玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 2689)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

GROUP FINANCIAL HIGHLIGHTS

– Group sales rose to RMB3,774.3 million (2004: RMB1,780.1 million)

– Group gross profit rose by 179% to RMB828.6 million (2004: RMB296.7 million)

– Earnings per share rose to RMB0.19 (2004: RMB0.04)

– Consolidated net asset value increased to RMB2,861.4 million as compared to RMB2,321.9 million as at 30 June 2005

CHAIRMAN'S STATEMENT

I am pleased to present my report to the shareholders.

Business Review

For the first six months of FY2006, the Group achieved outstanding operating results as the benefits of economies of scale, capital investment, product optimisation and cost management continue to be realised. For such period, the Group recorded turnover and gross profit of approximately RMB3,774.3 million and RMB828.6 million respectively, representing an increase of 2.1 times and 2.8 times from the same period last year. Profit attributable to equity holders for the period was RMB560.0 million, representing a phenomenal growth of 4.2 times compared with the same period last year.

Besides achieving outstanding operating results, there was another good news for the Group in early 2006. Nine Dragons Paper (Holdings) Limited (the "Company" or "ND Paper") was successfully listed on the Main Board of The Hong Kong Stock Exchange on 3 March 2006 with overwhelming market response. This marked a milestone in the business development of the Group.

With an annual production capacity of 3.3 million tonnes, ND Paper is the largest producer in China and one of the largest producers in the world of containerboard products. To date, the Group has invested in and operated 10 paper machines ("PMS") with the capability of producing five types of products, namely kraftlinerboard, white top linerboard, testlinerboard, high performance corrugating medium and coated duplex board with grey back. The Group also produces unbleached kraft pulp. The Group's diversified product mix enable it to serve as a one-stop shop for a broad range of high quality packaging paperboard products. The complementary nature of its products and operations strengthened the value and competitiveness of the Group.

Due to the dedication of the staff, PM9 and PM10, which commenced operation in December 2005, set the industry benchmark by achieving optimised operating efficiency within two months. This reflected the "Nine Dragons Spirit", the wealth of experience of the management and advanced technologies of the Group. As a result, resources needed by the Group for the optimisation of its PMS was significantly reduced. Since its listing in March 2006, the Group has actively implemented its capital expenditure plan. Upon commencement of operation of PM11 to PM13, the Group's annual production capacity of packaging paperboard will reach 4.6 million tonnes, which further secure its leading position in the global and PRC packaging paperboard market and enhanced its pricing competitiveness.

Outlook

The rate of the sustained growth in the demand for containerboard products has exceeded management's expectation. Given such promising prospect, the management is fully confident in the Group's future development. The Group's track record is the best proof of the wise decisions of management in the business development and capital expenditure of the Group.

The Group aims to become one of the world's leading manufacturers of packaging paperboard products. In order to seize every business opportunity, the management will continue to closely monitor market developments and prudently analyse the demand for the Group's products. Capitalising on substantial capital investment, expertise of the management and rich experiences in operating ten paper machines, the Group will refine its existing product mix and seek new investment projects with low costs and high production capacity, so as to create a greater value for our shareholders.

Appreciation

The outstanding results of the Group was attributable to the concerted efforts of the management and staff. I would like to express my sincere gratitude to all the Directors and staff of the Group for their dedication, loyalty and contribution during the review period and to our shareholders, business associates and friends from the business and financial sectors for their invaluable support.

