013	36,626	233,917	1,512,392	27,728	379,845	2,190,508
Additions	–	–	747	106	123,328	124,181
Transfer	931	163,884	244,378	14,355	(423,548)	–
Disposals	–	–	(10,283)	(562)	–	(10,845)
Foreign exchange differences	–	(473)	(2,527)	(44)	(2,206)	(5,250)
Disposal of the Sale Companies	–	(237,380)	(640,519)	(18,943)	(24,900)	(921,742)
At 31 December 2014	**37,557**	**159,948**	**1,104,188**	**22,640**	**52,519**	**1,376,852**
Accumulated depreciation and impairment						
At 1 January 2013	–	32,613	318,147	15,819	–	366,579
Charge for the year	–	8,611	73,711	1,876	–	84,198
Disposals	–	(49)	(405)	(799)	–	(1,253)
Foreign exchange differences	–	230	2,769	76	–	3,075
At 31 December 2013	–	41,405	394,222	16,972	–	452,599
Charge for the year	–	12,312	86,496	2,743	–	101,551
Disposals	–	–	(7,342)	(350)	–	(7,692)
Foreign exchange differences	–	(61)	(668)	(24)	–	(753)
Disposal of the Sale Companies	–	(15,430)	(132,951)	(4,360)	–	(152,741)
At 31 December 2014	**–**	**38,226**	**339,757**	**14,981**	**–**	**392,964**
Net book value						
At 31 December 2014	**37,557**	**121,722**	**764,431**	**7,659**	**52,519**	**983,888**
At 31 December 2013	36,626	192,512	1,118,170	10,756	379,845	1,737,909

14 Property, plant and equipment (continued)

Notes:

(i) Freehold land comprises the land in Brazil.

(ii) Other tangible assets comprise furniture, fixtures and fittings, motor vehicles and office equipment.

(iii) At 31 December 2014, property, plant and equipment of approximately US$828,874,000 (2013: US$1,054,799,000) were pledged to secure the bank loans borrowed by the Group (note 29).

(iv) All the Group's buildings are situated on land under medium-term leases outside Hong Kong.

15 Prepaid lease payments

Prepaid lease payments represent medium-term land use rights in the PRC and are amortized to the consolidated income statement over the terms of relevant rights as stated in the land use right certificates granted to the Group. Prepaid lease payments were disposed of in connection with the disposal of the Sale Companies during the year.

16 Investment properties

	US$'000
Cost	
At 1 January 2013	2,436
Foreign exchange differences	75
At 31 December 2013	2,511
Foreign exchange differences	(15)
Disposal of the Sale Companies	(2,496)
At 31 December 2014	**–**
Accumulated depreciation and impairment	
At 1 January 2013	674
Foreign exchange differences	23
Charge for the year	111
At 31 December 2013	808
Foreign exchange differences	(4)
Charge for the year	103
Disposal of the Sale Companies	(907)
At 31 December 2014	**–**
Net book value	
At 31 December 2014	**–**
At 31 December 2013	1,703

16 Investment properties (continued)

The above investment properties are located in Shanghai, the PRC and depreciated on a straight line basis over 20 years.

The Group's investment properties are stated at historical cost at the end of each reporting period. The directors of the Company estimate the fair value of the investment properties by reference to recent market prices for similar properties. The estimated fair value as at 31 December 2013 was US$3,970,000.

During the year, property rental income from the Group's investment properties, all of which are leased out under operating leases, amounted to US$162,000 (2013: US$196,000).

17 Deferred income tax assets

The movements of deferred income tax assets/(liabilities) are as follows:

	Accelerated tax depreciation US$'000	Fair value of forestation and reforestation assets US$'000	Unrealized profit on inventories US$'000	Provisions US$'000	Tax losses US$'000 (note ii)	Others US$'000 (note i)	Total US$'000
At 1 January 2013	(37,255)	(87)	3,119	5,753	79,889	1,364	52,783
Credited/(charged) to the consolidated income statement for the year (note 9)	2,256	7,638	(1,557)	(841)	(13,206)	(126)	(5,836)
At 31 December 2013	(34,999)	7,551	1,562	4,912	66,683	1,238	46,947
Credited/(charged) to the consolidated income statement for the year							
– Continuing operations (note 9)	11,290	(11,633)	(993)	(320)	(30,000)	(1,853)	(33,509)
– Discontinued operations	–	–	–	266	–	–	266
Disposal of the Sale Companies	–	–	–	(266)	–	–	(266)
At 31 December 2014	**(23,709)**	**(4,082)**	**569**	**4,592**	**36,683**	**(615)**	**13,438**

