



# 玖龍紙業(控股)有限公司

## NINE DRAGONS PAPER (HOLDINGS) LIMITED

For Immediate Release

20 September 2007

### **Nine Dragons Paper (Holdings) Limited Announces its 2007 Annual Results achieved a new record revenue of RMB 9,837.7 million, representing an increase of 24.5%**

#### **Financial Highlights**

- Consolidated revenue increased by 24.5 % to a record high of RMB9,837.7 million.
- Gross profit rose by 35.9% to RMB2,528.9 million.
- Gross margin increased from 23.5% to 25.7%.
- Profit for the year grew by 47.2% to RMB2,060.3 million.
- Basic earnings per share climbed from RMB0.41 to RMB0.48.
- Proposed final dividend per share of RMB10.00 cents (equivalent to approximately HK10.31 cents).

(Hong Kong, 20 September 2007) The Board of Directors (“Board”) of Nine Dragons Paper (Holdings) Limited (the “Company”; Stock Code: 2689) 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 2007, together with the comparative figures for the last year.

The Group achieved a new record revenue of RMB9,837.7 million for the financial year 2007, representing an increase of 24.5% as compared with the last financial year’s revenue of RMB7,902.2 million. The gross profit for the financial year 2007 was RMB2,528.9 million, an increase of RMB 668.0 million or 35.9% as compared with the RMB1,860.9 million recorded in the last financial year. The operating profit for financial year 2007 was RMB2,293.4 million, going up by 26.6% over the last financial year. The increase percentage was in line with revenue growth rate. The profit attributable to equity holders for the financial year 2007 was RMB2,003.4 million, an increase of RMB628.6 million as compared with the last financial year.

The Board has resolved to recommend payment of a final dividend of RMB10.00 cents (equivalent to approximately HK10.31 cents) per share for financial year 2007.

Ms. Cheung Yan, Chairman of ND Paper said, “Nine Dragons had remarkable results in the past year, and we successfully maintained our number one position as the most dominant player in Asia. Although the business environment during this period was not at all ideal, with raw material prices continuously increasing, we were still able to meet our planned targets, and benefit from our economies of scale.”

The Group has achieved significant growth in production capacity, sales volumes, sales and profit attributable to equity holders at a compound annual growth rate of 45.6%, 41.7%, 44.7% and 106.3%, respectively, from the last five financial years to 30 June 2007.

ND Paper is building its third base in Chongqing. Chongqing is a regional hub for the Central-western provinces of Hubei, Yunnan, Guizhou and Sichuan. Chongqing Base is on the Yangtze River coast, where the Group has commenced the construction of a self-owned pier. The Group also plans to construct a direct rail spur and other ancillary facilities in the Chongqing Base to reduce transportation costs. The first phase of Chongqing operations will comprise two paper machines with total annual capacity of 800,000 tonnes, which are expected to commence operations in mid 2008. The Group has obtained a total land reserve of approximately 2.4 million sq.m. that is planned for accommodating 5 million tonnes of annual production capacity.



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ND Paper's fourth base is located in the Ninghe Economic Development Zone in Tianjin. It is adjacent to the Binhai New Area and enjoys the same investment incentives. The Base centres around the Tianjin and Beijing areas and services the northern and north-eastern regions. The first phase of Tianjin Base will consist of one high performance linerboard paper machine of 450,000 tpa and one high performance corrugating medium paper machine of 350,000 tpa. Production is expected to commence by June 2009. The Tianjin Base is only 30 km from Tianjin Port. A rail spur for direct movement of coal, raw materials and finished products has been planned for the Tianjin Base, which is also conveniently accessible by the statewide highway network linking the north-eastern and southern provinces in China.

By continued expansion of geographical reach for a more comprehensive market coverage in central-western and northern China, the Group will be able to fully cover the major economic regions and provide services to customers throughout the PRC.

Looking ahead on the Group's future business development, Ms. Cheung said, "We shall proactively migrate to an internationalized management model in future. In addition to staff training, we are also recruiting from China and overseas professional talents of various disciplines to join our management. We shall expand our annual capacity from the current 5.35 million tpa to 10.15 million tpa by 2009. We shall invest in the Chinese and overseas markets strategically, so as to drive continual development in our business. The Group's target for the next 3 years is to develop into an internationalized manufacturer integrating forestry, pulp and paper, with the largest production capacity, the best effectiveness and an excellent potential. We aim at becoming the leading enterprise in the global containerboard manufacturing industry, and create the best long term value for our shareholders."

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### **Background of ND Paper**

Nine Dragons Paper (Holdings) Limited is the largest producer in China and Asia (including Japan), and one of the largest producers in the world, of containerboard products, with an aggregate annual production capacity of 5.35 million tonnes. The Company serves as a one-stop shop for a variety of packaging paperboard products - linerboard (kraftlinerboard, testlinerboard and white top linerboard), high performance corrugating medium and coated duplex board. The Group also produces unbleached kraft pulp. ND Paper was listed on the Main Board of the Hong Kong Stock Exchange on 3 March 2006, and is currently a constituent stock of Hang Seng Composite Index Series, MSCI Standard Index Series and MSCI Global Value and Growth Index Series.

This press release is issued by Wonderful Sky Financial Group Co., Ltd. on behalf of Nine Dragons Paper (Holdings) Limited.

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