Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2689)

UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS

- Sales increased slightly by 0.2% to approximately RMB12.6 billion.
- Gross profit decreased by 11.7% to approximately RMB2,010.3 million.
- Gross profit margin decreased from 18.0% to approximately 15.9%.
- Profit for the period decreased by 34.8% to approximately RMB848.3 million.
- Basic earnings per share decreased from RMB0.27 to RMB0.18.
- Interim dividend per share of RMB2.0 cents (equivalent to approximately HK2.46 cents).

FINANCIAL RESULTS

The board of directors ("Board") of Nine Dragons Paper (Holdings) Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group" or "ND Paper") for the six months ended 31 December 2011 (the "Period"), together with the comparative figures for the corresponding period of last year.

* *For identification purposes only*

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 31 December	
		2011	2010
	Note	***RMB'000***	*RMB'000*
Sales	*5*	**12,633,975**	12,615,040
Cost of goods sold	*6*	**(10,623,659)**	(10,339,618)
Gross profit		**2,010,316**	2,275,422
Other (losses)/gains – net		**(1,731)**	80,037
Selling and marketing costs	*6*	**(318,716)**	(229,971)
Administrative expenses	*6*	**(357,319)**	(367,033)
Operating profit		**1,332,550**	1,758,455
Finance income	*7*	**11,093**	9,243
Finance costs	*7*	**(262,572)**	(275,177)
Profit before income tax		**1,081,071**	1,492,521
Income tax expense	*8*	**(232,741)**	(191,497)
Profit for the period		**848,330**	1,301,024
Profit attributable to:			
Equity holders of the Company		**836,527**	1,267,338
Non-controlling interests		**11,803**	33,686
		848,330	1,301,024
Earnings per share for profit attributable to equity holders of the Company *(expressed in RMB per share)*			
– basic	*9*	**0.18**	0.27
– diluted		**0.18**	0.27
Dividend	*10*	**93,258**	93,245

Details of dividends payable to equity holders of the Company attributable to the profit for the period are set out in note 10.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Profit for the Period	**848,330**	1,301,024
Other comprehensive income		
Currency translation differences	**(10,108)**	(11,343)
Cash flow hedges	**(753)**	(1,306)
Total comprehensive income for the Period	**837,469**	1,288,375
Total comprehensive income attributable to:		
– Equity holders of the Company	**829,995**	1,258,475
– Non-controlling interests	**7,474**	29,900
	837,469	1,288,375

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	31 December 2011 (Unaudited) *RMB'000*	30 June 2011 (Audited) *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	**41,177,297**	38,628,163
Land use rights	*11*	**1,637,516**	1,515,520
Intangible assets	*12*	**232,542**	234,827
Deferred income tax assets		**10,058**	16,682
Total non-current assets		**43,057,413**	40,395,192
Current assets			
Inventories	*13*	**3,342,045**	2,557,583
Trade and other receivables	*14*	**7,143,489**	5,085,268
Prepayments		**271,738**	222,683
Tax recoverable		**15,985**	42,216
Restricted cash		**43,687**	97,450
Cash and cash equivalents		**4,395,322**	2,500,254
Total current assets		**15,212,266**	10,505,454
Total assets		**58,269,679**	50,900,646
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*15*	**9,202,356**	9,187,231
Other reserves	*16*	**1,179,198**	1,200,373
Retained earnings			
– Proposed dividend		**93,258**	373,007
– Unappropriated retained earnings		**10,582,950**	9,839,100
		21,057,762	20,599,711
Non-controlling interests		**415,834**	420,949
Total equity		**21,473,596**	21,020,660

	Note	31 December 2011 (Unaudited) RMB'000	30 June 2011 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	*17*	**23,776,050**	20,973,492
Deferred income tax liabilities		**987,303**	905,322
Total non-current liabilities		**24,763,353**	21,878,814
Current liabilities			
Trade and other payables	*18*	**6,383,238**	4,803,799
Current income tax liabilities		**206,278**	194,176
Borrowings	*17*	**5,443,214**	3,003,197
Total current liabilities		**12,032,730**	8,001,172
Total liabilities		**36,796,083**	29,879,986
Total equity and liabilities		**58,269,679**	50,900,646
Net current assets		**3,179,536**	2,504,282
Total assets less current liabilities		**46,236,949**	42,899,474

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Cash flows from operating activities		
Cash generated from operations	**299,003**	2,401,404
Income tax paid	**(73,642)**	(53,523)
Interest paid	**(866,830)**	(516,956)
Net cash (used in)/generated from operating activities	**(641,469)**	1,830,925
Cash flows from investing activities		
Deposit for acquisition of subsidiaries	**–**	(70,000)
Purchase of property, plant and equipment	**(2,538,767)**	(4,932,896)
Payment for acquisition of land use rights	**(334,342)**	(82,287)
Proceeds from disposal of property, plant and equipment	**10,448**	4,291
Interest received	**11,093**	9,243
Net cash used in investing activities	**(2,851,568)**	(5,071,649)
Cash flows from financing activities		
Proceeds from borrowings	**12,160,995**	6,104,625
Repayments of borrowings	**(6,640,901)**	(2,699,905)
Government grants received	**273,822**	66,345
Dividend paid to equity holders of the Company	**(372,426)**	(468,326)
Dividend paid to a non-controlling shareholder	**(12,589)**	(4,739)
Exercise of share options	**239**	83,841
Net cash generated from financing activities	**5,409,140**	3,081,841
Net increase/(decrease) in cash and cash equivalents	**1,916,103**	(158,883)
Cash and cash equivalents at beginning of the Period	**2,500,254**	2,340,967
Exchange losses on cash and cash equivalents	**(21,035)**	(19,526)
Cash and cash equivalents at end of the Period	**4,395,322**	2,162,558