17 Deferred income tax assets (continued)

Notes:

i. Others represent deferred income tax assets/(liabilities) in respect of accruals and other miscellaneous items.

ii. At 31 December 2014, the Group has unused tax losses of approximately US$143,587,000 (2013: US$228,330,000) available for offsetting against future profits, of which US$107,888,000 (2013: US$197,789,000) have been recognized as deferred income tax assets. The tax effect on these recognized unused tax losses is US$36,683,000 (2013: US$66,683,000).

During the year ended 31 December 2014, unused tax losses with tax impact of US$15,557,000 (2013: US$13,206,000) were utilized by the Group and the unused tax losses that are not expected to be utilized in the foreseeable future with tax impact of US$14,443,000 (2013: nil) were written off by the Group.

At 31 December 2014, after the disposal of the Sale Companies in the PRC, the unused tax losses of the Group may be carried forward indefinitely. At 31 December 2013, the unused tax losses which are unrecognized will gradually expire up to and including 2019.

iii. Certain temporary differences, including the aforementioned unused tax losses with a tax impact of US14,443,000, are not expected to be utilized in the foreseeable future and hence the corresponding deferred income tax assets of US$25,964,000 (2013: nil) (note 9) previously recognized are written off during the year.

18 Other non-current assets

	2014 US$'000	2013 US$'000
VAT recoverable (note a)	29,891	36,221
Unlisted equity investment (note b)	11,761	15,992
Others	6,317	5,878
	47,969	58,091

Notes:

(a) This represents mainly VAT recoverable in respect of acquisition of property, plant and equipment and raw materials in Brazil that are expected to be recovered beyond the next twelve months from the end of each reporting period, and are accordingly classified as non-current assets. The balance is expected to be utilized by offsetting against VAT payable on future domestic sales, transferring of VAT recoverable to third parties and/or offsetting with other tax payables.

(b) The unlisted investment represents 4.5% equity investment in Cetrel S.A. Empresa de Proteção Ambiental ("Cetrel S.A."), a company which is incorporated in Brazil and is responsible for operating the environmental protection systems in Camaçari industrial complex, within which the Group's Bahia Specialty Cellulose mill is located. The Group invested into Cetrel S.A. for strategic reason as Cetrel S.A. provides effluent treatment for Bahia Specialty Cellulose. The unlisted investment is measured at cost less impairment at 31 December 2014 and 2013. Impairment loss of US$4,231,000 was made during the year ended 31 December 2014 (2013: nil).

The Group's other non-current assets that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2014 US$'000	2013 US$'000
BRL	47,969	56,173

19 Post-employment benefit obligations

The Group participates in defined contribution retirement benefit plans for qualifying employees mainly in Brazil, Hong Kong, Macau and Singapore. The assets of the plans are held separately from those of the Group in funds under the control of trustees or state appointed agencies.

The total costs charged to the consolidated income statement during the year ended 31 December 2014 of US$2,198,000 (2013: US$2,421,000) represent contributions to these schemes by the continuing operations of the Group.

20 Inventories

	2014 US$'000	2013 US$'000
Raw materials	44,291	118,381
Work in progress	2,022	405
Finished goods	33,864	62,168
	80,177	180,954

The cost of inventories recognized as expense and included in "cost of sales" of the continuing operations amounted to US$298,224,000 (2013: US$280,863,000).

21 Trade, bills and other receivables

	2014 US$'000	2013 US$'000
Trade and bills receivables	14,226	118,969
Other receivables:		
Prepayments and deposits paid	5,286	6,225
Advance to suppliers	3,424	15,403
VAT recoverable	6,547	44,686
Others	1,539	1,120
	16,796	67,434
Less: Impairment loss recognized in respect of other receivables	–	(972)
	16,796	66,462
Amounts due from related companies (note)		
– Trade	181,175	–
– Non-trade	521	5,228
	181,696	5,228
Trade, bills and other receivables	212,718	190,659

Note: Balances with related companies are unsecured and non-interest bearing.

