玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2689)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2009

FINANCIAL HIGHLIGHTS

- Consolidated revenue decreased by 7.0% to RMB13,128.6 million.
- Gross profit dropped by 18.2% to RMB2,348.4 million.
- Gross margin decreased from 20.4% to 17.9%.
- Profit for the year decreased by 12.6% to RMB1,661.3 million.
- Basic earnings per share decreased from RMB0.4354 to RMB0.3835.
- Proposed final dividend per share of RMB3.50 cents (equivalent to approximately HK3.97 cents).

FINANCIAL RESULTS

The Board of Directors (the "Board") of Nine Dragons Paper (Holdings) Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group" or "ND Paper") for the year ended 30 June 2009 ("FY2009" or the "Year"), together with the comparative figures for the last financial year.

CONSOLIDATED INCOME STATEMENT

		Audited	
		For the year ended 30 June	
		2009	2008
	Note	***RMB'000***	*RMB'000*
Sales	2	**13,128,585**	14,113,586
Cost of goods sold	3	**(10,780,233)**	(11,241,250)
Gross profit		**2,348,352**	2,872,336
Other gains — net	4	**100,180**	228,780
Selling and marketing costs	3	**(382,742)**	(335,482)
Administrative expenses	3	**(320,853)**	(499,778)
Operating profit		**1,744,937**	2,265,856
Gain on repurchase of senior notes	12(a)	**594,039**	—
Finance costs	5	**(502,214)**	(101,884)
Profit before income tax		**1,836,762**	2,163,972
Income tax expense	6	**(175,491)**	(263,145)
Profit for the Year		**1,661,271**	1,900,827
Profit attributable to:			
Equity holders of the Company		**1,661,122**	1,876,850
Minority interests		**149**	23,977
		1,661,271	1,900,827
Earnings per share for profit attributable to equity holders of the Company during the Year *(expressed in RMB per share)*			
— basic	7	**0.3835**	0.4354
— diluted	7	**0.3822**	0.4249
Dividends	8	**151,736**	223,720

CONSOLIDATED BALANCE SHEET

	Note	Audited 30 June 2009 *RMB'000*	30 June 2008 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	9	**27,011,394**	23,536,557
Land use rights	9	**1,185,815**	1,185,424
Intangible assets	10	**234,647**	238,284
Derivative financial instruments		**—**	25,923
		28,431,856	24,986,188
Current assets			
Inventories		**1,500,869**	2,818,476
Trade and other receivables	11	**2,040,339**	2,852,233
Derivative financial instruments		**441**	—
Restricted cash		**44,171**	393,175
Bank and cash balances		**1,508,542**	1,562,873
		5,094,362	7,626,757
Total assets		**33,526,218**	32,612,945
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**6,539,269**	6,526,986
Other reserves		**1,250,050**	1,233,201
Retained earnings			
— Proposed final dividend		**151,736**	151,580
— Unappropriated retained earnings		**6,752,267**	5,359,735
		14,693,322	13,271,502
Minority interests		**199,043**	273,648
Total equity		**14,892,365**	13,545,150

	Note	Audited **30 June 2009** ***RMB'000***	30 June 2008 *RMB'000*
LIABILITIES			
Non-current liabilities			
Deferred government grants		**13,870**	17,039
Other payables		**397,905**	—
Borrowings	12	**12,724,507**	12,389,923
Deferred income tax liabilities		**558,695**	452,421
		13,694,977	12,859,383
Current liabilities			
Derivative financial instruments		**—**	1,730
Trade and other payables	13	**3,674,389**	3,838,793
Current income tax liabilities		**161,246**	72,374
Borrowings	12	**1,103,241**	2,295,515
		4,938,876	6,208,412
Total liabilities		**18,633,853**	19,067,795
Total equity and liabilities		**33,526,218**	32,612,945
Net current assets		**155,486**	1,418,345
Total assets less current liabilities		**28,587,342**	26,404,533

CONSOLIDATED CASH FLOW STATEMENT

	Audited	
	For the year ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Profit for the Year	**1,661,271**	1,900,827
Adjustments for non-cash items/income tax/finance costs	**(263,999)**	294,151
Changes in working capital	**2,532,068**	(799,192)
Net cash generated from operating activities	**3,929,340**	1,395,786
Net cash used in investing activities	**(3,739,294)**	(9,809,408)
Net cash (used in)/generated from financing activities	**(236,394)**	8,270,241
Net decrease in bank and cash balances	**(46,348)**	(143,381)
Bank and cash balances at beginning of the year	**1,562,873**	1,748,224
Exchange losses on bank and cash balances	**(7,983)**	(41,970)
Bank and cash balances at end of the year	**1,508,542**	1,562,873

1. General information and summary of significant accounting policies

Nine Dragons Paper (Holdings) Limited was incorporated in Bermuda on 17 August 2005 under the Companies Act 1981 as an exempt company with limited liability. The Group is principally engaged in the manufacture and sales of paper.

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS 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 following amendments and interpretations are effective during the Year but not relevant to the Group's operation.

- Amendments to HKAS 39 and HKFRS 7 — reclassification of financial assets.
- HK(IFRIC)-Int 12, 'Service concession arrangements'
- HK(IFRIC)-Int 13, 'Customer loyalty programmes'
- HK(IFRIC)-Int 14, 'HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction'

2. Sales

Sales recognised during the Year are as follows:

	For the year ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Sales of packaging paper	**12,570,910**	13,877,089
Sales of pulp	**361,146**	211,809
Sales of high value specialty board products	**196,529**	24,688
	13,128,585	14,113,586

3. Expenses by nature

Expenses included in cost of goods sold, selling and marketing costs and administrative expenses are analysed as follows:

