



# 玖龍紙業(控股)有限公司

**NINE DRAGONS PAPER (HOLDINGS) LIMITED**

For Immediate Release

10 October 2008

## **Nine Dragons Paper (Holdings) Limited Announces 2008 Annual Results Consolidated revenue rose by 43.5% to approximately RMB14,113.6 million**

### **Financial Highlights**

- Consolidated revenue rose by 43.5% to approximately RMB14,113.6 million
- Gross profit rose by 13.6% to RMB2,872.3 million
- Operating profit decreased slightly by 1.2% to RMB2,265.9 million
- Profit attributable to equity holders of the Company amounted to RMB1,876.9 million
- Earnings per share was RMB0.44
- Proposed final dividend per share of RMB3.50 cents (equivalent to approximately HK\$3.98 cents)

(Hong Kong, 10 October 2008) 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 2008 ("the period under review"). For the period under review, the Group's consolidated revenue amounted to RMB14,113.6 million, representing a year-on-year increase of 43.5%; gross profit rose by 13.6% to approximately RMB2,872.3 million, and operating profit decreased slightly by 1.2% to RMB2,265.9 million over the same period last year. Profit attributable to equity holders of the Company amounted to RMB1,876.9 million, down 6.3% year-on-year.

The Board recommend the payment of a final dividend of RMB3.50 cents (equivalent to approximately HK\$3.98 cents) per share for the year ended 30 June 2008.

Ms. Cheung Yan, Chairlady of ND Paper said, "As the largest containerboard producer in Asia, the Group managed to achieve satisfactory value growth in production capacity, product portfolio and market distributions by leveraging sound and flexible business strategies despite the uncertainties including economic challenges and natural disasters occurred during the year."

During the period under review, ND Paper increased six paper machines. Among them, PM18 and PM19 in Dongguan, and PM20 and PM21 in Taicang commenced operations in June 2008, which increased the Group's production capacity to 2.4 million tonnes per annum. In May 2008, the Group acquired 60% equity interest of Cheng Yang Paper Mill Co. Ltd., a Vietnamese paper manufacturer which currently has a production capacity of 100,000 tonnes per annum, further expanding its geographical coverage.

The Group has completed construction of the third production base - Chongqing Base during the period under review which was put into operation in August 2008. The project contributed additional annual capacity for 450,000 tonnes of linerboard paper and 350,000 tonnes of high performance corrugating medium paper. Tianjin base, the Group's fourth base, is to serve Northern and North-eastern China by PM25 with 450,000 tonnes per annum of high performance linerboard paper and PM26 with 350,000 tonnes per annum of high performance corrugating medium paper. Such two paper machines are expected to commence production by mid 2009.

The Group has adjusted the production expansion plan in order to address current market condition. Two paper machines in Tianjin will commence operation in advance before the end of June 2009. The Group has also postponed other original capacity expansion plans after 2010-2011. Meanwhile, the Group will strictly control capital expenditures. To guarantee ample cash flows, the capital expenditures will be reduced from RMB3.0 billion to RMB2.2 billion for the financial year of 2009.

Looking ahead to the future business, Chairlady, Ms. Cheung said, "We are now experiencing challenges of a downturn in global economy and rapid integration of paper industry. These challenges provide ND Paper with opportunities in internal improvement. ND Paper shall actively enhance and reform internal management, place stringent control on costs, improve mechanization level, and make further progresses based on our solid foundation, regional advantages, extensive market share and coverage obtained in the past 10 years. In this difficult situation, ND Paper, as a leading enterprise with extensive management capabilities and unique operating concept, will face these challenges head-on. We shall secure a better position despite adverse economic conditions. With our large production capacity of over 8.80 million tonnes in 2009, once the economy is recovered, we are well-prepared to create substantial profit for investors, and lay solid foundations for the years to come."

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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 7.85 million tonnes of packaging paperboard. 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 distributed by Wonderful Sky Financial Group Limited for Nine Dragons Holdings Limited.

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