21 Trade, bills and other receivables (continued)

The Group generally allows an average credit period ranging from 30 to 180 days to its customers. The ageing analysis of the Group's trade and bills receivables and amounts due from related parties presented based on the invoice date at the end of the reporting period is as follows:

	2014 US$'000	2013 US$'000
0 – 60 days	62,163	71,062
61 – 90 days	33,910	13,011
91 – 180 days	66,904	34,691
Over 180 days	32,424	205
	195,401	118,969

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed regularly.

As at 31 December 2014, trade receivables of US$1,734,000 (2013: US$9,295,000) were past due but not impaired. These relate to a number of independent customers for whom based on past experience, the overdue amounts can be recovered.

No allowance for doubtful trade, bills or other receivables was made in 2014 (2013: US$972,000).

The Group's trade and other receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2014 US$'000	2013 US$'000
BRL	15,710	18,658
USD	–	6,607

22 Bank balances and cash

The Group's bank balances and cash that are not denominated in the functional currencies of the relevant group entities are as follows:

	2014 US$'000	2013 US$'000
BRL	6,165	10,297
USD	–	3,883
Renminbi	651	141

23 Discontinued operations

(a) Analysis of the results of discontinued operations is as follows:

	Note	2014 US$'000	2013 US$'000
Revenue	5	**529,060**	333,569
Cost of sales		**(490,390)**	(287,541)
Gross profit		**38,670**	46,028
Selling and distribution expenses		**(8,680)**	(6,233)
General and administrative expenses		**(22,842)**	(28,575)
Other income and gains, net		**5,342**	4,687
Finance costs		**(15,365)**	(10,104)
(Loss)/profit before income tax and gain on disposal of the Sale Companies		**(2,875)**	5,803
Gain on disposal of the Sale Companies		**36,254**	–
Profit before income tax		**33,379**	5,803
Income tax expenses		**(13,367)**	(104)
Profit after income tax		**20,012**	5,699
Eliminations with continuing operations		**4,155**	1,792
Profit for the year from discontinued operations		**24,167**	7,491
Profit for the year from discontinued operations attributable to:			
– Owners of the Company		**21,984**	2,866
– Non-controlling interests		**2,183**	4,625
		24,167	7,491

(b) Analysis of the cash flows for discontinued operations is as follows:

	2014 US$'000	2013 US$'000
Net cash (outflow)/inflow from operating activities	**(19,618)**	2,464
Net cash outflow from investing activities	**(77,530)**	(217,100)
Net cash inflow from financing activities	**110,520**	206,639
Net cash inflow/(outflow) from discontinued operations	**13,372**	(7,997)

23 Discontinued operations (continued)

(c) Assets and liabilities disposed of are as follows:

	US$'000
Consideration – cash	591,467
Net assets disposed of:	
Property, plant and equipment	(769,001)
Investment properties	(1,589)
Prepaid lease payments	(32,229)
Intangible assets	(119)
Deferred income tax assets	(266)
Other non-current assets	(1,477)
Inventories	(165,525)
Trade, bills and other receivables	(241,696)
Bank balances and cash	(28,927)
Trade and other payables	283,455
Current income tax payable	1,543
Bank borrowings	323,693
Amounts due to the Group	469,189
Non-controlling interests	38,560
Net assets disposed of	(124,389)
Release of translation reserve	40,486
Transaction costs	(4,000)
Assignment of shareholders' loan	(467,310)
Net gain on disposal of the Sale Companies, before tax	36,254

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the Sale Companies is as follows:

	US$'000
Cash consideration	591,467
Bank balances and cash disposed of	(28,927)
Net inflow of cash and cash equivalents in respect of the disposal of the Sale Companies	562,540

24 Trade and other payables

	2014 US$'000	2013 US$'000
Trade payables	**14,627**	25,127
Other payables:		
Accruals and other payables	**30,784**	39,137
Advance from customers	**–**	7,101
Construction payables	**–**	32,161
Other taxes payables	**3,445**	3,057
Provisions (note a)	**11,233**	12,844
	45,462	94,300
Amounts due to related companies (note b)	**30,065**	16,305
Trade and other payables	**90,154**	135,732

The ageing analysis of the Group's trade payables at the end of the reporting period is as follows:

	2014 US$'000	2013 US$'000
0 – 90 days	**14,627**	25,093
91 – 180 days	**–**	34
	14,627	25,127

Notes:

(a) Provisions

The provisions represent the Group's liabilities for probable losses on civil, labour and tax lawsuits. Management considers that these provisions are sufficient and appropriate to cover the corresponding contingencies.

