



# 玖龍紙業(控股)有限公司

**NINE DRAGONS PAPER (HOLDINGS) LIMITED**

For Immediate Release

14 September 2009

## **Nine Dragons Paper (Holdings) Limited Announces FY2009 Annual Results Consolidated revenue amount to RMB13,128.6 million Operating figures improved in 2HFY2009**

### **FINANCIAL HIGHLIGHTS**

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

(Hong Kong, 14 September 2009) The Board of Directors ("the Board") of Nine Dragons Paper (Holdings) Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group" or "ND Paper") for the year ended 30 June 2009 ("the Year" or "FY2009"). During the Year, The Group's revenue decreased by approximately 7.0% to RMB13.1 billion compared with the last financial year, as a result of substantial drop on average selling price of its packaging paperboard products while the Group's sales volume maintained a significant increase. Profit attributable to shareholders for the Year amounted to RMB1.67 billion, including gain on repurchase of senior notes of RMB594 million.

The Board has resolved to recommend the payment of a final dividend of RMB3.50 cents per share for FY2009.

During the Year, the gross profit margin increased from 12.6% in first half to approximately 22.9% in the second half of FY2009, though overall gross margin for the Year decreased from 20.4% to approximately 17.9%. The decrease in gross profit margin was mainly due to the substantial decrease in selling price while the raw materials (main cost of recovered paper and coal) maintained at a very high level during the first half of FY2009.

The fourth production base of the Group in Tianjin commenced production in September 2009 with an annual capacity of 0.80 million tonnes per annum (“tpa”), including 0.45 million tpa of linerboard and 0.35 million tpa of high performance corrugating medium. The total designed production capacity of the Group is 8.82 million tpa. The commencement of production of Tianjin base allowed the Group to form a strategic geographical coverage with four focuses and to further expand its market penetration and customer base, with a more comprehensive presence in China’s main manufacturing hubs. Currently, annual capacities of our four principal production bases in Dongguan, Taicang, Chongqing and Tianjin are 4.45 million tpa, 2.50 million tpa, 0.80 million tpa and 0.80 million tpa respectively.

Based on market demand, the Group has planned to upgrade PM3 in Dongguan base and PM20 in Taicang base to manufacture white top linerboard and coated white top linerboard so as to meet the unsatisfied demand in the market and bring potential for profit enhancement. The total design production capacities of these two paper machines will increase from 850,000 tpa to 950,000 tpa.

In respect of the new paper machines scheduled to commence production before the end of 2010, PM27 in Dongguan base for the production of linerboard will be modified for the production of coated duplex board, food grade white board and de-inked recycled duplex board with white back. The design capacity will also be increased from 450,000 tpa to 600,000 tpa. The modification will enhance our product mix for meeting market demands. It will also increase our market share in high end products as well as our profit.

Looking ahead to the future business, Chairlady, Ms. Cheung said, “Given encouraging signs in the global economy and the recovery of all sectors in 2009, the Group will make use of its strong foundation comprising the four bases as a springboard to advance its business strategy for product diversification, higher quality and ever improving customer service standards, as well as a management philosophy emphasizing environmental protection and flexibility in the optimal deployment of various resources to make room for future growth. It is under such beliefs can ND Paper move forward to exploit its edges as an industry leader, maintaining healthy operations and orderly development to capture even more opportunities emerging from the rebound.”

- END -

### **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, in terms of design capacity. The Group primarily manufactures linerboard, high performance corrugating medium and certain types of coated duplex board. The Group also manufactures specialty paper, wood and bamboo pulp through a subsidiary, and produces unbleached kraft pulp through its joint venture subsidiary, which the Group uses as raw material for its own production as well as sells to third parties. The Group's current annual design capacity amounts to 8.82 million tonnes. 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.

This press release is distributed by Wonderful Sky Financial Group Limited for Nine Dragons Holdings Limited.

For details, please contact:

Wonderful Sky Financial Group Limited

Miranda Fok / Jane Kun/ Long Li

Tel: (852) 2851 1038

Fax: (852) 2815 1352

E-mail: mirandafok@wsfg.hk / janekun@wsfg.hk / lilong@wsfg.hk