

For Immediate Release

24 February 2013



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

**Nine Dragons Paper (Holdings) Limited Announces FY2013 Interim Results**  
**Finance cost reduced while sales achieved historical high**

**FINANCIAL HIGHLIGHTS**

- Sales volume reached new height at approximately 5.3 million tonnes, and sales increased by 16.6% to approximately RMB14.7 billion.
- Gross profit increased by 17.0% to approximately RMB2.35 billion.
- Gross profit margin slightly increased from 15.9% to approximately 16.0%.
- Profit for the Period decreased by 20.2% to approximately RMB677 million.
- Interim dividend per share of RMB2.0 cents (equivalent to approximately HK\$2.47 cents).

(Hong Kong, 24 February 2013) The Board of Directors ("the Board") of Nine Dragons Paper (Holdings) Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group" or "ND Paper") for the six months ended 31 December 2012 (the "Period").

During the Period, the Group's total sales volume reached new height at approximately 5.3 million tonnes, bringing approximately RMB 14.7 billion in sales revenue, a 16.6% increase as compared to the corresponding period of the last financial year. Gross profit for the Period was approximately RMB 2.35 billion, representing an increase of approximately 17.0% as compared to the corresponding period of the last financial year. Profit for the Period decreased by 20.2% to approximately RMB 677 million. Profit attributable to equity holders was approximately RMB 658 million. The Board has declared and approved an interim dividend of RMB2.0 cents per share.

During the Period, leveraging upon its sizable scale and extensive experience of its operation team, the Group maintained its leadership advantages in the paper manufacturing industry and continued to maintain a balance between sales and production as well as normal inventory levels. All paper machines were operating well and at nearly full capacity. Two newly constructed paper machines also commenced production smoothly, leading to a record high in total monthly sales volume of the Group in December 2012.

In the aspect of capital management, as the Group has successfully transitioned from its fast development stage to a steady growth stage and capital expenditure has started to decrease, the

financial and debt status is being more robust. During the Period, the Group continued to maintain good cooperative relationship with its banks, while alternative financing channels were also explored in a proactive way in order to strive for a more diversified loan portfolio. In addition to transferring part of the borrowings to overseas or foreign currency denominated debts in line with actual operating conditions, the Group also actively issued medium-term notes and short-term commercial papers in the bond market of Mainland China, all being efforts for reducing borrowing cost. **These efforts have already lower the finance expense in the 1<sup>st</sup> half of FY2013 by approximately RMB140 million as compared to the peak level in the 2<sup>nd</sup> half of the previous financial year. The target is to continue to lower the finance expense in the 2<sup>nd</sup> half of FY2013 by RMB150 to 200 million.**

As at 31 December 2012, the Group's total design production capacity reached 12.55 million tpa, including the two paper machines newly added during the Period, namely PM34 in Tianjin base and PM33 in Chongqing base, each with a design production capacity of 550,000 tpa (coated duplex board, food grade and pharmaceutical grade white board). These two paper machines completed construction and commenced production in July and November last year respectively, and are progressing well during their optimization stage. The various products manufactured by these paper machines address the supply shortage in their respective markets due to insufficient local production. Recognition and popularity of these products among customers not only gain additional market share for the Group and assure the realization of reasonable long-term returns from the newly added production capacities, but also further enhance economies of scale of the Tianjin and Chongqing bases.

The Group's nationwide geographical coverage on the packaging paperboard market is gradually taking shape. Under the production capacity expansion plan announced in 2011, with the new Quanzhou and Shenyang bases commencing production successively within two years, the Group will have full coverage over the key manufacturing hubs in China. The construction of PM35 and PM36 in Quanzhou base, primarily for the production of kraftlinerboard and testlinerboard, with a design production capacity of 350,000 tpa and 300,000 tpa respectively, is scheduled to be completed and commence production by the end of June 2013. As for PM37 in the Shenyang base, primarily for the production of kraftlinerboard with a production capacity of 350,000 tpa, it is scheduled to commence production before the end of June 2014. Meanwhile, PM39 is being constructed by the Group in Leshan base. With a design production capacity of 300,000 tpa, the machine is scheduled to commence production by the end of December 2013 and will produce high performance corrugating medium for supply to customers in the local market, using 100% local recovered paper as raw material. The completion of construction and production commencement of the abovementioned four new paper machines will further realize economies of scale for the Group by enlarging its total production capacity scale to 13.85 million tpa by the end of 2014, representing another increase of more than 10% from the total annual production capacity as at the end of 2012.

In addition to these four new paper machines, in 2015 PM38 in Shenyang base is scheduled to commence production by the end of the year, increasing the Group's total production capacity to over 14 million tpa.

As for Nine Dragons' future business outlook, Chairlady Ms. Cheung Yan said, "It is expected that the global economy will continue to see slow recovery in 2013, while China's economy will achieve growth amidst general stability. The market environment in 2013 will be better than 2012, and the whole paper manufacturing industry is moving towards a more positive direction. In the long run, as environmental standards continue to be raised, more market space will become available to the Group. Meanwhile, the domestic consumption market is also continuously expanding, providing tremendous growth potential for paper manufacturing industry. All these will facilitate the Group's various operating elements favorably, including capacity scale, product diversification, customer base, recovered paper procurement, etc., resulting in further improvement of the Group's operating results in various aspects, such as sales, market share and profitability."

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### **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 coated duplex board. It also manufactures and sells recycled printing and writing paper, pulp 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 Paper (Holdings) Limited.

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