

TARGET

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NINE DRAGONS PAPER (HOLDINGS) LTD: AN HISTORIC RECORD: MORE THAN 66 MONTHS OF LOSSES !

Nine Dragons Paper (Holdings) Ltd (玖龍紙業[控股]有限公司) (Code: 2689, Main Board, The Stock Exchange of Hongkong Ltd) has been suffering its worst financial situation of the past 66 months.

And, it appears, further record-breaking losses are more than likely.

In respect of the Financial Year, ended June 30, 2022, with the lone increase with regard to the Company's Revenue for that Year – where the Company had been able to report an increase in its Revenue of about 4.81 percent, Year-On-Year – all other statistics had to be recorded in red ink as the following **TARGET** (泰達財經) table illustrates:

	For The Year, Ended June 30		Percentage Increase/(Decrease)*
	2022	2021	
	All Figures Are Denominated In RMB'000 (except where otherwise stipulated)		
Revenue	64,538,102	61,574,060	4.81
Gross Profit	6,991,880	11,690,943	(40.19)
Gross Profit Margin*	10.83 percent	18.99 percent	(42.97)
Operating Profit	3,587,112	8,541,734	(58.00)
Profit Before Income Tax	3,373,022	8,475,549	(60.20)
Profit For The Year	3,310,501	7,168,018	(53.82)
Profit Attributable To Shareholders Of The Company	3,275,360	7,101,141	(53.88)
Net Profit Margin*	5.08 percent	11.53 percent	(55.94)
Earnings Per Share Attributable To Shareholders Of The Company	RMB0.70	RMB1.51	(53.64)

* These are **TARGET**'s calculations.

** The **renminbi (RMB)** is the lawful currency of the PRC.

Nine Dragons Paper (Holdings) Ltd is principally engaged in the manufacture and sales of packaging paper, printing and writing paper, high-value paper products, and pulp.

Historically, the Company was founded in 1995 and, today, 28 years after its 'birth', it is the second-largest, paper-making company in the world in terms of production capacity.

Nine Dragons Paper (Holdings) Ltd has a workforce, numbering 20,098 full-time staff members.

Of that number of employees, 17,922 are employed in the PRC, proper, being separate and distinct from the HKSAR of the PRC, 582 staff members are employed in Vietnam, 243 staff members are employed in Malaysia, and 1,351 staff members, having been obtained from The United States of America.

The Company, whose domicile is, today, Bermuda – a British Overseas Territory in the North Atlantic Ocean – it, having been incorporated in this archipelago on or about August 17, 2005, sought and obtained a listing of its entire Issued and Fully Paid-Up Share Capital on the premier equity market of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** on or about March 3, 2006.

The Chairlady of Nine Dragons Paper (Holdings) Ltd is Ms Cheung Yan (張茵), aged 65 years.

At Pages Six and Seven of the 2021-2022 Annual Report of the Company – a 184-page document that was published and disseminated in the HKSAR on or about October 27, 2022 – Ms Cheung Yan had this to divulge, as well as to explain, to her shareholders and prospective investors:

‘During FY2022, with the persistent global pandemic and the Russia-Ukraine conflict, the fuel and transportation costs remained at a high level. Given the high inflation rate and the heightened risk of interest rate hikes, the depreciation of Renminbi, the sporadic COVID-19 outbreaks across China with consumption and supply chains disrupted by the lockdown measures, the economy was astonishingly hit.

‘Giving full play to our strength amid adversity

‘In face of the unprecedentedly challenging business environment, the Group flexibly responded to market changes in pursuit of maximized operation efficiency. While keeping abreast of market development and adjusting our product mix and procurement strategies based on demand, we also rolled out comprehensive “boosting efficiency at lower cost” measures and further strengthened the management over inventory, cash flows and financial risks to avoid capital chain rupture. Amid such macroeconomic downturn, we focused more on consistent quality of products and services so as not to impair the reputation of Nine Dragons Paper built over the years.

‘Under the pandemic, the sales volume for the financial year remained relatively stable while the selling price of the products recorded a year-on-year increase. Nonetheless, under weak market demand, the Group could hardly pass on all the rising costs of raw materials and energy to the customers. The profitability inevitably suffered a marked decline accordingly. Basic earnings per share was approximately RMB70 cents for the Year. The Board has declared the distribution of a final dividend of

RMB2 cents per share. Together with the interim dividend of RMB8 cents per share, dividend for the Year amounted to RMB10 cents per share.

‘Getting well-prepared for sustainable development in the long run

‘With the thorough implementation of the “zero import quota on recovered paper” policy, the short supply of quality recovered paper in the market has become an issue that needs to be immediately tackled. In order to alleviate the concern about raw materials and raise the proportion of high-margin products in the long run, we pressed on with the fully-integrated pulp and paper mill projects in Hubei, Liaoning, Guangxi of China and Malaysia to increase the production capacity for wood pulp and recycled pulp. Besides ... [CLICK TO ORDER FULL ARTICLE](#)

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