Cheung Yan
Chairman

Hong Kong, 27 March 2006

UNAUDITED INTERIM RESULTS

The directors of Nine Dragrons Paper (Holdings) Limited (the "Company" or "ND Paper") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together referred to as the "Group") for the six months ended 31 December 2005 with comparative figures for the corresponding period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 31 December	
	Note	**2005**	**2004**
		RMB'000	*RMB'000*
Sales	*2*	3,774,314	1,780,193
Cost of goods sold	*3*	(2,945,696)	(1,483,484)
Gross profit		828,618	296,709
Other gains – net		104,015	5,808
Selling and marketing costs	*3*	(69,905)	(33,310)
Administrative expenses	*3*	(82,749)	(55,623)
Operating profit		779,979	213,584
Finance costs		(156,424)	(62,756)
Profit before income tax		623,555	150,828
Income tax expense	*4*	(47,064)	(17,292)
Profit for the period		576,491	133,536
Profit attributable to:			
Equity holders of the Company		560,216	126,616
Minority interests		16,275	6,920
		576,491	133,536
Earnings per share for profit attributable to equity holders of the Company during the period *(expressed in RMB per share)*			
– basic	*5*	0.19	0.04
– diluted	*5*	N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**As at 31 December 2005** (Unaudited) *RMB'000*	**As at 30 June 2005** *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	8,133,991	7,639,960
Land use rights	*6*	650,444	607,562
Intangible asset	*7*	146,694	146,694
		8,931,129	8,394,216
Current assets			
Inventories		901,905	998,174
Trade and other receivables	*8*	1,304,492	997,009
Restricted cash		659,764	659,379
Bank and cash balances		333,362	651,587
		3,199,523	3,306,149
Total assets		12,130,652	11,700,365
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	*9*	312,000	312,000
Other reserves		858,680	828,330
Retained earnings		1,690,676	1,181,624
		2,861,356	2,321,954
Minority interests		101,897	85,622
Total equity		2,963,253	2,407,576
LIABILITIES			
Non-current liabilities			
Other payables		49,168	15,248
Borrowings	*10*	3,829,627	3,817,280
Deferred income tax liabilities		194,175	169,747
		4,072,970	4,002,275
Current liabilities			
Trade and other payables	*11*	2,545,378	2,814,502
Current income tax payables		55,747	44,441
Borrowings	*10*	2,493,304	2,431,571
		5,094,429	5,290,514
Total liabilities		9,167,399	9,292,789
Total equity and liabilities		12,130,652	11,700,365
Net current liabilities		(1,894,906)	(1,984,365)
Total assets less current liabilities		7,036,223	6,409,851

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 31 December 2005 RMB'000	2004 RMB'000
Net cash generated from operating activities	296,884	673,374
Net cash used in investing activities	(761,601)	(721,983)
Net cash generated from financing activities	147,912	16,133
Net decrease in cash and cash equivalents	(316,805)	(32,476)
Cash and cash equivalents at 1 July	651,587	446,890
Exchange losses on cash and cash equivalents	(1,420)	(1,487)
Cash and cash equivalents at 31 December	333,362	412,927

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Group reorganisation, basis of preparation and accounting policies

ND Paper was incorporated in Bermuda on 17 August 2005 under the Companies Act 1981 as an exempt company with limited liability and became the holding company of the Group as result of the group reorganisation (the "Reorganisation") that principally comprised the acquisition of Zhang's Enterprises Company Limited ("Zhang's"), which holds directly or indirectly, the entire share capital of Dongguan Nine Dragons Paper Industries Company Limited ("Dongguan Nine Dragons"), Nine Dragons Paper Industries (Taicang) Company Limited ("Taicang Nine Dragons"), Dongguan Sea Dragon Paper Industries Company Limited ("Dongguan Sea Dragon") and Sea Dragon Paper Industries (Taicang) Company Limited ("Taicang Sea Dragon"). The Reorganisation became effective on 30 December 2005.

The Reorganisation involved companies under common control, and the Group resulting from the Reorganisation is regarded as a continuing group. Accordingly, the Reorganisation has been accounted for on the basis of merger accounting, under which the condensed consolidated financial information have been prepared as if the Company had been the holding company of other companies comprising the Group throughout the period ended 31 December 2005, rather than from the date on which the Reorganisation was completed. The comparative figures as at 30 June 2005 and for the period ended 31 December 2004 have been presented on the same basis.

The unaudited interim results have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and methods of computation used in the preparation of these unaudited interim results are consistent with those used in the prospectus issued by the Company on 20 February 2006 (the "Prospectus"). Accordingly, this condensed financial information should be read in conjunction with the Prospectus.