	For the year ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Depreciation *(Note 9)*	**759,849**	487,100
Less: amount charged to other gains — net	**(2,488)**	(4,390)
Less: amount charged to construction in progress	**(10,114)**	—
	747,247	482,710
Employee benefit expense *(Note)*	**453,157**	659,859
Changes in finished goods	**551,873**	(720,622)
Raw materials and consumables used (net of claims)	**9,016,334**	10,817,218
Transportation	**189,414**	110,717
Operating leases		
— Land use rights *(Note 9)*	**24,195**	20,160
— Buildings	**2,415**	1,760
Auditor's remuneration	**5,900**	5,593
Non-deductible value added tax for indirect export sales	**117,837**	262,492
(Reversal)/provision for impairment of trade receivables	**(20,923)**	50,947
Amortisation of intangible assets *(Note 10)*	**3,637**	—
Other expenses	**392,742**	385,676
	11,483,828	12,076,510

Note: Performance conditions are attached to share options granted on 17 November 2006 under the 2006 Share Options Scheme. The performance condition for the Year was not met and the directors consider that the performance targets attached to the remaining two tranches of the share options would not be met in future periods. Share option expense of approximately RMB94,091,000 related to these share options that previously charged to income statement was reversed during the Year (2008: RMB57,297,000).

4. Other gains — net

	For the year ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Gains from sales of scrap materials and electricity (net of cost)	**99,985**	138,247
Interest income	**10,819**	10,647
Net foreign exchange losses	**(26,141)**	(4,918)
Net gain/(loss) arising from change in fair value of derivative financial instruments	**7,927**	(20,108)
Loss on partial disposal of equity interests in certain subsidiaries to minority shareholders	**—**	(1,879)
Negative goodwill	**—**	181,178
Goodwill impairment *(Note 10)*	**—**	(75,136)
Loss on disposal of derivative financial instruments	**(10,735)**	—
Others	**18,325**	749
	100,180	228,780

5. Finance costs

	For the year ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Interest on borrowings		
— wholly repayable within five years	**852,224**	487,246
— not wholly repayable within five years	**33,691**	24,570
	885,915	511,816
Less: interest capitalised	**(415,719)**	(288,446)
	470,196	223,370
Bills discount charge	**57,978**	92,122
Other incidental borrowing cost	**29,106**	7,696
Exchange gains on borrowings	**(164)**	(221,304)
Hedge reserve released	**(54,902)**	—
	502,214	101,884

6. Income tax expense

	For the year ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Current tax		
— Hong Kong profits tax *(Note (a))*	**—**	—
— PRC enterprise income tax *(Note (b))*	**68,867**	148,270
	68,867	148,270
Deferred income tax	**106,624**	114,875
	175,491	263,145

(a) Hong Kong profits tax

Hong Kong profits tax has not been provided as the Group did not have any assessable profits for the years ended 30 June 2009 and 2008.

(b) PRC enterprise income tax

The Corporate Income Tax Law of the PRC (the "new CIT Law") was effective from 1 January 2008, which unifies the corporate income tax rate for domestic and foreign enterprises at 25%. From 1 January 2008, PRC enterprise income tax is provided based on the statutory income tax rate of 25% of the assessable income of each of these companies for the period as determined in accordance with the new CIT Law except for certain subsidiaries of the Company, which were exempted from tax or taxed at preferential rates of 7.5%, 12.5% or 15%.

7. Earnings per share

Basic

	For the year ended 30 June	
	2009	2008
Profit attributable to equity holders of the Company *(RMB'000)*	**1,661,122**	1,876,850
Weighted average number of ordinary shares in issue *(shares in thousands)*	**4,331,725**	4,310,918
Basic earnings per share *(RMB per share)*	**0.3835**	0.4354

Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	For the year ended 30 June	
	2009	2008
Profit attributable to equity holders of the Company *(RMB'000)*	**1,661,122**	1,876,850
Weighted average number of ordinary shares in issue *(shares in thousands)*	**4,331,725**	4,310,918
Adjustments for share options *(shares in thousands)*	**14,461**	105,946
Weighted average number of ordinary shares for diluted earnings per share *(shares in thousands)*	**4,346,186**	4,416,864
Diluted earnings per share *(RMB per share)*	**0.3822**	0.4249

8. Dividends

	For the year ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Interim dividend, nil (2008: RMB1.68 cents) per ordinary share	**—**	72,140
Final dividend, proposed, of RMB3.50 cents (2008: RMB3.50 cents) per ordinary share	**151,736**	151,580
	151,736	223,720

The directors recommended the payment of a final dividend of RMB3.50 cents per ordinary share, totaling approximately RMB151,736,000. Such final dividend is to be approved by the shareholders at the annual general meeting on 3 December 2009. These financial statements do not reflect this final dividend payable.

9. Capital expenditures

	Land use rights *RMB'000*	Property, plant and equipment *RMB'000*
For the year ended 30 June 2008		
Opening net book amount	949,259	13,802,727
Optimisation on construction in progress *(Note)*	—	382,261
Additions	149,871	9,514,026
Acquisition of subsidiaries	113,244	349,933
Disposals	(3,698)	(12,150)
Amortisation/depreciation expense *(Note 3)*	(20,160)	(487,100)
Exchange differences	(3,092)	(13,140)
Closing net book amount	1,185,424	23,536,557
For the year ended 30 June 2009		
Opening net book amount	**1,185,424**	**23,536,557**
Optimisation on construction in progress *(Note)*	**—**	**381,368**
Additions	**27,270**	**3,868,938**
Disposals	**—**	**(4,823)**
Amortisation/depreciation expense *(Note 3)*	**(24,195)**	**(759,849)**
Exchange differences	**(2,684)**	**(10,797)**
Closing net book amount	**1,185,815**	**27,011,394**

Note: The amount represents cost of testing for the plant and machinery under construction after deducting the net proceeds from selling items produced during the testing period.