1. GENERAL INFORMATION

Nine Dragons Paper (Holdings) Limited (the "Company") was incorporated in Bermuda on 17 August 2005 under the Companies Act 1981 as an exempt company with limited liability. The Company and its subsidiaries (together the "Group") are principally engaged in the manufacture and sales of packaging paper, pulp and high value specialty board products in People's Republic of China (the "PRC"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The condensed consolidated interim financial information is presented in thousands of Renminbi ("RMB"), unless otherwise stated. The condensed consolidated interim financial information was approved for issue on 27 February 2012.

The condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the Period has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 30 June 2011, with the exception of changes in estimates that are required in determining the provision for income taxes.

3. ACCOUNTING POLICIES

Except as described below, the accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 30 June 2011, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings, where relevant.

(a) Effect of adopting amendments to standards and interpretations

During the period, the Group adopted HKAS 34 (Amendment), "Interim Financial Reporting", which is mandatory for its financial year beginning 1 July 2011. The amendment emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

The following amendments to standards and interpretations are also mandatory for the Group's financial year beginning 1 July 2011. The adoption of these amendments to standards and interpretations does not have any significant impact to the results and financial position of the Group.

HKFRSs (Amendment)	Improvements to HKFRSs 2010, except for amendment to HKAS 34 "Interim Financial Reporting" as disclosed above
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets
HKAS 24 (Revised)	Related Party Disclosures
Hong Kong International Financial Reporting Interpretations Committee ("HK(IFRIC)") – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement

(b) New standards, interpretation and amendments to standards that have been issued but are not effective

The following new standards, interpretation and amendments to standards have been issued but are not effective for the financial year beginning 1 July 2011 and have not been early adopted by the Group:

HKFRS 7 (Amendment)	Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosures of Interest in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income[1]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1. *Effective for the Group for annual period beginning on 1 July 2012.*
2. *Effective for the Group for annual period beginning on 1 July 2013.*
3. *Effective for the Group for annual period beginning on 1 July 2014.*
4. *Effective for the Group for annual period beginning on 1 July 2015.*

The directors of the Company anticipate that the adoption of the new standards, interpretation and amendments to standards will not result in a significant impact on the results and financial position of the Group.

4. SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of packaging paper, pulp and high value specialty board products in the PRC. As the products and services provided by the Group's entities are all related to the manufacture and sale of paper and subject to similar business risks, no segment information has been prepared by the Group.

5. SALES

Sales recognised during the Period are as follows:

	Six months ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Sales of packaging paper	**12,485,191**	12,311,658
Sales of pulp	**54,843**	204,541
Sales of high value specialty board products	**93,941**	98,841
	12,633,975	12,615,040

6. EXPENSES BY NATURE

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

	Six months ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment *(note 11)*	**513,234**	489,600
Less: amount charged to other (losses)/gains – net	**(1,228)**	(1,167)
	512,006	488,433
Employee benefit expenses	**496,837**	364,272
Amortisation of land use rights *(note 11)*	**17,862**	16,732
Amortisation of intangible assets *(note 12)*	**2,285**	2,443
Changes in finished goods	**(72,081)**	781,338
Raw materials and consumables used (net of claims)	**10,027,585**	8,957,671
Provision for impairment of receivables	**–**	19,000

7. FINANCE COSTS – NET

	Six months ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Finance income:		
– Interest income from bank deposits	**11,093**	9,243
Finance cost:		
– Interest expense	**382,242**	224,282
– Bills discount charge	**156,268**	100,500
– Other incidental borrowing costs	**8,575**	4,437
– Net foreign exchange gains	**(283,760)**	(52,736)
– Hedge reserve released	**(753)**	(1,306)
	262,572	275,177

The capitalisation rate applied to funds borrowed generally and used for the development of construction in progress is approximately 5.8% for the Period. (2010: 4.0%).

8. INCOME TAX EXPENSE

	Six months ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Current tax		
– Hong Kong profits tax	**–**	–
– PRC corporate income tax	**143,952**	111,252
	143,952	111,252
Deferred income tax	**88,789**	80,245
	232,741	191,497

(a) Hong Kong profits tax

Hong Kong profits tax has not been provided for as the Group did not have any estimated assessable profits during the Period (2010: nil).

(b) PRC corporate income tax

PRC corporate income tax has been calculated on the estimated assessable profit for the Period at the rates of taxation applicable to the respective subsidiaries.

As at 31 December 2011, the Group has not accrued any deferred income tax liabilities for the withholding tax that would be payable on the unremitted earnings of its PRC subsidiaries (30 June 2011: nil), because the Group does not have a plan to distribute earnings from its PRC subsidiaries generated in the period from 1 January 2008 to 31 December 2011 in the foreseeable future.

9. EARNINGS PER SHARE

– Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the Period.