At 31 December 2005 there was a net current liabilities of RMB1,894,906,000. Subsequent to the balance sheet date, the Company issued 1,150,000,000 shares of HK$0.10 each at HK$3.40 per share in connection with the listing of the Company's shares on The Stock Exchange of Hong Kong Limited on 3 March 2006, and raised gross proceeds of approximately HK$3,910,000,000. The directors are satisfied based upon all of the information available to them that it is appropriate for the accounts to be prepared on a going concern basis.

2. Sales

The Group is principally engaged in the manufacture and sales of paper. As the products and services provided by the companies now comprising the Group are all related to the manufacture and sales of paper and subject to similar business risks, no segment information have been prepared by the Group.

Sales recognised during the six months ended 31 December 2005 are as follows:

	Six months ended 31 December 2005 RMB'000	2004 RMB'000
Sales of paper	3,652,542	1,694,976
Sales of unbleached kraft pulp	121,772	85,217
	3,774,314	1,780,193

3. 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 2005 RMB'000	2004 RMB'000
Depreciation of fixed assets	159,715	60,084
Add: amount absorbed in opening inventories	11,302	8,312
Less: amount absorbed in closing inventories	(12,974)	(2,240)
	158,043	66,156
Employee benefit expense	146,882	69,179
Changes in finished goods	(77,748)	(172,952)
Raw materials and consumables used	2,701,434	1,342,056
Operating leases		
– Land use rights	6,577	911
– Buildings	108	82

4. Income tax expense

	Six months ended 31 December 2005 RMB'000	2004 RMB'000
Current tax		
– Hong Kong profits tax	–	–
– PRC enterprise income tax	22,636	3,797
	22,636	3,797
Deferred income tax	24,428	13,495
	47,064	17,292

5. 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 2005	2004
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company (RMB'000)	560,216	126,616
Number of ordinary shares in issue (shares in thousands)	3,000,000	3,000,000
Basic earnings per share (RMB per share)	0.19	0.04

– Diluted

No diluted earnings per share is presented as there were no potential dilutive ordinary shares outstanding during the periods.

6. Capital expenditure

	Land use rights	Property, plant and equipment
	RMB'000	*RMB'000*
Opening net book amount as at 1 July 2005	607,562	7,639,960
Additions	49,459	658,734
Disposals	–	(4,988)
Amortisation/depreciation charges	(6,577)	(159,715)
Closing net book amount as at 31 December 2005	650,444	8,133,991
Opening net book amount as at 1 July 2004	159,005	2,864,932
Additions	–	684,457
Disposals	–	(1,443)
Amortisation/depreciation charges	(911)	(60,084)
Closing net book amount as at 31 December 2004	158,094	3,487,862
Additions	55,582	1,326,118
Acquisition of subsidiaries	397,632	2,942,192
Disposals	–	(5,914)
Amortisation/depreciation charges	(3,746)	(110,298)
Closing net book amount as at 30 June 2005	607,562	7,639,960

7. Intangible asset

Intangible asset as at 31 December 2005 represents goodwill, being the excess of the fair value of the shares of Zhang's issued in consideration of acquisition over the fair value of the Group's share of the net identifiable assets of the Nine Dragons Paper Industries Co., Ltd, Millennium Scope Limited, Emperor Dragon Paper Industries Co., Ltd., River Dragon Paper Industries Co., Ltd. and their subsidiaries (the "Acquired Subsidiaries") on 1 January 2005.

The fair value of the shares of Zhang's and the fair value of the net identifiable assets of the Acquired Subsidiaries are based on the business valuation carried out by Vigers Appraisal & Consulting Limited, the independent valuers, on 1 January 2005. Accordingly, the goodwill is attributed to the expected high profitability of the acquired subsidiaries and significant synergies expected to arise after the acquisitions.

The directors do not consider that a provision for impairment in the carrying amount of the goodwill as at 31 December 2005 is necessary based on the business valuation carried out by Vigers Appraisal & Consulting Limited as at 30 November 2005.