10. Intangible assets

	RMB'000
Year ended 30 June 2008	
Opening net book amount as at 1 July 2007	146,694
Acquisition of subsidiaries	166,726
Impairment charge *(Note 4)*	(75,136)
Closing net book amount as at 30 June 2008	238,284
Year ended 30 June 2009	
Opening net book amount as at 1 July 2008	**238,284**
Amortisation *(Note 3)*	**(3,637)**
Closing net book amount as at 30 June 2009	**234,647**

11. Trade and other receivables

	30 June 2009	30 June 2008
	RMB'000	*RMB'000*
Trade receivables due from:		
— third parties	**1,024,289**	1,550,758
— related parties	**8,865**	120,581
	1,033,154	1,671,339
Less: provision for impairment of receivables	**(30,024)**	(50,947)
Trade receivables — net	**1,003,130**	1,620,392
Bills receivable	**374,878**	320,463
Prepayments	**379,787**	527,316
Other receivables	**282,544**	384,062
	2,040,339	2,852,233

(a) The Group's sales to corporate customers are entered into on credit terms around 30 to 60 days. As at 30 June 2009, the ageing analysis of trade receivables is as follows:

	30 June 2009	30 June 2008
	RMB'000	*RMB'000*
0–30 days	**738,405**	1,139,493
31–60 days	**279,940**	394,480
61–90 days	**11,883**	97,610
Over 90 days	**2,926**	39,756
	1,033,154	1,671,339

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers, which are widely dispersed within the PRC.

(b) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables. The Group does not hold any collateral as security.

12. Borrowings

	30 June 2009	30 June 2008
	RMB'000	*RMB'000*
Non-current		
— Long-term bank borrowings	**9,549,560**	6,463,692
— Syndicated term loans	**2,373,276**	3,903,005
— Senior notes *(Note (a))*	**801,671**	2,023,226
	12,724,507	12,389,923
Current		
— Short-term bank borrowings	**132,581**	1,190,768
— Current portion of long-term bank borrowings	**637,373**	64,678
— Current portion of syndicated term loans	**333,287**	240,069
— Short-term financing bills	**—**	800,000
	1,103,241	2,295,515
Total borrowings	**13,827,748**	14,685,438

As at 30 June 2009, borrowings of RMB13,033,948,000 (2008: RMB11,630,072,000) are secured by certain assets of the Group, and guarantees given by subsidiaries within the Group which are detailed as follows:

	30 June 2009	30 June 2008
	RMB'000	*RMB'000*
Borrowings secured by certain assets of the Group*	**103,671**	485,172
Borrowings guaranteed by subsidiaries within the Group	**12,930,277**	11,144,900
	13,033,948	11,630,072

* The above borrowings are secured by the Group's property, plant and equipment and restricted cash.

Note (a): Senior notes with principal amount of USD181,427,000 (equivalent to approximately RMB1,240,950,000) were repurchased by the Company at discounted prices and net gains of approximately RMB594,039,000 were recognised.

13. Trade and other payables

	30 June 2009	30 June 2008
	RMB'000	*RMB'000*
0–90 days	**1,638,160**	2,039,363
91–180 days	**75,846**	41,167
181–365 days	**25,081**	17,149
Over 365 days	**29,870**	18,998
	1,768,957	2,116,677

14. Commitments

(a) Capital commitments

The Group has material capital commitments on property, plant and equipment as follows:

	30 June 2009	30 June 2008
	RMB'000	*RMB'000*
Contracted but not provided for		
Not later than one year	**938,418**	2,066,350
Later than one year and not later than five years	**1,454,847**	2,447,868
	2,393,265	4,514,218
Authorised but not contracted for		
Not later than one year	**604,500**	307,974
Later than one year and not later than five years	**1,490,818**	527,520
	2,095,318	835,494
	4,488,583	5,349,712

(b) Operating lease commitments — where the Group is the lessee

The future aggregate minimum lease payments under non-cancellable operating leases in relation to land and buildings are as follows:

	30 June 2009	30 June 2008
	RMB'000	*RMB'000*
Not later than one year	**2,929**	986
Later than one year and not later than five years	**3,117**	2,125
Later than five years	**20,153**	20,721
	26,199	23,832

15. Subsequent event

On 9 July 2009, the Company commenced a tender offer to purchase for cash any and all of its outstanding senior notes due 29 April 2013 at cost. By the end of 6 August 2009, US$70,998,000 (approximately RMB485,051,000) of the principal amount of the senior notes, representing approximately 60% of the total principal amount of notes outstanding, had been validly tendered. Following the purchase of the senior notes and settlement of the tender, US$47,575,000 (approximately RMB325,028,000), representing approximately 16% of the US$300,000,000 (approximately RMB2,049,570,000) principal amount of the notes remains outstanding.

DIVIDEND

No interim dividend for the six-month ended 31 December 2008 was paid to shareholders (six-month ended 31 December 2007: RMB1.68 cents per Share).

The Board has resolved to recommend the payment of a final dividend of RMB3.50 cents (equivalent to approximately HK3.97 cents) per share for FY2009, which is expected to be payable on 16 December 2009 subject to the approval of the forthcoming annual general meeting dated 3 December 2009. The final dividend will be payable to the shareholders whose names appear on the register of members of the Company at the close of business on 27 November 2009. The translation of RMB into Hong Kong dollars is made at the exchange rate of HK$1.00 = RMB0.88102 as at 14 September 2009 for illustration purpose only. The actual translation rate for the purpose of dividend payment in Hong Kong dollars will be subject to exchange rate at the remittance date.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 30 November 2009 to Thursday, 3 December 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 27 November 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Being the largest containerboard manufacturer in Asia and one of the leading producers in the world, ND Paper primarily produces a broad variety of packaging paperboard products, including linerboard (kraftlinerboard, testlinerboard and white top linerboard), high performance corrugating medium and coated duplex board. Equipped with multiple production lines with flexible configuration, the Group offers its customers a diversified product portfolio with various types, sizes, grades, burst indices, stacking strengths, basis weights, printability and brands in an efficient manner. Currently, our five principal categories of packaging paperboard products are available in over 60 different basis weights with over 1,000 different sizes and type specifications.