	Six months ended 31 December	
	2011	2010
Profit attributable to equity holders of the Company *(RMB'000)*	**836,527**	1,267,338
Weighted average number of ordinary shares in issue *(shares in thousands)*	**4,662,666**	4,632,465
Basic earnings per share *(RMB per share)*	**0.18**	0.27

– **Diluted**

Diluted earnings per share is calculated by 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 market share price of the Company's shares during the period) 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.

	Six months ended 31 December	
	2011	2010
Profit attributable to equity holders of the Company *(RMB'000)*	**836,527**	1,267,338
Weighted average number of ordinary shares in issue *(shares in thousands)*	**4,662,666**	4,632,465
Adjustments for share options *(shares in thousands)*	**2,762**	16,737
Weighted average number of ordinary shares for diluted earnings per share *(shares in thousands)*	**4,665,428**	4,649,202
Diluted earnings per share *(RMB per share)*	**0.18**	0.27

10. DIVIDEND

	Six months ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Interim dividend *(note (b))*	**93,258**	93,245

(a) A 2011 final dividend of RMB8.0 cents (2010 final: RMB10.0 cents) per ordinary share, totalling approximately RMB372,426,000 (2010 final: RMB468,326,000) has been approved in the Company's Annual General Meeting on 21 November 2011 and paid in the Period.

(b) The directors recommend the payment of an interim dividend of RMB2.0 cents (2010 interim: RMB2.0 cents) per ordinary share, totalling approximately RMB93,258,000 for the Period (2010 interim: RMB93,245,000). Such interim dividend has been approved in the meeting of board of directors of the Company on 27 February 2012. This interim financial information does not reflect this interim dividend payable.

11. CAPITAL EXPENDITURE

	Property, plant and equipment	**Land use rights**
	RMB'000	*RMB'000*
Six months ended 31 December 2010		
Opening net book amount as at 1 July 2010	30,157,456	1,299,607
Additions	5,155,293	64,097
Tax benefit	(57,506)	–
Disposals	(9,809)	–
Exchange difference	(9,390)	(1,908)
Depreciation/amortisation charges *(note 6)*	(489,600)	(16,732)
Closing net book amount as at 31 December 2010	34,746,444	1,345,064
Six months ended 31 December 2011		
Opening net book amount as at 1 July 2011	**38,628,163**	**1,515,520**
Additions	**3,179,947**	**141,248**
Tax benefit	**(85,987)**	**–**
Disposals	**(27,425)**	**–**
Exchange difference	**(4,167)**	**(1,390)**
Depreciation/amortisation charges *(note 6)*	**(513,234)**	**(17,862)**
Closing net book amount as at 31 December 2011	**41,177,297**	**1,637,516**

12. INTANGIBLE ASSETS

	RMB'000
Six months ended 31 December 2010	
Opening net book amount as at 1 July 2010	239,543
Amortisation *(note 6)*	(2,443)
Closing net book amount as at 31 December 2010	237,100
Six months ended 31 December 2011	
Opening net book amount as at 1 July 2011	**234,827**
Amortisation *(note 6)*	**(2,285)**
Closing net book amount as at 31 December 2011	**232,542**

13. INVENTORIES

	31 December 2011 *RMB'000*	30 June 2011 *RMB'000*
Raw materials	**1,906,421**	1,194,040
Finished goods	**1,435,624**	1,363,543
	3,342,045	2,557,583

14. TRADE AND OTHER RECEIVABLES

	31 December 2011	30 June 2011
	RMB'000	*RMB'000*
Trade receivables *(note c)*	**1,999,585**	2,003,478
Bills receivable *(note d)*	**3,212,170**	1,499,009
Other receivables	**1,931,734**	1,582,781
	7,143,489	5,085,268

(a) As at 31 December 2011, the fair value of trade and other receivables approximate their carrying amounts.

(b) The Group's sales to corporate customers are entered into on credit terms of around 30 to 60 days.

(c) As at 31 December 2011, the ageing analysis of trade receivables is as follows:

	31 December 2011	30 June 2011
	RMB'000	*RMB'000*
0-30 days	**1,607,351**	1,665,223
31-60 days	**356,828**	279,661
61-90 days	**23,527**	37,948
Over 90 days	**11,879**	20,646
	1,999,585	2,003,478

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.

(d) Bills receivables from third parties are normally with maturity period of 90 to 180 days (30 June 2011: 90 to 180 days).

15. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Share premium	Total
	Shares in thousands	*HK$'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 31 December 2010					
Balance as at 1 July 2010	4,629,554	462,955	475,132	8,618,615	9,093,747
Exercise of share options	32,718	3,272	2,822	89,251	92,073
Balance as at 31 December 2010	4,662,272	466,227	477,954	8,707,866	9,185,820
Six months ended 31 December 2011					
Balance as at 1 July 2011	**4,662,593**	**466,259**	**477,981**	**8,709,250**	**9,187,231**
Exercise of share options	**328**	**33**	**27**	**15,098**	**15,125**
Balance as at 31 December 2011	**4,662,921**	**466,292**	**478,008**	**8,724,348**	**9,202,356**