8. Trade and other receivables

The Group's sales to corporate customers are entered into on credit terms around 30 to 60 days. As at 31 December 2005, the ageing analysis of trade receivables is as follows:

	31 December 2005	30 June 2005
	RMB'000	*RMB'000*
0-30 days	573,975	372,896
31-60 days	159,692	137,342
61-90 days	27,139	39,460
Over 90 days	12,200	33,762
	773,006	583,460

9. Share capital

Movements were:

	Note	Number of ordinary shares	Nominal value of ordinary shares HK$'000	Equivalent nominal value of ordinary shares RMB'000
Authorised				
Ordinary shares of HK$1.00 each upon incorporation	(a)	100,000	100	104
Sub-division of issued shares	(b)	900,000	–	–
	(b)	1,000,000	100	104
Increase in authorised share capital of HK$0.1 each	(c)	7,999,000,000	799,900	831,896
Ordinary shares of HK$0.10 each		8,000,000,000	800,000	832,000
Issued and fully paid				
Ordinary shares of HK$1.00 each issued nil paid	(a)	100,000	100	104
Sub-division of issued shares	(b)	900,000	–	–
On acquisition of Nine Dragons Paper (BVI) Group Limited ("NDP (BVI)"):				
– shares issued to Best Result Holdings Limited ("Best Result"), credited as fully paid of HK$0.10 each	(d)	2,985,800,000	298,580	310,523
– shares issued to Max Dragon Profits Limited ("Max Dragon"), credited as fully paid of HK$0.10 each	(d)	13,200,000	1,320	1,373
– nil-paid shares transferred to Best Result, credited as fully paid of HK$0.10 each	(d)	–	–	–
Ordinary shares of HK$0.10 each		3,000,000,000	300,000	312,000

(a) At the date of incorporation, the Company's authorised share capital was HK$100,000 divided into 100,000 shares of HK$1.00 each. On 27 September 2005, 100,000 nil-paid shares of HK$1.00 each were issued to Ms. Cheung.

(b) On 30 December 2005, every share of HK$1.00 Company was sub-divided into 10 shares of HK$0.10 each.

(c) On 30 December 2005, the authorised share capital of the Company was increased from HK$100,000 to HK$800,000,000 by the creation of additional 7,999,000,000 shares of HK$0.10 each.

(d) On 30 December 2005, the Company issued 2,985,800,000 shares to Best Result, credited as fully paid, and 13,200,000 shares to Max Dragon, credited as fully paid, and credited as fully paid the 1,000,000 nil-paid shares held by Best Result in consideration for the transfer of the entire issued share capital of NDP (BVI) from Ms. Cheung ("Ms. Cheung"), Mr. Liu Ming Chung ("Mr. Liu"), Mr. Zhang Cheng Fei ("Mr. Zhang") and Ms. Chang Siu Hon ("Ms. Chang") to the Company.

10. Borrowings

	31 December 2005 RMB'000	30 June 2005 RMB'000
Non-current	3,829,627	3,817,280
Current		
– Short term bank borrowings	470,040	1,767,563
– Current portion of long-term bank borrowings	2,023,264	664,008
	2,493,304	2,431,571
Total borrowings	6,322,931	6,248,851

As at 31 December 2005, borrowings of RMB3,746,762,000 (30 June 2005: RMB3,565,530,000) are secured by assets of the Group and guarantees given by related parties, which are detailed as follows:

	31 December 2005 RMB'000	30 June 2005 RMB'000
Borrowings secured by assets of the Group only	1,149,798	1,400,966
Borrowings secured by guarantees given by related parties	787,500	1,304,300
Borrowings secured by both assets of the Group and guarantees given by related parties	1,809,464	860,264
	3,746,762	3,565,530

11. Trade and other payables

The ageing analysis of trade payables as at 31 December 2005 is as follows:

	31 December 2005 RMB'000	30 June 2005 RMB'000
0 – 90 days	986,214	1,304,087
91 – 180 days	35,425	44,683
181 – 365 days	20,302	92,310
Over 365 days	17,911	3,650
	1,059,852	1,444,730

12. Contingencies

	31 December 2005 *RMB'000*	30 June 2005 *RMB'000*
Corporate guarantees for bank borrowings and credit facilities of related parties	30,000	62,000

13. Capital Commitments

Capital expenditure as at 31 December 2005 but not yet incurred is as follows:

	31 December 2005 *RMB'000*	30 June 2005 *RMB'000*
Contracted but not provided for		
– Property, plant and equipment	7,672	595,586
Authorised but not contracted for		
– Property, plant and equipment	–	490,558
	7,672	1,086,144

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS REVIEW

With the full contribution by PM4 and PM5 acquired in January 2005 and commencement of PM6, PM7 and PM8, the Group's total sales and net profit attributable to equity holders of the Company for the half-year ended 31 December 2005 were RMB3,774.3 million and RMB560.2 million representing an increase of 112% and 341% as compared to RMB1,780.2 million and RMB126.6 million, for the corresponding period last year, respectively. Basic earning per share for the period were RMB0.19, compared to RMB0.04 in the last period.