Currently, the total design production capacity of the Group is 8.82 million tonnes per annum ("tpa"), among which 23 packaging paperboard paper machines are operating in China. These include 4.60 million tpa for linerboard, 3.00 million tpa for high performance corrugating medium and 0.95 million tpa for coated duplex board. The Group's current total design production capacity represents an increase of approximately 22.2% compared with that as at 30 June 2008.

The fourth production base of the Group in Tianjin commenced production in September 2009 with an annual capacity of 0.80 million tpa, including 0.45 million tpa of linerboard and 0.35 million tpa of high performance corrugating medium. Prior to the commencement of production, our Tianjin base has already been well-equipped with the necessary facilities and ancillaries. In addition to advanced infrastructure and facilities that provide water and power supplies, steam and logistics supports, it has secured a comprehensive supply of recovered paper and an extensive sales network, enabling it to optimise cost control and flexibility in operation. In order to sharpen our competitive edges, the Group has trained up an excellent management team for the new production base, facilitating its optimisation with a view to enhancing the return of the production base especially during the initial operation period.

After the commencement of production of Tianjin base, the Group has formed a strategic geographical coverage with four focuses and further expanded its market penetration and customer base, with a more comprehensive presence in China's main manufacturing hubs. Currently, annual capacities of our four principal production bases in Dongguan, Taicang, Chongqing and Tianjin are 4.45 million tpa, 2.50 million tpa, 0.80 million tpa and 0.80 million tpa respectively.

Apart from the four principal paper production bases, the Group's 0.05 million tpa specialty paper project in Leshan, Sichuan, a market leader in specialty paper, the 0.10 million tpa packaging paperboard project in Vietnam and the 0.12 million tpa unbleached kraft pulp project in Inner Mongolia were all operating satisfactorily.

Business strategy

In the second half of 2008, the global economic crisis has dampened the growth of the global manufacturing industry. Paper manufacturing industry were under great pressure, which resulted in unprecedented challenges to ND Paper. However, the Group maintained its healthy and orderly development under such an unfavourable environment. Leveraging its advantages of diversified product mix, persistent management visions as well as prudent and flexible business strategies, the Group has consolidated its fundamentals, strengthened internal management, fortified internal and external controls and tightened risk management measures in order to enhance the overall standards of the Group and maintain its leading position amid the uncertain market conditions. With the revival of global economy, demand for paper products from various domestic sectors continuously increased. Raw material prices remained relatively less volatile in the first half of 2009 as compared with last year. While at times of economic adversities the Group has established a solid operation foundation, including adjusting its operation strategies in response to market changes and striving to achieve its targets in terms of production volume, profits, quality and management, with a wide diversity of paper products the Group has also further increased its penetration in the domestic market and maintained stable and healthy growth. It is now well-positioned to capture the opportunities arising from the economic recovery and aims at excelling its peers and maintaining its leading edges during the industry consolidation.

Standardising internal management systems

The Group has strived to improve its overall effectiveness, including the establishment of its Group General Management Office during the Year, the enhancement of its internal management systems and expanding the application of enterprise resource planning (ERP) systems. These initiatives aimed at monitoring the operations of each production base, ranging from production, recycling, sales, materials management, logistics, receivables and payables, thus enhancing the management standards of each and every department. As a result, the uncertainties in management functions will be minimised and the Group will be able to strengthen its risk management and strictly control capital expenditures through effective internal and external control processes.

Successful production commencement of paper machines and well equipped production bases with ancillary facilities

A total of six paper machines commenced production in mid-2008, namely PM18 and PM19 in Dongguan base, PM20 and PM21 in Taicang base and PM22 and PM23 for the first phase of Chongqing base, bringing to the Group an additional design capacity of 2.4 million tpa. Tianjin base, the fourth production base of the Group, also commenced production in September 2009. The two paper machines in Tianjin base, PM25 and PM26, feature a design capacity totaling 0.8 million tpa. As such, the Group's total design capacity increased to 8.82 million tpa. Tianjin base has a sizable scale since its initial stage of operation, enabling it to meet the buoyant demand from the surrounding markets with economies of scale, bringing new momentum to the Group's revenue growth.

Paper machines which commenced operation in 2008

Paper Machine	Location	Product	Design Capacity
PM18	Dongguan	Light weight high performance corrugating medium	350,000 tpa
PM19	Dongguan	Linerboard	450,000 tpa
PM20	Taicang	Linerboard	450,000 tpa
PM21	Taicang	Light weight high performance corrugating medium	350,000 tpa
PM22	Chongqing	Linerboard	450,000 tpa
PM23	Chongqing	High performance corrugating medium	350,000 tpa

Paper machines which commenced operation in 2009

Paper Machine	Location	Product	Design Capacity
PM25	Tianjin	Linerboard	450,000 tpa
PM26	Tianjin	High performance corrugating medium	350,000 tpa

The Group's Packaging paperboard design capacity in China
(Breakdown by product category)

('000 tpa)	**06/2007**	**06/2008**	**06/2009**	**09/2009**
Linerboard	1,500	3,700	4,150	4,600
Corrugating medium	2,050	2,300	2,650	3,000
Coated duplex board	950	950	950	950
Total	4,500	6,950	7,750	8,550

(Distribution by product category)

	06/2007	**06/2008**	**06/2009**	**09/2009**
Linerboard	33.3%	53.2%	53.5%	53.8%
Corrugating medium	45.6%	33.1%	34.2%	35.1%
Coated duplex board	21.1%	13.7%	12.3%	11.1%
Total	100.0%	100.0%	100.0%	100.0%

(Distribution by location)

	06/2007	**06/2008**	**06/2009**	**09/2009**
Dongguan	63.3%	64.0%	57.4%	52.0%
Taicang	36.7%	36.0%	32.3%	29.2%
Chongqing	—	—	10.3%	9.4%
Tianjin	—	—	—	9.4%
Total	100.0%	100.0%	100.0%	100.0%

No. of packaging paperboard machines in China
(Geographical breakdown by location of production base)

(Units)	**06/2007**	**06/2008**	**06/2009**	**09/2009**
Dongguan	9	13	13	13
Taicang	4	6	6	6
Chongqing	—	—	2	2
Tianjin	—	—	—	2
Total	13	19	21	23

Adjusting capacity expansion according to market conditions

During the Year, although the paper industry has bottomed out, there are still uncertainties in general economic conditions. The Group has been focusing on the operations of existing paper machines and strengthening its existing businesses. Besides, the Group maintained flexibility in its expansion plans, and has adjusted the commencement schedules of the four paper machines under construction (PM27-30) according to the economic recovery progress. The Group maintained its development in line with market changes so as to capture the expected demand growth as the economy recovers. In the light of the current development of the PRC market, the Group decided that these paper machines were to be scheduled to commence operation before the end of December in 2010. This will enable the Group to be ahead of its peers in capturing market opportunities emerging during the economic recovery, further expanding market penetration and consolidating the leading position of ND Paper in the paper manufacturing industry.