16. OTHER RESERVES

	Contributed surplus *RMB'000*	Capital reserve *RMB'000*	Share options reserve *RMB'000*	Statutory reserve and enterprise expansion fund *RMB'000*	Translation *RMB'000*	Cash flow hedge reserve *RMB'000*	Total *RMB'000*
Six months ended 31 December 2010							
Balance as at 1 July 2010	660,542	98,980	34,541	450,050	(30,068)	8,543	1,222,588
Share options granted to directors and employees	–	–	4,052	–	–	–	4,052
Appropriation to other reserves	–	–	–	1,608	–	–	1,608
Exercise of share options	–	–	(8,232)	–	–	–	(8,232)
Currency translation differences	–	–	–	–	(7,557)	–	(7,557)
Cash flow hedge reserve released to set off the impact of hedged items that affected income statement	–	–	–	–	–	(1,306)	(1,306)
Balance as at 31 December 2010	660,542	98,980	30,361	451,658	(37,625)	7,237	1,211,153
Six months ended 31 December 2011							
Balance as at 1 July 2011	**660,542**	**98,980**	**29,763**	**458,083**	**(47,748)**	**753**	**1,200,373**
Share options granted to directors and employees	**–**	**–**	**243**	**–**	**–**	**–**	**243**
Exercise of share options	**–**	**–**	**(14,886)**	**–**	**–**	**–**	**(14,886)**
Currency translation differences	**–**	**–**	**–**	**–**	**(5,779)**	**–**	**(5,779)**
Cash flow hedge reserve released to set off the impact of hedged items that affected income statement	**–**	**–**	**–**	**–**	**–**	**(753)**	**(753)**
Balance as at 31 December 2011	**660,542**	**98,980**	**15,120**	**458,083**	**(53,527)**	**–**	**1,179,198**

17. BORROWINGS

	31 December 2011 RMB'000	30 June 2011 RMB'000
Non-current		
– Long-term bank borrowings	**20,503,875**	18,490,119
– Club term loan	**1,962,340**	2,483,373
– Medium-term note *(note a)*	**1,100,000**	–
– Other borrowings	**209,835**	–
	23,776,050	20,973,492
Current		
– Short-term bank borrowings	**2,497,416**	1,787,262
– Current portion of long-term bank borrowings	**901,893**	30,298
– Current portion of club term loan	**985,530**	831,944
– Short-term commercial paper *(note b)*	**1,000,000**	–
– Current portion of other borrowings	**58,375**	–
– Senior notes *(note c)*	**–**	353,693
	5,443,214	3,003,197
	29,219,264	23,976,689

(a) On 8 December 2011, the Group issued a RMB1,100 million Medium-term note for a term of three years at interest rate of 6.78%. The Medium-term note will be redeemed on 12 December 2014.

(b) On 6 December 2011, the Group issued a RMB1,000 million Short-term commercial paper for a term of one year at interest rate of 6.78%. The Short-term commercial paper will be redeemed on 7 December 2012.

(c) On 16 August 2011, the Group redeemed all outstanding senior notes due 2013 in full.

(d) The maturity of the borrowings is as follows:

	31 December 2011					
	Bank borrowings	Club term loan	Other borrowings	Medium-term note	Short-term commercial paper	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	**3,399,309**	**985,530**	**58,375**	**–**	**1,000,000**	**5,443,214**
Between 1 and 2 years	**7,561,360**	**1,962,340**	**58,189**	**–**	**–**	**9,581,889**
Between 2 and 5 years	**10,702,371**	**–**	**151,646**	**1,100,000**	**–**	**11,954,017**
Over 5 years	**2,240,144**	**–**	**–**	**–**	**–**	**2,240,144**
	23,903,184	**2,947,870**	**268,210**	**1,100,000**	**1,000,000**	**29,219,264**

	30 June 2011			
	Bank borrowings	Club term loan	Senior notes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,817,560	831,944	353,693	3,003,197
Between 1 and 2 years	6,227,960	2,483,373	–	8,711,333
Between 2 and 5 years	9,261,795	–	–	9,261,795
Over 5 years	3,000,364	–	–	3,000,364
	20,307,679	3,315,317	353,693	23,976,689

(e) The carrying amounts of the Group's borrowings as at 31 December 2011 are denominated in the following currencies:

	31 December 2011	30 June 2011
	RMB'000	*RMB'000*
RMB	**22,276,657**	17,524,458
US$	**4,306,249**	4,154,206
HK$	**1,471,421**	1,184,469
EUR	**1,164,937**	1,113,556
	29,219,264	23,976,689

18. TRADE AND OTHER PAYABLES

	31 December 2011	30 June 2011
	RMB'000	*RMB'000*
Trade payables *(note a)*	**2,865,024**	972,736
Bills payable	**922,655**	1,338,486
Deposits from customers	**627,992**	838,446
Other payables	**1,860,925**	1,512,206
Staff welfare benefits payable	**55,431**	92,124
Accrued expenses	**51,211**	49,801
	6,383,238	4,803,799

(a) The ageing analysis of trade payables as at 31 December 2011 is as follows:

	31 December 2011	30 June 2011
	RMB'000	*RMB'000*
0 – 90 days	**2,619,359**	887,051
91 – 180 days	**155,995**	58,603
181 – 365 days	**50,004**	15,030
Over 365 days	**39,666**	12,052
	2,865,024	972,736

19. COMMITMENTS

(a) Capital commitments

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

	31 December 2011 *RMB'000*	30 June 2011 *RMB'000*
Contracted but not provided for	**1,672,504**	3,035,571
Authorised but not contracted for	**400,000**	400,000
	2,072,504	3,435,571