The total sales and net profit attributable to equity holders of the Company increased primarily due to the increase of the Group's total sales volume of packaging paperboard products to 1,286,329 tonnes in the half-year ended 31 December 2005 from 585,429 tonnes in the same period of last year, representing an increase of 119.7%. The significant increase in the total sales volume reflected the Group's commencement of production of PM8, PM9 and PM10 as well as contribution from PM4 and PM5 acquired as part of the acquisition of Nine Dragons Paper Industries Co., Ltd, Millennium Scope Limited, Emperor Dragon Paper Industries Co., Ltd, River Dragon Paper Industries Co Ltd and their subsidiaries (the "Acquired Subsidiaries") on 1 January 2005. During the six months ended 31 December 2005, the Acquired Subsidiaries contributed sales of RMB1,642.7 million, representing 43.5% of the Group total sales for the half-year ended 31 December 2005.

Gross profit

Gross profit as a percentage of sales increased from 16.7% to 22.0% due primarily to a change in product mix of major products to include complementary products, further optimization of the Group's paper machines, economies of scale from production capacity expansion, realization of synergies from the Acquired Subsidiaries and cost savings by management.

Other gains – net

Other gains, net, of the Group increased significantly to RMB104.0 million in the half-year ended 31 December 2005 from RMB5.8 million in the same period of last year. The increase was due primarily to significantly increased sales of excess electricity to RMB81.9 million in the half-year ended 31 December 2005 from RMB0.8 million in the same period of last year. This was mainly attributable to the commencement of operations of generating Unit 6 of the Group's coal-fired cogeneration power plant in Dongguan in May 2005.

Selling and marketing costs

The Group's selling and marketing costs increased 109.9% to RMB69.9 million in the half-year ended 31 December 2005 from RMB33.3 million in the same period of last year. The increase in selling and marketing costs was due mainly to an increase in sales volumes, the number of sales and marketing staff, vehicle operation and maintenance expenses and transportation expenses as a result of the acquisition of the Acquired Subsidiaries as well as the commencement of production of the new paper machines.

Administrative expenses

The Group's administrative expenses increased by 48.7% to RMB82.7 million in the half-year ended 31 December 2005 from RMB55.6 million in the same period of last year. The increase was mainly as a result of the acquisition of the Acquired Subsidiaries, which included the Taicang base. In addition, the Group also hired management and administrative staff in connection with commencement of new paper machines and the new addition power plant generating units in Dongguan and Taicang. However, the Group's administrative expenses as a percentage of sales decreased from 3.1% in the half-year ended 31 December 2004 to 2.2% in the half-year ended 31 December 2005, mainly due to the synergies and increased efficiencies the Group was able to achieve from the acquisition of the Acquired Subsidiaries and increased economies of scale.

Finance costs

The Group's finance costs increased 149% to RMB156.4 million in the half-year ended 31 December 2005 from RMB62.8 million in the same period of last year, as a result of an increase in the Group's borrowings.

Net current liabilities

The Group had net current liabilities of RMB1,894.9 million as of 31 December 2005 (30 June 2005: RMB1,984.4 million). The Group expects the net current liabilities will be improved further in the second half of the fiscal year of 2006, as the Group enhance its capital structure and generate stronger operating cash flow.

Liquidity and Financing

The Group's liquidity position remains strong with available undrawn bank facilities together with bank deposits of RMB1,722.9 million and RMB333.4 million respectively as at 31 December 2005. The ample financial resources available to the Group together with the gross proceeds of approximately HK3,910 million from listing of the Company's shares on The Stock Exchange of Hong Kong Limited will provide adequate funding for the Group's operational requirements and also put the Group in a favourable position for further expansion.