Diversified capacity expansion plan

The Group emphasises quality management and adjusts its production plans according to the market demand. Through improvement of sales mix and strengthening of the sensitivity towards changing market demands and creativity in product design, the Group produces a wide range of products to meet the demand from customers in various industries. Accordingly, the Group plans to upgrade PM3 and PM20 to manufacture white top linerboard and coated white top linerboard so as to meet the unsatisfied demand of the market and bring potential for profit enhancement. The total design production capacity of these two paper machines will increase from 850,000 tpa to 950,000 tpa.

In respect of the new paper machines scheduled to commence production by the end of 2010, PM27 in Dongguan base for the production of linerboard will be modified for the production of coated duplex board, food grade white board and de-inked recycled duplex board with white back. The design capacity will also be increased from 450,000 tpa to 600,000 tpa. The modification will enhance our product mix for meeting market demands. It will also increase our market share in high end products as well as profit. PM28 for the production of light weight high performance corrugating medium with a design capacity of 350,000 tpa will be built in Dongguan base and PM29 and PM30 for the production of linerboard and light weight high performance corrugating medium with design capacities of 450,000 tpa and 350,000 tpa respectively will be built in Taicang base as planned.

Maintaining high utilisation rate of paper machines

Besides offering a diversified product mix, the Group also attaches high importance to the enhancement of quality. The Group has a sizable maintenance team in each base, members of which have undergone training provided by the original equipment suppliers. The team is responsible for regular repairs and maintenance of the equipment to ensure that they are in proper working order. The Group upgrades its production equipment from time to time so as to increase their life span, enhance productivity and ensure product quality. The Group endeavours to maintain high utilisation rate of its paper machines, so that the Group's entire production can achieve economies of scale and ensure satisfactory returns. During the Year, the average utilisation rate of the Group's paper machines was approximately 94.6%. The Group also maintained its ISO 9001 quality standard accreditation.

Controlling costs, strengthening inventory control and diversifying sources of supplies

During the Year, the Group has strengthened the synergy and coordination among its procurement function, sales function and internal production lines. Inventory turnover of raw materials was approximately 36 days, while inventory turnover of finished products was approximately 15 days. By keeping inventory turnover of raw materials and finished products at a relatively low level, no excessive raw materials will be stored. A low inventory level also enables the Group to flexibly adjust its production plans according to the requirements of different customers, helping to enhance its overall profitability.

(1) Supply of recovered paper

Recovered paper is our largest raw material component and experienced significant price volatility during the Year. The Group made bulk purchase from suppliers with stable raw materials and recovered paper supply and has been developing more domestic sources of quality recovered paper. In addition to sourcing from major markets including USA, Europe, Japan and Australia, the Group has increased the proportion of domestic purchase of quality recovered paper to approximately 20%. Such proportion will be adjusted according to the prices of quality recovered paper in the domestic and overseas markets.

The Group and America Chung Nan, Inc., ("ACN") entered into ACN Supply Agreements in relation to the supply of recovered paper from ACN to members of the Group for the 3 years ending 30 June 2011. In selecting other suppliers, the Group's procurement department compares the quality and prices of their recovered paper with those offered by major suppliers and also considers their ability to satisfy our volume and delivery requirements. The primary criteria are cost and customer needs.

(2) Supply of kraft pulp

Kraft pulp is also a major raw material of the Group other than recovered paper. The Group uses both bleached and unbleached kraft pulp in the production of its products to increase the consistency of product appearance and strength. The Group has acquired a 0.05 million tpa specialty paper project in Leshan, Sichuan, a market leader in specialty paper. Together with the 0.12 million tpa unbleached kraft pulp project in Inner Mongolia, the two projects supply kraft pulp to the Group's paper manufacturing bases. Apart from these projects, the Group will also diversify the sources of kraft pulp supply to meet its needs arising from capacity expansion upon economic recovery in the future.

Investing in infrastructure facilities to achieve economies of scale

(1) Power resources

To support large-scale, stable packaging paperboard manufacturing, the Group requires a significant amount of electricity and steam for its daily operations. Accordingly, the Group has set up central coal-fired cogeneration power plants in Dongguan, Taicang, Chongqing and Tianjin with an aggregate installed capacity of 1,014 MW. In the Chongqing base, which commenced production in 2008, electricity generated by the steam and electricity cogeneration facilities are sufficient for the whole base. The Group has also built power generating facilities in Tianjin base, which commenced production this year, with an aggregate installed capacity of 159 MW. These power plants provide stable electric power for all of its paper machines. Simultaneously, they provide steam for use in the drying process in production. The cogeneration of steam and electricity helps to save energy costs and valuable land resources. Because of their high thermal efficiency and low coal consumption, by using electric power from the Group's own cogeneration plants, it can effectively reduce costs as compared to purchasing power from third parties.

The Group's sourcing strategy for coal is to purchase from suppliers that provide a stable and reliable supply at the lowest cost. To lower its coal expenses, the Group purchases all of its coal required directly from coal distributors and arranges its own transportation. The Group takes delivery of coal at Xinsha Port in Dongguan, and at its self-owned piers in Taicang and Chongqing. The Group has also invested in a new fully automated and enclosed coal storage dome in Dongguan, which increases efficiency, reduces wastage as well as improves the environmental protection standards of the Group.