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

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2011 *RMB'000*	30 June 2011 *RMB'000*
Land and buildings		
– Not later than one year	**2,689**	2,760
– Later than one year but not later than five years	**5,987**	7,273
– Later than five years	**17,367**	18,088
	26,043	28,121

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Review of Operations

Being the largest containerboard manufacturer in Asia, ND Paper primarily produces and sells a broad variety of packaging paperboard products, including linerboard (kraftlinerboard, testlinerboard and white top linerboard), high performance corrugating medium and coated duplex board, as well as produces and sells unbleached kraft pulp and specialty paper. In order to further diversify its product portfolio, the Group began to produce new products such as food grade and pharmaceutical grade white board, coated linerboard and recycled printing and writing paper (including uncoated woodfree paper, copy paper, etc.) since 2011 and these products were widely receptive and welcome by customers after their market launch, and encouraging sales performance was achieved. These will not only satisfy the huge market demand but may also enhance the Group's profitability in future.

The global economy continued to be volatile last year. Until the beginning of 2012, the overall market was still in very serious turmoil. While the external market was affected by European sovereign debt crisis, the domestic Chinese market was hit by tightened liquidity and had caused tremendous pressure to the operating environment of manufacturing industry. During the Period, although prices of the Group's main raw materials were seen to have declined, the Group was unable to pass on the high costs as selling prices continued to be kept at low levels, thereby affecting profitability to a certain extent. Facing the above challenges, the Group was still able to maintain its usual balance between sales and production as well as management efficiency at each of its production bases, while working full steam on the optimization of all those paper machines that newly commenced production or completed their upgrading. At the same time, the Group continued its investment on the construction of six new paper machines that are planned to commence production in the next two years according to existing development targets.

The production capacity scale and continuous development of the Group's four major production bases (Dongguan, Taicang, Chongqing and Tianjin) in the key manufacturing centers in China have accomplished outstanding performance. With the addition of Quanzhou and Shenyang bases that will commence production successively within 2013, the Group will have basically established its overall strategic network in the PRC market to become the world's only paper manufacturer that is able to cover extensively each of the major packaging paperboard markets all over China. As at 31 December 2011, the Group has secured the land use rights for land plots of 11.87 million sq.m in total.

The Group's total design production capacity has now reached 11.45 million tpa, including six new paper machines that commenced production and three paper machines that completed their upgrade in last financial year, representing a total design production capacity of 3.33 million tpa. Among these paper machines, seven of them had just commenced production in mid-2011. These new paper machines include PM27 that produces coated duplex board, food grade and pharmaceutical grade white board and PM28 that produces recycled printing and writing paper (including uncoated woodfree paper, copy paper, etc.) in Dongguan base, and PM31 that produces testlinerboard and PM32 that produces kraftlinerboard in Tianjin base. The upgraded paper machines include PM3 that produces coated linerboard in Dongguan base, and PM20 that produces coated linerboard and PM21 that produces recycled printing and writing paper (including uncoated woodfree paper, copy paper, etc.) in Taicang base. The optimization of these seven paper machines ran smoothly during the Period and with the diligent efforts of our management and staff at all levels and the active cooperation of equipment suppliers, their optimization was all completed in January 2012. The production efficiency and stability of these seven paper machines is expected to continue to improve in the next few months, gradually contributing to the Group's profit.

Paper machines that completed their construction or upgrade and commenced production in mid-2011 and completed optimization in January 2012

Paper machine	Location	Product	Design production capacity
PM3 (upgrade)	Dongguan	Coated linerboard	400,000 tpa
PM20 (upgrade)	Taicang	Coated linerboard	430,000 tpa
PM21 (upgrade)	Taicang	Recycled printing and writing paper (including uncoated woodfree paper, copy paper, etc.)	200,000 tpa
PM27 (new)	Dongguan	Coated duplex board, food grade and pharmaceutical grade white board	550,000 tpa
PM28 (new)	Dongguan	Recycled printing and writing paper (including uncoated woodfree paper, copy paper, etc.)	250,000 tpa
PM31 (new)	Tianjin	Testlinerboard	400,000 tpa
PM32 (new)	Tianjin	Kraftlinerboard	400,000 tpa

Business Strategy

With a view to building a brand that would thrive for a century, ND Paper has always endeavoured to meet market demand and support the Group's development by formulating a flexible strategy, so as to maintain its long-term leadership position in the industry. Starting from FY12, the Group has migrated from a rapid growth phase to a stage of steady development. Striking a balance between production and sales is its primary strategy. Specific business expansion plans are established based on its own financial conditions. At the same time, the Group maintains stringent control on its costs and capital expenditure, and improves the production efficiency of paper machines and the effectiveness of existing equipment (in particular, those new paper machines and upgraded paper machines that commenced production in previous financial year), so as to elevate profitability progressively, while ensuring the capacity expansion projects which were planned to be completed in the coming two years will commence production as scheduled. These projects include six new paper machines. PM34 in Tianjin base is expected to commence production before end of July 2012 which primarily produces coated duplex board, food grade and pharmaceutical grade white board with a design production capacity of 550,000 tpa. PM33 in Chongqing base is expected to commence production before end of December 2012 and also primarily produces coated duplex board, food grade and pharmaceutical grade white board with a design production capacity of 550,000 tpa. In addition, two new paper manufacturing bases will commence production in 2013. They are Quanzhou base, the first phase of which includes PM35 and PM36 which primarily produces kraftlinerboard and testlinerboard respectively with a design production capacity of 350,000 tpa and 300,000 tpa respectively, and Shenyang base which includes PM37 and PM38 primarily producing kraftlinerboard and testlinerboard respectively, each with a design production capacity of 350,000 tpa.