Additionally, the Group is a party to certain lawsuits and administrative proceedings in the amount of approximately US$47,067,000 (2013: US$34,918,000), which are considered as possible but not probable future losses. No provision has been made in these consolidated financial statements for these possible losses.

24 Trade and other payables (continued)

Notes: (continued)

(b) Details of amounts due to related parties are as follows:

	2014 US$'000	2013 US$'000
Pacific Viscose Limited (note i)	**30,000**	–
DP Marketing International Macao Commercial Offshore Limited (note ii)	**–**	14,240
Averis Sdn. Bhd.	**65**	2,065
	30,065	16,305

Notes:

(i) This represents the amount paid by the purchaser ("the Purchaser") of the Sale Companies to the Group pursuant to the agreement for the disposal of the Sale Companies. Such US$30,000,000 represented the amounts owed by the two VSF mills in Fujian and Jiangxi, the PRC to the Group according to certain agreed invoices ("Trading Debt"). Following completion of the disposal, as and when the Group receives any payments from the two VSF mills in respect of the Trading Debt, the Group will pay such amounts received to the Purchaser.

(ii) Formerly known as DP Marketing International Limited – Macao Commercial offshore.

(iii) Balances with related companies are unsecured and non-interest bearing. These companies are beneficially owned and controlled by the Major Shareholder.

The Group's trade and other payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2014 US$'000	2013 US$'000
BRL	**33,739**	33,921
USD	**–**	4,013

25 Derivative financial instruments

	2014 US$'000	2013 US$'000
Current liabilities		
– Forward foreign exchange contracts – cash flow hedges	**(5,324)**	(4,555)
– Interest rate swaps – cash flow hedges	**(374)**	–
Non-current liabilities		
– Interest rate swaps – cash flow hedges	**(592)**	(67)
	(6,290)	(4,622)

(a) Forward foreign exchange contracts

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2014 was US$126,093,000 (2013: US$65,033,000).

As at 31 December 2014, the decrease in fair value of the Group's outstanding forward foreign exchange contracts are estimated to be US$769,000 (2013: US$5,598,000). The amount has been recognized as other comprehensive income and accumulated in equity and are expected to be released to the consolidated income statement upon settlement.

For the year ended 31 December 2014, a loss on settlement of financial derivative contracts of approximately US$1,721,000 (2013: US$4,582,000) has been recognized in the consolidated income statement.

(b) Interest rate swaps

The notional amount of the outstanding interest rate swaps at 31 December 2014 was US$365,894,000 (2013: US$420,000,000).

As at 31 December 2014, the decrease in fair value of the Group's outstanding interest rate swaps are estimated to be US$899,000 (2013: increase in fair value of US$4,434,000) have been recognized as other comprehensive income and accumulated in equity and are expected to be released to the consolidated income statement upon settlement.

26 Bank borrowings

	2014 US$'000	2013 US$'000
Bank borrowings:		
Secured	**375,629**	665,923

At 31 December 2014, the Group's borrowings were repayable as follows:

	2014 US$'000	2013 US$'000
Within one year	**115,578**	72,198
More than one year, but not more than two years	**115,578**	138,926
More than two years but not more than five years	**144,473**	343,440
More than five years	**–**	111,359
	375,629	665,923
Wholly repayable within five years	**375,629**	451,724
Not wholly repayable within five years	**–**	214,199
	375,629	665,923

The carrying amounts of the Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2014 US$'000	2013 US$'000
USD	**–**	142,900

The weighted average effective interest rates per annum were as follows:

	2014	2013
Bank borrowings	**4.4%**	4.8%

In February 2013, the Group entered into a US$500 million senior secured trade related facility agreement consisting of a five-year term syndicated loan of US$440 million and a committed revolving credit facility of US$60 million. The proceed was used to repay the outstanding balance of previous US$470 million international syndicated loan facility as well as for general working capital purpose. This syndicated loan contains certain financial and other covenants, including, among other things, the maintenance of certain financial measures, such as the debt service coverage ratio and net senior debt to EBITDA ratio. Interest rate on the outstanding syndicated loan is based on the London Inter-Bank Offered Rate plus an applicable margin.