(2) Land resources

In line with the increasing number of production bases and production scale, the Group has to maintain sufficient land reserves for its existing operations and future development. Sufficient land reserve enables the Group to grasp the opportunities emerging during economic recovery and industry consolidation. As of 30 June 2009, the Group has secured land use rights of land plots of 8.53 million sq.m in aggregate.

(3) Transportation infrastructure

In order to reduce port handling charges, avoid transportation bottlenecks and take advantage of ocean and inland waterway transportation, the Group has constructed a self-owned pier at each of Taicang and Chongqing.

Currently the pier in Taicang is capable of accommodating oceangoing vessels of up to 50,000 tonnes. The Group has obtained all necessary permits to operate the piers for its own use and to offer loading and unloading services to third parties. The berths operated by the Group have total annual loading and unloading capacity of 2.7 million tonnes and are mainly used for receiving coal deliveries. Given that the Group can take direct delivery from the major coal ports on China's coast, unloading charges can be eliminated thus reducing costs significantly. In addition, Chongqing production base has a container pier and a bulk cargo wharf with an annual throughput capacity of 4.0 million tonnes, ensuring logistics support for the production base. There is also a railway spur connected to the production base. These ancillary facilities enhance the operating efficiency of the base and increase its flexibility in transportation services.

Emphasis on environmental protection

The international communities call for higher demands in environmental protection and energy saving, and the PRC government has strengthened its regulatory enforcements on environmental issues of enterprises to achieve international standards. Well before the industrial communities are concerned about energy saving and discharge reduction, ND Paper, being highly aware of its social responsibilities, had always adhered to its philosophy of "No environment, no paper" as its principle of operation and development. The Group's production bases in Dongguan and Taicang were granted the honours of Green/Environmental Creditable Enterprise by the Guangdong Environmental Protection Bureau and Taicang Environmental Protection Bureau respectively, and continued to obtain ISO 14001 certification. The Dongguan base has passed the energy saving assessment by the Economic and Trade Commission of Guangdong Province and attained the energy saving targets. The Taicang base has also passed the annual inspection by the State Ministry of Environmental Protection and was granted an award under the environmental project fund of the Jiangsu provincial government. The recognition and endorsement of the Group's environmental protection efforts and social responsibility commitment from various government bodies and community groups boosted our philosophy of sustainable development of ND Paper. The Group will continue to put emphasis on environmental protection and the commitment to contribute to society, maintaining a healthy and sustainable growth for the corporation.

Opportunities from industry consolidation

During the Year, owing to stricter regulation over environmental protection imposed by the PRC government and impacts of the financial crisis, many small and medium paper producers faced extreme difficulties in their operations, and were forced to suspend or close their business. As a result, industry consolidation took place at a faster pace. Being the leading enterprise in the PRC paper industry, ND Paper has the most advanced equipment and diversified product portfolio with more and better choices for customers. In view of the strong domestic demand for paper products, the Group expects to excel among its peers in the course of industry consolidation, further strengthening its leading position.

Emphasis on a people-oriented strategy

The Group adheres to the corporate principle of a "people-oriented" strategy, with the belief that only human resources of excellence can enhance the overall competitiveness and cohesive spirit of the Group. The Group obtained OHSAS 18001 certification for its occupational health and safety management system in March 2005. As at 30 June 2009, the Group had approximately 10,800 full-time staff in Hong Kong and China. Expenses related to employees (including directors' emoluments) for the Year amounted to approximately RMB453.2 million. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's remuneration system. Moreover, the Group has adopted a share option scheme for employees, refined its incentive bonus program and endeavoured to implement various continuous staff development programs, such as regular training and promotion opportunities. The Group also actively drives the interaction between staff and enterprise development, and cultivate diversified employee communication channels, in order to increase the staff's satisfaction and sense of belonging towards the enterprise, so as to attract and retain capable talents.

High-Tech Enterprises recognition brings tax advantage

In 2009, Dongguan Nine Dragons Paper Industries Co., Ltd., Dongguan Sea Dragon Paper Industries Co., Ltd and Nine Dragons Paper Industries (Taicang) Co., Ltd., which are the major subsidiaries of the Group, were recognised as High-Tech Enterprises by the state. Such recognition will enable the above mentioned subsidiaries of the Group to enjoy a preferential tax rate of 15% in future. Certain other subsidiaries of the Group are also expected to receive similar recognition after their respective existing tax holidays expire.

FINANCIAL REVIEW

Revenue

The Group achieved a revenue of approximately RMB13,128.6 million for FY2009, representing a decrease of approximately 7.0% as compared with the last financial year. The major contributor of the Group's revenue was still its paper business which accounted for approximately 97.2% of the revenue, with the remaining revenue generated from its pulp business.

The Group's revenue for FY2009 decreased by approximately 7.0% as compared with the last financial year, as a result of substantial drop on average selling price of its packaging paperboard products while the Group's sales volume maintained a significant increase. Revenue of linerboard, high performance corrugated medium and coated duplex board for the Year accounted for approximately 48.9%, 27.1% and 19.7% respectively of the total revenue, compared to 47.2%, 27.7% and 23.4% respectively in the last financial year.

The Group's annual design production capacity in packaging paperboard as at 30 June 2009 was 7.85 million tpa, comprising 4.25 million tpa of linerboard, 2.65 million tpa of high performance corrugating medium and 0.95 million tpa of coated duplex board. In FY2009, the Group's total sales volume of packaging paperboard products reached approximately 5,268,000 tonnes, representing an increase of approximately 23.7% as compared to that of the last financial year. The Group's total sales volume of kraft pulp products increased to approximately 119,000 tonnes from approximately 56,000 tonnes in FY2008, representing an increase of approximately 112.5%. The increase of sales volume of packaging paperboard was supported by the newly introduced PM18, PM19, PM20, PM21, PM22 and PM23, which commenced their commercial operation in January 2009 after optimisation period, with an additional production capacity of 2.4 million tpa. The total sales volume of packaging paperboard products contributed by these 6 new PMs reached approximately 796,000 tones since their commencement of commercial operation in January 2009.