Paper machines planned for completion of construction and production commencement in 2012

Paper machine	Location	Product	Design production capacity	Scheduled completion date
PM34 (new)	Tianjin	Coated duplex board, food grade and pharmaceutical grade white board	550,000 tpa	Before end of July
PM33 (new)	Chongqing	Coated duplex board, food grade and pharmaceutical grade white board	550,000 tpa	Before end of December

Paper machines planned for completion of construction and production commencement in 2013

Paper machine	Location	Product	Designed production capacity	Scheduled completion date
PM35 (new)	Quanzhou	Kraftlinerboard	350,000 tpa	Before end of June
PM36 (new)	Quanzhou	Testlinerboard	300,000 tpa	Before end of June
PM37 (new)	Shenyang	Kraftlinerboard	350,000 tpa	Before end of December
PM38 (new)	Shenyang	Testlinerboard	350,000 tpa	Before end of December

The construction and production commencement of these six new paper machines will further increase the total annual production capacity of the Group. By the end of 2012, it is expected that the total annual production capacity will increase by nearly 10% from the current scale, and by the end of 2013, the Group's total annual production capacity will increase by over 21% from the current scale, to about 14 million tpa., far exceeding its industry peers in terms of product diversity, market coverage, customer network and all kinds of resources. These will greatly strengthen the long-term competitive advantage of the Group in building up a more enormous and more solid platform for the Group's sales and profit in the future.

Design production capacity of the Group's six major bases in China (inclusive of Hebei Yongxin)

(Breakdown by product category)

(million tpa)	**December 2011**	**December 2012**	**December 2013**
Linerboard	5.30	5.30	6.65
Corrugating medium	3.10	3.10	3.10
Coated linerboard	0.83	0.83	0.83
Coated duplex board	1.50	2.60	2.60
Recycled printing and writing paper	0.45	0.45	0.45
Total	11.18	12.28	13.63

(Capacity mix by product category)	**December 2011**	**December 2012**	**December 2013**
Linerboard	47.4%	43.1%	48.8%
Corrugating medium	27.7%	25.2%	22.7%
Coated linerboard	7.5%	6.8%	6.1%
Coated duplex board	13.4%	21.2%	19.1%
Recycled printing and writing paper	4.0%	3.7%	3.3%
Total	100.0%	100.0%	100.0%

(Distribution by location)	December 2011	December 2012	December 2013
Dongguan	47.0%	42.7%	38.5%
Taicang	27.1%	24.7%	22.2%
Chongqing	7.1%	11.0%	9.9%
Tianjin	14.3%	17.5%	15.8%
Quanzhou	–	–	4.8%
Shenyang	–	–	5.1%
Hebei Yongxin	4.5%	4.1%	3.7%
Total	100.0%	100.0%	100.0%

Number of paper machines in the Group's six major bases in China (inclusive of Hebei Yongxin) (By location)

(No. of machines)	December 2011	December 2012	December 2013
Dongguan	15	15	15
Taicang	8	8	8
Chongqing	2	3	3
Tianjin	4	5	5
Quanzhou	–	–	2
Shenyang	–	–	2
Hebei Yongxin	2	2	2
Total	31	33	37

Standardizing the Group's management systems and driving innovation

The Group General Management Office has played an active role in management. It has further standardized the management systems and coordinated the sharing of resources and experiences among the bases, thereby further strengthening the advantages enabled by the Group's economies of scale and diversified production capacity.

In line with market development direction and to continually enhance operation efficiency, so as to maintain its leadership position in the industry, the Group promotes innovation in the various aspects of products, technology and management, etc., and further demonstrates such achievements and values through naming system. The Group has hitherto obtained 25 patents, and another 9 patent applications or approval are being processed. During the Period, both Dongguan base and Taicang base continued to obtain the "New and High Tech Enterprise" qualification.

As at 31 December 2011, the Group employed approximately 17,700 full-time staff.

Continuing to place high emphasis on environmental protection

The PRC government's relevant policy on environmental protection, energy conservation and emission reduction requirements is continued in its "12th 5-Year Program". The Group has always been adhering to the philosophy of "no environment, no paper-making" and continues to maintain its industry leading position in environmental management. The Group persistently carries out internal environmental protection monitoring and system optimization and integrates concepts of environmental protection and recycling into various aspects including production technologies and ancillary facilities, in order to embed the concept of environmental protection in the minds of its employees as well as its products. The Group has completed the building of an environmental protection information system, achieving real-time monitoring on the operation of the environmental protection facilities in each base, and continues to outperform the parameters required by the government in every key standard. At the same time, the Group has erected a large environmental information online monitoring screen outside its base to reveal in real time the key environmental data to the public, thereby fully reflecting the transparency level that a listed company should demonstrate. In December 2011, the Group was awarded the title of "Environment-Friendly Enterprise in PRC Paper Manufacturing Industry（中國造紙工業環境友好企業）" by China Paper Association.