27 Share capital of the Company

	Number of shares	Amounts US$'000
Authorized:		
At 1 January 2013, 31 December 2013 and 31 December 2014, at US$0.05 each	15,000,000,000	750,000
Issued and fully paid:		
At 1 January 2013, at US$0.05 each	3,417,920,250	170,896
Issue of new shares (note a)	500,000	25
Issue of new shares (note b)	2,000,000	100
At 31 December 2013 and 31 December 2014, at US$0.05 each	**3,420,420,250**	**171,021**

Notes:

(a) On 15 March 2013, the Company issued 500,000 shares at US$0.39 each to the trustee of the Bracell Share Incentive (Employees) Trust to satisfy RSUs granted and to be granted to employees under the Group's RSU scheme.

(b) On 3 December 2013, the Company issued 2,000,000 shares at US$0.28 each to the trustee of the Bracell Share Incentive (Employees) Trust to satisfy RSUs granted and to be granted to employees under the Group's RSU scheme.

28 Share-based payment transactions

The Company's share option scheme (the "Scheme"), Pre-IPO Restricted Share Unit Scheme ("Pre-IPO RSU Scheme") and Post-IPO Restricted Share Unit Scheme ("Post-IPO RSU Scheme"), were approved and adopted by the sole shareholder on 8 November 2010 for the primary purpose of attracting skilled and experienced personnel, to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

Share option scheme

Under the Scheme, the Board of Directors of the Company may, at its discretion, grant options pursuant to the Scheme to directors of the Company (including executive directors, non-executive directors and independent non-executive directors), directors of its subsidiaries and the employees of the Group who the Board considers, in its absolute discretion, have contributed or will contribute to the Group.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at the date of shareholders' approval of the Scheme from time to time. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue. Any further grant of share option in excess of these limits is subject to shareholders' approval in general meeting.

28 Share-based payment transactions (continued)

Share option scheme (continued)

The Scheme shall be valid and effective for a period of 10 years commencing on 8 November 2010. Options granted during the life of the Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the term. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

During the years ended 31 December 2014 and 2013, no options were granted under the Scheme.

RSU Schemes

The terms of the RSU Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as the RSU Schemes do not involve the grant of options by the Company to subscribe for new shares.

RSU is a contingent right to receive a share granted to a participant, subject to a vesting period.

The RSU Schemes comprise the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme.

Details of the total movements during the year of the RSU granted pursuant to the RSU Schemes to the directors and employees are set out below:

	Number of underlying shares	
	2014	2013
Outstanding as of 1 January	**3,900,737**	3,813,318
Granted	**1,900,000**	2,600,000
Vested	**(2,545,688)**	(1,862,581)
Forfeited	**(1,280,049)**	(650,000)
Outstanding as of 31 December	**1,975,000**	3,900,737

The estimated fair value of the RSUs granted on 18 August 2014 was US$308,000. The fair values of the outstanding RSUs are based on their fair values at the respective grant dates, which ranged from US$0.11 to US$0.17 per share.

The fair values were calculated using The Black-Scholes pricing model, taking into consideration market price of the underlying shares, risk-free yield rate, expected volatility and time to maturity.

The fair value of outstanding RSUs granted as at 31 December 2014 is approximately US$289,000 (2013: US$998,000) in aggregate.

29 Pledge of assets

The carrying values of assets pledged to various banks for securing bank loans are:

	2014 US$'000	2013 US$'000
Property, plant and equipment (note 14)	**828,874**	1,054,799
Prepaid lease payments	**–**	17,791
	828,874	1,072,590

30 Commitments

(a) Operating lease commitments

The Group as lessee

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2014 US$'000	2013 US$'000
Within one year	**220**	645
In the second to fifth year inclusive	**514**	753
	734	1,398

(b) Capital commitments

	2014 US$'000	2013 US$'000
Contracted but not provided for		
– acquisition of property, plant and equipment	**12,651**	89,559
Authorized but not contracted for		
– acquisition of property, plant and equipment	**2,850**	4,036