The sales volume of linerboard, high performance corrugated medium and coated duplex board for FY2009 increased by approximately 33.3% and 25.5% and decreased by approximately 2.8% respectively.

The decrease of selling price in the Group's products led to the decrease in revenue. The average selling prices of linerboard, high performance corrugated medium and coated duplex board for FY2009 decreased by approximately 27.7%, 27.6% and 19.2% respectively. The majority of the Group's sales continued to be realised from the domestic market, in particular from the corrugating medium and coated duplex board sectors. For FY2009, revenue related to domestic consumption represented approximately 80.2% of the Group's total revenue, while the remaining revenue are sales denominated in foreign currencies which primarily represented sales made to foreign invested processing enterprises.

For FY2009, sales to the Group's top five customers in aggregate accounted for approximately 4.2% of the Group's revenue, with that to the single largest customer accounted for approximately 1.3%. The corresponding percentages for the financial year ended 30 June 2008 were 8.2% and 2.0% respectively.

Gross profit

The gross profit for FY2009 was approximately RMB2,348.4 million, a decrease of approximately RMB523.9 million or 18.2% as compared with the RMB2,872.3 million in the last financial year. The gross margin increased from 12.6% in first half to approximately 22.9% in the second half of FY2009, though overall gross margin for the Year decreased from 20.4% to approximately 17.9%. The decrease in gross profit margin was mainly due to the substantial decrease in selling price while the raw materials (main cost of recovered paper and coal) maintained at a very high level during the first half of FY2009.

Other gains — net

Other gains, net, of the Group decreased to approximately RMB100.2 million in FY2009 from RMB228.8 million in the last financial year. The decrease was mainly due to the substantial drop in sales of scrap materials and electricity in FY2009 and net negative goodwill recognised in the last financial year.

Selling expenses and marketing costs

Selling and marketing costs were approximately RMB382.7 million in FY2009, compared with RMB335.5 million in FY2008. The total amount of selling and distribution costs as a percentage of the Group's revenue increased from 2.4% in the last financial year to approximately 2.9% in FY2009, which was a result of the larger sales volume and wider geographical coverage.

Administrative expenses

Administrative expenses decreased from RMB499.8 million in the last financial year to approximately RMB320.9 million in FY2009. The amount of administrative expenses as a percentage of group revenue decreased from 3.5% in FY2008 to approximately 2.4% in FY2009. The decrease during the Year was mainly a result of write-back from the share option expenses of approximately RMB94.1 million, optimal level of management and administrative costs incurred after the launch of new paper machines.

Operating profit

The operating profit for FY2009 was approximately RMB1,744.9 million, a decrease by approximately 23.0% over the last financial year. The operating profit margin increased from 16.1% in FY2008 to approximately 17.8% in the second half of FY2009.

Gain on repurchase of senior notes

Senior notes with principal amount of USD181.4 million (equivalent to approximately RMB1,241.0 million) were repurchased by the Company at discounted prices and net gains of approximately RMB594.0 million were recognised.

Finance costs

Finance costs increased by approximately 392.8% to approximately RMB502.2 million in FY2009 from RMB101.9 million in the last financial year. The increase of finance costs was mainly due to the increase of the average bank borrowings for FY2009 as compared with the last financial year and the small portion of the exchange gains which due to the relatively slow appreciation of RMB in FY2009, amounted to approximately RMB0.2 million in FY 2009, as compared with RMB221.3 million in FY2008.

Net profit

The profit attributable to equity holders for FY2009 was approximately RMB1,661.1 million, a decrease of approximately RMB215.8 million as compared with the last financial year.

The net profit margin of second half in FY2009 excluding the gains on the repurchase of senior notes, which amounted to approximately RMB508.0 million, was approximately 12.2% as compared to 3.8% and 13.3% of the first half in FY2009 and FY2008 respectively.

Dividend

No interim dividend for the first half of FY2009 was paid to shareholders (for the first half FY2008 RMB1.68 cents per share).

For FY2009, the directors have proposed a final dividend of RMB3.50 cents per share, which will aggregate to approximately RMB151.7 million. The total dividend for the Year amounted to RMB3.50 cents per share, representing a decrease of RMB1.68 cents per share as compared with last financial year.

Taxation

Income tax charged for the Year amounted to approximately RMB175.5 million and decreased by approximately RMB87.6 million as compared with the last financial year.

In FY2009, the Group's average effective tax rate decreased substantially from 12.2% in FY2008 to approximately 9.6% in FY2009.

Working capital

The inventories decreased by approximately RMB1,317.6 million for FY2009 and amounted to approximately RMB1,500.9 million as at 30 June 2009, representing a decrease of approximately 46.7% from that of the last financial year. Inventories mainly comprise recovered paper, spare parts (mainly for repair and maintenance of related paper machines) and kraft pulp of approximately RMB1,049.0 million and finished goods of approximately RMB451.9 million.

The decrease in raw materials and finished goods were primarily the result of reduced raw materials cost and the reduction of stock up period.

As a result, during FY2009, inventory turnover days decreased to approximately 51 days as compared to 92 days for FY2008.

Trade receivables and bills receivable decreased by approximately RMB583.8 million for FY2009 and amounted to approximately RMB1,408.0 million, representing a decrease of approximately 29.3% from that of the last financial year. During FY2009, the turnover days of trade receivables and bills receivable were approximately 39 days as compared to 52 days for FY2008.

Trade payables and bills payable decreased by approximately RMB362.5 million for FY2009 and amounted to approximately RMB1,924.0 million, representing a decrease of approximately 15.9% from that of the last financial year. Trade payables and bills payable turnover days were approximately 65 days for FY2009 and was in line with the credit period granted by most suppliers.