FINANCIAL REVIEW

Sales

The Group achieved a revenue of approximately RMB12,634.0 million for the Period, representing a slight increase of approximately 0.2% over the corresponding period last year. The major contributor of the Group's revenue was still from its paper business which accounted for approximately 99.6% of the total group revenue, with the remaining revenue generated from its pulp business.

The Group's annual design production capacity of packaging paperboard as at 31 December 2011 (excluding the capacity in the ramp-up stage during the Period) was 9.85 million tpa, comprising 5.45 million tpa of linerboard, 3.45 million tpa of high performance corrugating medium and 0.95 million tpa of coated duplex board. The Group's sales volume of packaging paperboard products remained stable at approximately 4.0 million tonnes in the Period and the corresponding period last year. The sales volume of linerboard, high performance corrugated medium and coated duplex board for the Period accounted for approximately 55.6%, 33.1% and 11.3% of the paper business respectively.

The sales volume of packaging paper board remained relatively stable, mainly due to the newly introduced PM27 and PM28 in Dongguan, PM31 and PM32 in Tianjin, and 3 paper machines PM3, PM20 and PM21 under enhancement and upgrading process with no contribution of sales volume for the Period. All the 4 new paper machines and 3 upgraded machines have completed their enhancement and completed their optimization period in January 2012.

The majority of the Group's sales continued to be realized from the domestic market, in particular in the corrugating medium and linerboard sectors. For the six months ended 31 December 2011 and 2010, sales related to domestic consumption represented approximately 87.3% and 85.3% of the Group's total sales respectively, while the remaining sales are denominated in foreign currencies which primarily represented indirect export made to foreign invested processing enterprises in China.

During the Period, sales to the Group's top five customers in aggregate accounted for approximately 4.8% (2010: 4.6%) of the total revenue, out of which the single largest customer accounted for approximately 1.5% (2010: 1.2%).

Gross Profit

The gross profit for the Period was approximately RMB2,010.3 million, representing a decrease of approximately 11.7% as compared with the RMB2,275.4 million in the same period last year. The gross profit margin for the Period decreased from 18.0% to approximately 15.9% due to the negative impact of substantial increase in the cost of recovered paper and other raw materials and substantial decrease in average selling prices as compared with those in the same period last year.

Selling and marketing costs

Selling and marketing costs increased by approximately 38.6% from RMB230.0 million in the same period last year to approximately RMB318.7 million in the Period. The increase in the selling and marketing costs was due to more geographical coverage in the Period. As a percentage of the Group's revenue, the selling and marketing costs increased from 1.8% in the same period last year to approximately 2.5% in the Period.

Administrative expenses

Administrative expenses decreased from RMB367.0 million in the period last year to approximately RMB357.3 million in the Period. As a percentage of group revenue, the administrative expenses decreased from 2.9% in the same period last year to approximately 2.8% in the Period.

Operating Profit

The Group's operating profit for the Period was RMB1,332.6 million, representing a decrease of RMB425.9 million or 24.2% over the RMB1,758.5 million of the same period last year.

Finance Costs (net)

The finance costs decreased from RMB275.2 million in the same period last year to approximately RMB262.6 million in the Period. The decrease in finance cost was mainly due to the net result of the substantial increase in net foreign exchange gains on financing activities derived by loans denominated in foreign currencies upon appreciation of RMB in the Period and the increase in interest expenses mainly due to the fact that higher effective interest rate under the tightened credit policies in China in the Period, and additional borrowings were raised from RMB19,971.0 million as at 31 December 2010 to approximately RMB29,219.3 million as at 31 December 2011 to fund the expansion of production capacity, and bills discount charges substantially increased from RMB100.5 million in the period last year to approximately RMB156.3 million in the Period.

Income Tax

The Group's income tax expenses increased from RMB191.5 million in the same period last year to approximately RMB232.7 million. The Group's effective tax rate increased from 12.8% in the corresponding period last year to approximately 21.5% in the Period.

Net Profit and Net Profit Margin

The profit attributable to the equity holders of the Company for the Period was approximately RMB836.5 million, representing a decrease of approximately 34.0% over the corresponding period last year. Whilst the net profit margin decreased from 10.0% in the corresponding period last year to approximately 6.6% in the Period.

Working Capital

The level of inventory as at 31 December 2011 increased by 30.7% to approximately RMB3,342.0 million from RMB2,557.6 million as at 30 June 2011. Inventories mainly comprised recovered paper, pulp and other raw materials of approximately RMB1,906.4 million and finished goods of approximately RMB1,435.6 million.

The turnover days for raw materials and finished products were approximately 33 days and 24 days respectively during the Period, as compared to 30 days and 22 days in the corresponding period last year.

The trade receivables and bills receivable as at 31 December 2011 were RMB5,211.8 million, increased by approximately 48.8% from RMB3,502.5 million as at 30 June 2011. The turnover days for trade receivables debtors were 29 days, as compared to 30 days in the corresponding period last year. As at 31 December 2011, the trade receivables with age less than 60 days accounted for approximately 98.2% of the total trade receivables.

The trade payables and bills payable increased by approximately 63.9% to RMB3,787.7 million as compared to the corresponding figure as at 30 June 2011. The turnover days for trade creditors were 65 days, compared to 55 days in the corresponding period last year.

Liquidity and Financial Resources

The working capital and long-term investment funding requirements of the Group during the Period was primarily satisfied by the Group's operating cash flows, issue of short-term commercial paper and medium-term note by the Group's subsidiaries in the PRC, and bank borrowings.