31 Notes to the consolidated statement of cash flows

Reconciliation of profit before income tax to net cash generated from operations

	2014 US$'000	2013 US$'000
Cash flows from operating activities		
Profit before income tax	92,367	43,310
Adjustments for:		
Amortization of intangible assets	100	100
Amortization of prepaid lease payments	668	436
Depreciation of property, plant and equipment	101,551	84,198
Decrease due to harvest on forestation and reforestation assets	45,461	34,133
Depreciation of investment properties	103	111
Gain on disposal of the Sale Companies	(36,254)	–
Loss on disposals of property, plant and equipment	728	2,100
Loss on settlement of derivative financial instruments	1,721	4,582
Impairment loss recognized in respect of other receivables	–	972
Impairment loss recognized in respect of other non–current assets	4,231	–
Decrease in fair value of forestation and reforestation assets	20,551	22,465
Awarded shares compensation expense	136	82
Interest income	(693)	(1,628)
Finance costs	34,266	32,693
Operating cash flows before changes in working capital	264,936	223,554
Increase in inventories	(64,748)	(37,320)
Increase in trade, bills and other receivables	(65,248)	(70,971)
Increase in trade and other payables	36,497	3,373
Change in derivative financial instruments	(1,721)	(4,582)
Decrease in other non-current assets	4,414	31,734
Net cash generated from operations	174,130	145,788

32 Related party disclosures

(a) Details of the balances with related parties are set out in notes 21 and 24.

(b) The Group entered into the following significant transactions with the following related parties:

Name of related parties	Nature of transactions	2014 US$'000	2013 US$'000
Companies under common control of the Major Shareholder			
DP Marketing International Macao Commercial Offshore Limited	Purchase of goods	**16,250**	37,323
	Commission income	**813**	1,275
Pec-Tech Engineering and Consulting (Suzhou) Co., Ltd.	Consulting service expense	**531**	680
Averis Sdn. Bhd.	Service fee expense	**3,951**	3,349
East Trade Limited	Rental expense	**186**	188
Pacific Viscose Limited	Disposal of the Sale Companies (note)	**591,467**	–
	Transfer of interest rate swap arrangement	**2,886**	–

Note: Further details on the disposal of the Sale Companies are set out in note 5(b).

(c) In the opinion of the directors, the related party transactions were conducted in the normal course of business and based on the terms mutually determined and agreed by the respective parties.

33 Share premium and reserves of the Company

Movements in the share premium and reserves of the Company are as follows:

	Share premium US$'000	Contributed surplus US$'000 (note)	Awarded shares compensation reserve US$'000	Retained profits US$'000	Total US$'000
At 1 January 2013	425,521	806,099	839	16,571	1,249,030
Profit for the year	–	–	–	11,675	11,675
Issue of new shares	630	–	(755)	–	(125)
Dividends	–	–	–	(11,000)	(11,000)
Awarded shares compensation expense	–	–	(54)	136	82
At 31 December 2013	426,151	806,099	30	17,382	1,249,662
Profit for the year	–	–	–	216,901	216,901
Dividends	–	(617,556)	–	(11,000)	(628,556)
Awarded shares compensation expense	–	–	(196)	129	(67)
At 31 December 2014	**426,151**	**188,543**	**(166)**	**223,412**	**837,940**

Note: Contributed surplus represented the difference between the carrying amount of the equity items of Bracell International Co. Ltd. (formerly known as Sateri International Co. Ltd.) and the nominal value of the shares issued at the date of the group reorganization in preparation of the listing of the Company's shares on the Stock Exchange.

34 Investment in a subsidiary, loan to a subsidiary and amounts due from/to subsidiaries

Investment in a subsidiary represents unlisted shares of Bracell International Co. Ltd which are stated at cost.

Loan to a subsidiary is unsecured, interest-free and has fixed terms of repayment. The imputed interest calculated at prevailing market interest rate plus an applicable margin is accounted as an addition to the investment in a subsidiary.

Amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

35 List of subsidiaries

The Company had direct and indirect interests in the following subsidiaries as at 31 December 2013 and 2014:

Name of subsidiary	Place of incorporation	Issued and fully paid share capital/ paid-in capital	Attributable equity interest of the Company	Principal activities
Bahia Specialty Cellulose S.A.	Brazil	3,248,213,308 common shares with no par value 380,869,270 preferential shares with no par value	98.4%	Manufacturing and sales of dissolving wood pulp
Copener Florestal Ltda.	Brazil	Ordinary quotas Reais 74,442,000	99.8%	Plantation in Brazil
Norcell S.A.	Brazil	42,800,334 common shares with no par value 29,771,891 preferential shares with no par value	99.8%	Investment holding
Bracell Company Limited (formerly known as Sateri Bacell Limited)	BVI	Ordinary shares US$30,000,000	100%	Investment holding
Bracell Copener Limited (formerly known as Sateri Copener Limited)	BVI	Ordinary shares US$100,000	100%	Investment holding
Bracell (Hong Kong) Management Limited (formerly known as Sateri (Hong Kong) Management Limited)	Hong Kong	Ordinary shares HK$10,000	100%	Provision of advisory and administrative services
Bracell International Co. Ltd (formerly known as Sateri International Co. Ltd)	BVI	Ordinary shares US$100 Preference shares US$381,799,200	100%	Investment holding
Bracell Marketing International Limited (formerly known as Sateri Marketing International Limited)	Cayman Islands	Ordinary shares US$1	100%	Investment holding
Sateri Marketing SA (to be renamed)	Switzerland	Ordinary shares CHF100,000	100%	Marketing services for dissolving wood pulp

35 List of subsidiaries (continued)

Name of subsidiary	Place of incorporation	Issued and fully paid share capital/ paid-in capital	Attributable equity interest of the Company	Principal activities
Bracell (Shanghai) Investment Consulting Co., Ltd. (formerly known as Sateri (Shanghai) Investment Consulting Co., Ltd.) (note ii)	The PRC	Registered capital RMB1,000,000	100%	Consultancy services
Bracell Specialty Cellulose Limited (formerly known as Sateri Specialty Cellulose Limited)	Cayman Islands	Ordinary shares US$183,939,551	100%	Investment holding
SC International Macao Commercial Offshore Limited	Macau	Ordinary shares MOP100,000	100%	Marketing and sales of dissolving wood pulp
SC Marketing US Inc.	USA	Ordinary shares US$20,000	100%	Marketing and sales of dissolving wood pulp
Specialty Cellulose Marketing Pte. Ltd.	Singapore	Ordinary shares US$100,001	100%	Marketing and sales of dissolving wood pulp

Notes:

(i) Except for Bracell International Co. Ltd, all of the subsidiaries are indirectly owned subsidiaries of the Company.

(ii) Limited liability company and wholly-foreign owned enterprise established in the PRC in 2014.

36 Event after the balance sheet date

In January 2015, the Company was renamed Bracell Limited as part of a corporate rebranding initiative following the disposal of its VSF Business.

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 December

FINANCIAL RESULTS – CONTINUING OPERATIONS	2014 US$'000	2013 US$'000	2012 US$'000	2011 US$'000	2010 US$'000
Revenue	**478,718**	455,511	517,393	607,178	809,431
Gross profit	**178,773**	170,066	200,366	335,688	444,808
Profit before income tax	**54,833**	35,715	58,735	161,320	321,527
Profit for the year	**15,343**	30,268	67,072	165,492	320,889
EBITDA	**199,725**	176,865	182,310	287,805	420,670
Profit/(loss) for the year attributable to:					
Owners of the Company	**15,380**	30,478	66,588	165,635	321,481
Non-controlling interests	**(37)**	(210)	484	(143)	(592)
	15,343	30,268	67,072	165,492	320,889
Earnings per share (US$)	**0.01**	0.01	0.02	0.05	0.11

FINANCIAL RESULTS – GROUP	2014 US$'000	2013 US$'000	2012 US$'000	2011 US$'000	2010 US$'000
Revenue	**727,617**	645,681	720,285	806,574	923,257
Gross profit	**230,196**	217,548	219,706	323,073	456,723
Profit before income tax	**92,367**	43,310	52,023	143,850	332,282
Profit for the year	**39,510**	37,759	56,280	150,525	328,090
Profit/(loss) for the year attributable to:					
Owners of the Company	**37,364**	33,344	55,561	154,713	323,881
Non-controlling interests	**2,146**	4,415	719	(4,188)	4,209
	39,510	37,759	56,280	150,525	328,090
Earnings per share (US$)	**0.01**	0.01	0.02	0.05	0.11
Dividend per share (HK cents)	**142.50**	2.50	2.50	2.50	–