As at 31 December 2005, the Group's total borrowings were RMB6,322.9 million, an increase of RMB74.1 million from last year end date, and the maturity profile spread over a period of 5 years with RMB2,493.3 million repayable within one year, RMB1,462.0 million within one to two years, RMB2,177.6 million within two to five years and RMB190.0 million beyond five years.

The gearing ratio of the Group as at 31 December 2005 was 52.1%, calculated on the basis of the Group's total borrowings RMB6,322.9 million over total assets.

The Group services its debts primarily through strong recurrent cash flow generated from stable base of operation. Adjusting for our gross proceeds from listing of the Company's shares on The Stock Exchange of Hong Kong Limited in March 2006, the gearing ratio is decreased to approximately 40.0%. The Board is confident that the Group has adequate financial resources to sustain its working capital requirement, future expansion and meet its foreseeable debt repayment requirements.

Treasury Policies
At 31 December 2005, approximately 82.3% of the Group's borrowings was denominated in RMB and the remaining 17.7% was denominated in US$. While the Group derives approximately half of its revenue in RMB and the other half in HK$, the Group will refinance its borrowings to ensure that its exposure to fluctuations in foreign currency exchange rates is minimised. The Group's borrowings are principally on a fixed rate basis.

The objective of the Group's overall treasury and funding policy is to manage exposures to fluctuation in foreign currency exchange rates and interest rates on specific transactions and will use appropriate financial instruments to hedge any material exposure.

Charge on Assets
As at 31 December 2005, the Group pledged assets with aggregate carrying value of RMB2,850.5 million (30 June 2005 – RMB2,963.7 million) to secure bank loans facilities of the Group.

Contingent Liabilities
At 31 December 2005, the Group has issued cooperate guarantee for bank borrowings and credit facilities of related parties of RMB30.0 million which was released. Subsequent to the Company's shares listed on The Stock Exchange of Hong Kong Limited.

Employees
At 31 December 2005, the Group employed approximately 5,800 full time management, administration and production staff in Hong Kong and the PRC. The related employee's costs for the period (excluding directors' emoluments) amounted to approximately RMB146.9 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. The Group adopted a share option scheme for employees.

INTERIM DIVIDEND
The directors do not recommend the payment of an interim dividend for the six months ended 31 December 2005. Accordingly, no closure of Register of Members of the Company is proposed.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES
The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 3 March 2006 and therefore, during the six months ended 31 December 2005, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DIRCTORS' COMPLIANCE WITH THE MODEL CODE
The Company has adopted the Model Code For Securities Transactions By Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Specific enquiries have been made to all directors, who have confirmed that they have complied with the required standard set out in the Model Code.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES
Since the listing of its shares on the Stock Exchange, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE
The members of the audit committee comprise Dr. Cheng Chi Pang, Mr. Chung Shui Ming, Timpson and Ms. Tam Wai Chu, Maria and Mr. Wang Hong Bo. The committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters with the external auditors including a review of the unaudited consolidated interim results for the six months ended 31 December 2005 prior to recommending them to the Board for approval.

REMUNERATION COMMITTEE
The remuneration committee of the Company has been set up in accordance with Appendix 14 to the Listing Rules. The committee comprises Ms. Tam Wai Chu, Maria, Mr. Chung Shui Ming, Timpson, Dr. Cheng Chi Pang, Mr. Liu Ming Chung and Mr. Zhang Cheng Fei.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE
All the financial and other related information of the Company required by the Listing Rules will be published on the Stock Exchange's website in due course.

As at the date of this announcement, the directors of the Company are Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Wang Hai Ying, Mr. Lau Chun Shun**, Ms. Tam Wai Chu, Maria***, Mr. Chung Shui Ming, Timpson***, Dr. Cheng Chi Pang*** and Mr. Wang Hong Bo***.

On behalf of the Board
Cheung Yan
Chairman

*	*for identification only*
**	*Non-executive Director*
***	*Independent non-executive Directors*

Hong Kong, 27 March 2006