In terms of the Group's available financial resources as at 31 December 2011, the Group had bank and cash balances of approximately RMB4,439.0 million (including restricted cash of approximately RMB43.7 million) and total undrawn bank facilities of approximately RMB19,222 million.

As at 31 December 2011, the shareholders' funds were approximately RMB21,473.6 million, an increase of RMB452.9 million from that as at 30 June 2011.

The Group had outstanding bank borrowings as at 31 December 2011 of approximately RMB29,219.3 million. The short-term and long-term borrowings amounted to approximately RMB5,443.2 million and RMB23,776.1 million respectively, accounting for 18.6% and 81.4% of the total borrowings respectively. As at the end of the Period, about 98.4% of the Group's debts were on unsecured basis.

The net borrowings to total equity ratio for the Group as at 31 December 2011 increased to approximately 115.4% from 101.7% as at 30 June 2011. The Board will closely monitor the Group's net debt to total equity ratio and reduce the bank borrowings gradually.

Treasury Policies

The Group has established treasury policies with the objectives of achieving effective control of treasury operations and of 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 exchange rates and interest rates on specific transactions and 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 contracts purely 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 compare 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 foreign currency borrowings. As at 31 December 2011, total foreign currency borrowings amounted to the equivalent of RMB6,942.6 million and RMB loans amounted to RMB22,276.7 million, representing 23.8% and 76.2% of the Group's borrowings respectively.

On 16 August 2011, the Company has redeemed all outstanding senior notes which beared interest at the rate of 9.875% per annum in full at a redemption price equal to 100% of the principal amount of approximately USD47.6 million (equivalent to approximately RMB305.9 million), plus the applicable premium of approximately USD7.4 million (equivalent to approximately RMB47.8 million), and accrued and unpaid interest of approximately USD1.4 million (equivalent to approximately RMB8.9 million) to 16 August 2011. The redemption price paid by the Company on 16 August 2011 amounted to approximately USD56.4 million (equivalent to approximately RMB360.2 million).

Capital Expenditures

The Group invested approximately RMB3,179.9 million for the construction of factory buildings, purchase of plant and machinery, and equipment during the Period, as compared to RMB5,155.3 million in the corresponding period last year.

Capital Commitments and Contingencies

The Group made capital expenditure commitments mainly for machinery of approximately RMB1,672.5 million, which were contracted but not provided for in the financial statements as at 31 December 2011. These commitments were mainly related to the construction of PM33-38 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.

As of 31 December 2011, the Group had no material contingent liabilities.

OUTLOOK

Although high volatility was seen in the global market at the beginning of 2012, the Group believes that, with the progressive loosening of austerity policy, the overall economic environment in the PRC will gradually improve in the coming months and a more obvious recovery in the second half of 2012 is envisaged. After the Chinese New Year in 2012, sales momentum is seen to be turning around. The downward adjustment in bank reserve ratio and the decrease in discount rates of bank acceptance notes may mitigate the operation pressure of small and medium-sized enterprises. In the long run, the consumption demand of a huge domestic population will provide sound growth potential for the Group. Further development in domestic consumption will bring a positive impact on the Group in various aspects such as operation, customer base and sales. The management of the Group and staff at all levels will continue to endeavour to achieve maximizing the returns of its investments as an ultimate goal, so as to requite the support and trust from governments at all levels, shareholders, banks, customers, suppliers, staff and people from various communities that have long been bestowed on the Group.

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated interim financial information has been reviewed by the Company's audit committee and the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The Board has declared and approved an interim dividend of RMB2.0 cents (equivalent to approximately HK2.46 cents) per share for the Period, which is expected to be payable to the shareholders by post on or before Wednesday, 30 May 2012. The dividend will be payable to the shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 17 May 2012. The translation of RMB into Hong Kong dollars is made at the exchange rate of HK$1.00 to RMB0.81223 as at 27 February 2012 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 Friday, 18 May 2012 to Monday, 21 May 2012, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m., on Thursday, 17 May 2012.

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 Period.

AUDIT COMMITTEE

The audit committee meets at least four times each year with the purpose of monitoring the integrity of the Group's financial statements and to consider the nature and scope of internal and external audit. The audit committee, together with the Company's management has reviewed the accounting principles and practices adopted by the Company and discussed over and reviewed the financial matters, including all significant aspects involving financial, operational and compliance controls.

All members of the audit committee are independent non-executive directors, namely, Dr. Cheng Chi Pang (Chairman), Ms. Tam Wai Chu, Maria, Mr. Chung Shui Ming, Timpson and Mr. Wang Hong Bo.

CORPORATE GOVERNANCE PRACTICES

During the Period, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code set out in the Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Specific enquiries have been made with all directors, who have confirmed that, during the Period, they were in compliance with provisions of the Model Code.

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, bankers and business partners for their support and look forward to sharing our continued success.

By Order of the Board
Cheung Yan
Chairlady

Hong Kong, 27 February 2012

As at the date of this announcement, the executive directors are Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Lau Chun Shun, Mr. Zhang Yuanfu and Ms. Gao Jing; the independent non-executive directors are Ms. Tam Wai Chu, Maria, Mr. Chung Shui Ming, Timpson, Dr. Cheng Chi Pang and Mr. Wang Hong Bo.