



**Nine Dragons Paper (Holdings) Limited Announces FY2017 Interim Results**  
**Sales revenue and profit both reached historical high**

**FINANCIAL HIGHLIGHTS**

- Sales increased by 22.0% to approximately RMB 39,154.8 million, reaching the highest record since establishment.
- Gross profit margin increased from 18.3% to approximately 20.4% year-on-year.
- Profit attributable to equity holders was approximately RMB 4,383.7 million.
- If exchange losses on the Group's operating and financing activities (net of tax) were excluded, profit attributable to equity holders for the Year was approximately RMB 4,765.3 million, increased by approximately 68.1% year-on-year.
- Final dividend of RMB 25 cents per share (equivalent to approximately HK\$29.6 cents).

(Hong Kong, 22 September 2017) 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 2017 ("FY2017" or the "Year"). The Board has resolved to recommend a final dividend of RMB25 cents per share.

Both profit and sales revenue of the Group for the Year hiked to the highest record since its establishment. Sales revenue increased by 22.0% to approximately RMB39,154.8million; Gross profit margin increased from 18.3% to approximately 20.4% year-on-year; Profit attributable to equity holders was approximately RMB 4,383.7 million; If exchange losses on the Group's operating and financing activities (net of tax) were excluded, profit attributable to equity holders for the Year was RMB4,765.3 million, increased by approximately 68.1% year-on-year. Basic earnings per share of the Group for the Year was approximately RMB0.94.

During the Year, the government continued to exercise stringent environmental controls. The unprecedented intensity of environmental inspection and regulatory enforcement has become a regular practice, accelerating market exit of production capacities that are outdated and not complying with environmental standards. Approval on new production capacities was even stricter, while the prohibition on approval of coal-fired power plants has impacted on the addition of new paper-making projects. Further adjustment to supply-demand dynamics had provided strong support to product pricing. Although prices of the Group's products and its two key cost elements (recovered paper and coal) experienced drastic fluctuations due to changes in market conditions, profit for the Year was able to reach a historical high as a result of forward-looking market judgements as well as the adjustment, management and control of costs.

During the year, the Group continued to maintain a good record of no bad debt, and endeavoured to optimize debts, striving to strike a balance among reduction in borrowing costs, control of exchange rate risks, funding requirements for development and shareholders' returns. During the Year, total borrowings was reduced by approximately RMB 3,900 million to approximately RMB28,900 million, with net borrowings to total equity ratio further coming down from 81.4% to 74.6%. At the same time, the Group continued to make timely adjustments to the proportions of foreign currency debts and RMB debts in accordance with market conditions and funding requirements. The Group's total foreign exchange losses (net of tax) for the Year was significantly lower than the previous financial year. As at the end of FY2017, among the Group's total debts, approximately 64% were RMB-denominated, approximately 14% were USD-denominated and approximately 20% were Euro-denominated. It is expected that the Group's debts will continue to be mainly denominated in these three currencies, and the Group will continue to pay attention to the management and control of foreign exchange risks.

The Group formulates its future strategic production roadmap based on the respective supply-demand dynamics in various regional markets. PM2(VN) at the Vietnam base has already commenced production in August 2017, bringing the Group's total design production capacity to 14.08 million tpa. In mainland China market, design capacity of the new paper machine at Shenyang base has been increased to 0.60 million tpa. Meanwhile, faced with a market environment in northern China with accelerated closure of outdated capacities, the Group has decided to add new capacity of 0.50 million tpa to the Hebei Yongxin base. Meanwhile, the Group has also decided to build a new paper machine of 0.35 million tpa at Quanzhou base. After the capacity expansion, the economies of scale at these three bases can be substantially improved. Furthermore, the Group has decided to build a new paper machine of 0.55 million tpa at the Chongqing base, in order to further satisfy the local demand in this market. The above mentioned new paper are planned to commence production successively before the end of 2018. Upon their completion, the Group's total

design capacity will exceed 16 million tpa. The successive production commencement of new paper machines will further strengthen ND Paper's profit and cost optimization in each region, improving long-term returns.

While building new paper machines, the Group continuously performs upgrading on existing production and ancillary equipment to keep in line progressively with the most advanced level of equipment in the international paper-making industry, enhancing production quantity and efficiency. The Group also strives to promote "informatization, automation and intelligentization" to achieve "Industry 4.0" standards, while complying with the government's continuously increasing environmental management requirements, in support of the sustainable economic development policies of the government. As for sales, the Group proactively expands new customers and the coverage of "Express Services" which may improve their inventory management efficiency and reduce their operating costs, thus enhancing the overall management level of transportation intelligentization.

Chairlady Ms. Cheung Yan addressed: "Amidst volatility in the global macro-economic environment and continuous deepening of China's economic transformation, the level of concentration in the industry is continually improving, benefiting large enterprises of outstanding advantages in economies of scale and operating efficiency. The advanced environmental management, existing advantages in infrastructural facilities and tremendous strength in operation and management built by ND Paper will continuously reinforce its winning edges as a market leader. ND Paper will continue to strive to support government policies, proactively seize business opportunities, act according to prevailing market trends, and meanwhile, diligently improve its 'inner power' to stabilize quality, improve production capacity, cost management and control as well as optimize its debts. ND Paper will also proactively develop an even more comprehensive operating 'big data' information base and intelligent management system, in order to make 'a piece of high quality paper' at the best price/value for customers."

— End —

### **Background of ND Paper**

The Group is the largest packaging paperboard producer in China and Asia and one of the largest producers in the world, in terms of design capacity. It primarily manufactures and sells linerboard, high performance corrugating medium and coated duplex board products. It 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**

Navin Law / Summer Ouyang / Lesley Zhang

Direct Line: (852) 3970 2256 / 3970 2169 / 3970 2182

Fax: (852) 2865 1638

E-mail: po@wsfg.hk / summerouyangj@wsfg.hk / lesleyzhang@wsfg.hk