Liquidity and financial resources

The working capital and long-term funding required by the Group primarily comes from its operating cash flows and borrowings, while the Group's financial resources are used in its capital expenditures, operating activities and repayment of borrowings.

The Group's net cash inflow from operating activities increased from approximately RMB1,395.8 million in FY2008 to approximately RMB3,929.3 million in FY2009, representing an increase of approximately 181.5%. The increase was attributable primarily to the changes in working capital, mainly the decrease in inventories and trade and other receivables. In terms of available financial resources as at 30 June 2009, the Group had total undrawn borrowing facilities of approximately RMB7,337.5 million and cash and bank balances of approximately RMB1,508.5 million. As at 30 June 2009, the shareholders' funds were approximately RMB14,693.3 million, an increase of approximately RMB1,421.8 million from that of the last financial year. The shareholders' fund per share increased by approximately 10.8% from RMB3.06 to approximately RMB3.39.

Debts management

The Group's outstanding borrowings decreased by RMB1,134.2 million from RMB14,961.9 million as at 31 December 2008 to approximately RMB13,827.7 million as at 30 June 2009. In the meantime, the net borrowings to total equity ratio of the Group decreased from 102.7% as at 31 December 2008 to approximately 82.4% as at 30 June 2009, due to the repayment of bank loans and the repurchase of senior notes.

Treasury policies

The Group has established a treasury policy with the objective of achieving better control of treasury operations and lowering cost of funds. Therefore, funding for all its operations and foreign exchange exposure have been centrally reviewed and monitored at the Group level. To manage the Group's exposure to fluctuations in foreign currency exchange rates and interest rates on specific transactions, foreign currency borrowings, currency structured instruments and other appropriate financial instruments were used to hedge material exposure. It is the policy of the Group not to enter into any derivative products for speculative activities.

The treasury policies followed by the Group aim to:

(a) Minimise interest risk

This is accomplished by loan re-financing and negotiation. The Board will continue to closely monitor the Group's loan portfolio and compares the loan margin spread under its existing agreements against the current borrowing interest rates under different currencies and new offers from banks.

(b) Minimise currency risk

In view of the current volatile currency market, the Board closely monitors the Group's foreign currency borrowings. As at 30 June 2009, total foreign currency borrowings amounted to the equivalent of approximately RMB4,725.7 million and loans denominated in RMB amounted to approximately RMB9,102.0 million, representing approximately 34.2% and 65.8% of the Group's borrowings respectively.

The Group has satisfactorily complied with all covenants under its borrowing agreements.

Cost of borrowing

Average borrowing cost in FY2009 dropped to approximately 4.871% and 3.490% per annum from 6.493% and 5.528% per annum in FY2008 for long-term bank borrowings and short-term bank borrowings respectively due to the Group's prudent use of fixed and floating rate debt. The gross interest and finance charges (including interest capitalised but before interest income and impact from derivative financial instruments) increased to approximately RMB973.0 million in FY2009 from RMB611.6 million in FY2008.

Capital expenditures

For FY2009, the Group invested approximately RMB4,277.6 million for the construction of factory buildings, purchase of plants and machineries, equipments and land use rights. These capital expenditures were fully financed by internal resources and bank borrowings.

Capital commitments

The Group made capital expenditure commitments mainly for machineries of approximately RMB2,393.3 million which were contracted but not provided for in the financial statement. These commitments were mainly related to the construction of PM27/28 and PM29/30 for the expansion of the Group's production capacity and improvement of certain existing production lines for a better cost control and enhancement of their profitability.

Contingencies

As at FY2009, the Group had no material contingent liabilities.

FUTURE OUTLOOK

During the past year, ND Paper managed to overcome the difficult and challenging operating environment by capitalising on the concerted efforts of its staff, advanced production equipment, diversified product mix, an exemplary team of talents and effective cost control in a prudent manner. Stepping into 2009, it is believed that the worst period has passed and domestic market demand, which is supported by improving global economy and the PRC government policies, is expected to remain strong in the next three to five years. The future operating environment will be favourable for the long term development of the Group. With a stronger foundation established during the economic downturn, the Group will continually endeavour to accomplish its goals upon a platform of solid fundamentals, adopting highly flexible strategies to seize every market opportunity in order to consolidate its leading position in the industry. We shall also continue to adopt prudent cost control measures and focus on debt reduction, aiming at creating the best returns to our shareholders.

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

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

REVIEW OF FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiary companies for FY2009 have been reviewed by the Audit Committee of the Company and audited by the Company's auditor, PricewaterhouseCoopers. The unqualified auditor's report will be included in the annual report to shareholders.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During FY2009, the Group was in compliance with the provisions of the Code on Corporate Governance Practices and, where appropriate, the Code of Best Practice, as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Specific enquiries have been made to all directors, who have confirmed that, during the Year under review, they were in compliance with provisions of the Model Code.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under "Listed Company Information" and on the website of the Company at www.ndpaper.com. The annual report will be despatched to the shareholders of the Company and will also be available for viewing at the aforesaid websites in due course.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 3 December 2009. Notice of the annual general meeting will be published and issued to shareholders in due course.

APPRECIATION

In addition to my gratitude to our management and staff, I would like to express my sincere appreciation to governments of various levels for providing a business-friendly environment that has allowed us to prosper and positively influence the lives of our employees while contributing to the success of our industry. I would also like to thank our shareholders, investors, bankers, customers and business partners for their support and look forward to sharing our continued success.

As at the date of this announcement, the directors of the Company are:

Executive Directors:
Ms. Cheung Yan
Mr. Liu Ming Chung
Mr. Zhang Cheng Fei
Mr. Zhang Yuanfu
Mr. Lau Chun Shun
Ms. Gao Jing

Independent Non-Executive Directors:
Dr. Cheng Chi Pang
Ms. Tam Wai Chu, Maria
Mr. Chung Shui Ming, Timpson
Mr. Wang Hong Bo

By Order of the Board
Cheung Yan
Chairlady

Hong Kong, 14 September 2009

* *for identification purpose only*