FINANCIAL POSITION	2014 US$'000	2013 US$'000	2012 US$'000	2011 US$'000	2010 US$'000
Non-current assets					
Forestation and reforestation assets	**138,942**	161,554	185,678	187,797	192,192
Property, plant and equipment	**983,888**	1,737,909	1,539,447	1,455,966	1,384,070
Deferred income tax assets	**13,438**	46,947	52,783	50,251	39,953
Other non-current assets	**48,344**	93,360	123,144	101,006	65,254
	1,184,612	2,039,770	1,901,052	1,795,020	1,681,469
Current assets					
Inventories	**80,177**	180,954	143,634	180,590	88,636
Trade and other receivables	**212,718**	190,659	151,104	153,232	108,736
Bills receivables discounted	**–**	–	–	8,119	39,452
Bank balances and cash	**100,955**	166,046	195,476	328,999	435,865
Other current assets	**–**	–	1,043	612	21,674
	393,850	537,659	491,257	671,552	694,363
Current liabilities					
Trade and other payables	**90,154**	135,732	147,267	136,574	156,136
Advance drawn on bills receivables discounted	**–**	–	–	8,119	39,452
Bank borrowings	**115,578**	72,198	195,792	198,403	153,816
Other current liabilities	**26,465**	17,518	19,469	62,961	30,589
	232,197	225,448	362,528	406,057	379,993
Net current assets	**161,653**	312,211	128,729	265,495	314,370
Non-current liabilities					
Bank borrowings	**260,051**	593,725	301,980	379,970	510,483
Other non-current liabilities	**592**	67	4,501	4,010	1,646
	260,643	593,792	306,481	383,980	512,129
Net assets	**1,085,622**	1,758,189	1,723,300	1,676,535	1,483,710
Capital and reserves					
Share capital	**171,021**	171,021	170,896	170,794	168,441
Share premium and reserves	**912,912**	1,549,020	1,519,692	1,474,871	1,279,573
Equity attributable to owners of the Company	**1,083,933**	1,720,041	1,690,588	1,645,665	1,448,014
Non-controlling interests	**1,689**	38,148	32,712	30,870	35,696
	1,085,622	1,758,189	1,723,300	1,676,535	1,483,710

CORPORATE INFORMATION

Board of Directors

Independent Non-executive Directors
John Jeffrey YING (Chairman)
Jeffrey LAM Kin Fung
David YU Hon To
LIM Ah Doo
LOW Weng Keong

Non-executive Director
Armin MEYER

Executive Director
TEY Wei Lin (Chief Executive Officer)

Executive Committee

John Jeffrey YING (Chairman)
TEY Wei Lin

Audit Committee

David YU Hon To (Chairman)
LIM Ah Doo
LOW Weng Keong

Remuneration Committee

Jeffrey LAM Kin Fung (Chairman)
John Jeffrey YING
TEY Wei Lin
LOW Weng Keong

Nomination Committee

LIM Ah Doo (Chairman)
David YU Hon To
TEY Wei Lin

Independent Board Committee

John Jeffrey YING (Chairman)
Jeffrey LAM Kin Fung
David YU Hon To
LIM Ah Doo
LOW Weng Keong

Company Secretary

Winnie LUI Mei Yan

Authorized Representatives

TEY Wei Lin
Winnie LUI Mei Yan

Stock Code

1768

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Bermuda Principal Share Registrar and Transfer Office

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Place of Business in Hong Kong as a Registered Non-Hong Kong Company

21/F, China Building
29 Queen's Road Central
Central
Hong Kong

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

Hong Kong
China Development Bank Corporation Hong Kong Branch
Taishin International Bank

Singapore
ABN AMRO Bank N.V.

Brazil
Mizuho Bank, Ltd.
Banco Santander, S.A.
Itaú Unibanco S.A.
Banco Bradesco, S.A.
Banco do Brasil S.A.

Auditor

PricewaterhouseCoopers

Websites

www.brazilcellulose.com
www.irasia.com/listco/hk/bracell

Bracell Limited

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