

For Immediate Release

21 September 2016

**玖龍紙業(控股)有限公司****NINE DRAGONS PAPER (HOLDINGS) LIMITED**

**(Incorporated in Bermuda with limited liability)  
(Stock code: 2689.HK)**

**Nine Dragons Paper (Holdings) Limited Announces FY2016 Annual Results  
Core earnings performance has reached a record high level  
Sales volume and sales revenue hiked to historical high**

**Financial Highlights**

- Sales volume increased by 7.0% to approximately 13.1 million tonnes, reaching historical high.
- Sales increased by 6.6% to approximately RMB 32,092.8 million, also reaching historical high.
- Gross profit margin increased to 18.3%.
- Profit attributable to equity holders decreased by 20.5% to RMB 1,121.7 million.
- If the impact of exchange rate changes was excluded, profit attributable to equity holders for the Year was RMB 2,834.1 million, increased by 106.6%, which reflects that the core profit has reached a record high level.
- Final dividend per share of RMB 8 cents (equivalent to approximately HK\$9.3 cents) and special dividend per share of RMB 3 cents (equivalent to approximately HK\$3.5 cents).

(Hong Kong, 21 September 2016) 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 2016 ("FY2016" or the "Year"). The Board has declared and approved a final dividend of RMB 8 cents per share, and special dividend of RMB 3 cents per share to commemorate the 10<sup>th</sup> anniversary of the Company's public listing.

Both sales volume and sales revenue of the Group hiked to historical high once again during the Year: total sales volume reached approximately 13.1 million tonnes, increased by 7.0% year-on-year, bringing approximately RMB 32,092.8 million in sales, an increase of 6.6% year-on-year. Although the sales growth rate was slightly lower than the sales volume growth rate which reflects the slight decline of the average selling price of the products, according to Mr. Armstrong Zhang, Chief Financial Officer of the Company, average selling price in the second half of the Year has increased 1.1% compared to the first half of the Year. This is mainly due to market order restoring, thus maintaining a product price uptrend with the prices of corrugating medium products kept rising continuously in particular. This

clearly reflects the effect of closure of small plants and outdated capacities.

In the Year, gross profit margin increased to 18.3% from 15.7% as compared with the last financial year; profit attributable to equity holders of the Company decreased by 20.5% to RMB 1,121.7 million which was mainly caused by the significant fluctuations of the exchange rate of RMB vs other currencies, as a result of the reform of the RMB central parity rate quotation regime, which led to a substantial amount of exchange loss, thus affecting the Group's profit for the Year. If the impact of the exchange rate changes was excluded, profit attributable to equity holders of the Company in the Year was approximately RMB 2,834.1 million, representing a large increase of 106.6%, reaching a record high since the Company was listed in 2006. Basic earnings per share was approximately RMB 0.2404.

During the Year, benefited from measures adopted by the government to close down outdated and less efficient production capacities in the main manufacturing regions, and stricter approval of new production capacities, the order of supply side improved continuously, thus the containerboard industry of China kept getting better. Meanwhile, the Company made unremitting efforts to comprehensively improve internal management, including equipment upgrading, product quality, production and sales strategies, customer services, procurement efficiency, production techniques, cost control and debt restructuring, etc. Therefore, the business performance of the Company in the Year achieved significant improvement.

During the Year, the Group continued reducing its debt and enhancing its debt structure proactively, including the further reduction of net borrowing by RMB 2,578 million to RMB 21,515 million, the net borrowings to total equity ratio coming down continuously to 81.4%, which would have been further down to 76.5% if the impact of exchange rate changes was excluded. As the trend of RMB depreciation and interest rate cuts was formed, the Group has changed the previously foreign currency dominated debt portfolio, progressively converting into RMB dominated, so as to reduce the exchange rate risk arising from RMB exchange rate fluctuations. As at 30 June, 2016, RMB borrowings accounted for 59% of the total borrowings, Euro 33%, and US dollar 8%. To accelerate the process of repayment, the Group has prepared for the required funding including holding more than RMB 11,330 million in cash and cash equivalent, aiming to increase the proportion of RMB borrowings to 80% or more by the end of December 2016. Mr. Armstrong Zhang said: "Although the proportion of RMB borrowings will be increased significantly, financial cost is expected to be reduced along with the decrease of total borrowings."

Based on the current market demand situation, PM2 (VN) at the Vietnam base is planned to be completed and commence production by the end of June 2017, bringing the Group's total design production capacity to 14.08 million tpa. Moreover, the 2<sup>nd</sup> paper machine in

Shenyang base is expected to commence production by the end of June 2018.

The Year coincides with the 20<sup>th</sup> anniversary of Nine Dragons Paper and the 10<sup>th</sup> anniversary of the Company's listing in Hong Kong. Chairlady Ms. Cheung Yan addressed: "along with the continual improvement of packaging paper market conditions in China, the Group is gradually harvesting the return from its previous efforts and investments, and achieved better results in many aspects this Year! Along with the large decrease of foreign currency borrowings and the increase of RMB borrowings, the impact of foreign currency market fluctuations is expected to be much reduced, bringing improvements to the profit. As the leading company of the packaging paper industry, Nine Dragons Paper has firmly secured the advantages along China's "New Normal" reform, moving forward to a new phase of steady development and higher return in future."

— End —

### **Background of ND Paper**

Nine Dragons Paper (Holdings) Limited is the largest containerboard product 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 and sells linerboard, high performance corrugating medium and certain types of coated duplex board. The Group also produces and sells recycled printing and writing paper and specialty paper. ND Paper was listed on the Main Board of the Hong Kong Stock Exchange on 3 March 2006.

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**

Connie Liu / Victoria Yu / Nicole Dong

Direct Line: (852) 3970 2290 / 39702125 / 69702131

Fax: (852) 2865 1638

E-mail: [po@wsfg.hk](mailto:po@wsfg.hk) / [victoriayu@wsfg.hk](mailto:victoriayu@wsfg.hk) / [nicoledong@wsfg.hk](mailto:nicoledong@wsfg.hk)