



China Paper Holdings Limited

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MEDIA RELEASE

(For Immediate Release)

China Paper's net profit rose 14.1% to RMB34.0 million

- *Group turnover for the 3 months ended 31 March 2008 ("1QFY08") increased 8.7% year-on-year due to increase in average selling price across its paper product segment*
- *Gross profit improved 11.6%; outpaced turnover growth due to stability in raw material prices*
- *Plans to increase production output in anticipation of strong demand for paper products in the PRC*

Financial Highlights (in RMB'm)	3 months ended 31 March		
	2008	2007	% Change
Turnover	218.8	201.3	+8.7
Gross Profit	55.8	49.9	+11.6
<i>Gross Profit Margin</i>	<i>25.5%</i>	<i>24.8%</i>	
Profit Before Tax	41.0	35.9	+14.1
Net Profit	34.0	29.8	+14.1
<i>Net Profit Margin</i>	<i>15.5%</i>	<i>14.8%</i>	

SINGAPORE, 9 May 2008 – Mainboard listed China Paper Holdings Limited ("China Paper" or the "Group"), a vertically integrated paper and paper chemical products

manufacturer in the People’s Republic of China (“PRC”), is pleased to announce today its financial results for the 3 months ended 31 March 2008 (“1QFY08”).

Group revenue improved by 8.7% from RMB201.3 million for the 3 months ended 31 March 2007 (“1QFY07”) to RMB218.8 million in 1QFY08. The improvement reflected stronger sales performance across all its key paper products, whilst sales revenue of paper chemical products remained relatively stable.

Key Paper Products	1QFY07 (RMB 'million)	1QFY08 (RMB 'million)	%
Printing Paper	178.3	193.8	+ 8.7
Newsprint Paper	10.8	11.6	+ 7.5
Light-Weight Packing Paper	3.7	4.1	+ 10.8

The higher turnover in 1QFY08 was attributable to increased average selling prices for its paper products in the quarter, compared with the average selling prices of these products in 1QFY07.

Commenting on the higher turnover, China Paper’s Executive Chairman, Mr Chen Yong (陈勇) commented: ***“The better average selling prices in 1QFY08 reflects some of the traction we have gained in passing on rising raw material cost to our customers. This will be a continuing process as we seek to strengthen our cost control so as to maintain our profit margins.”***

Improved Profits and Margins

Gross profit outpaced turnover growth as it increased 11.6% from RMB49.9 million in 1QFY07 to RMB55.8 million in 1QFY08. This was attributable to the stability in wood pulp prices during the quarter under review. With the improvement in gross profit, gross profit margin edged up 0.7% from 24.8% in 1QFY07 to 25.5% in 1QFY08.

“As wood pulp prices stabilise, margins should improve as we continue to review our prices in order to pass on some of these costs to our end customers. The next step for us is to increase our production output in certain products to attain to capture the strong demand within our product segments - namely paper and paper chemical products.” Mr Chen remarked.

In line with the Group's gross profit growth, profit before tax for the Group improved 14.1% from RMB35.9 million in 1QFY07 to RMB41.0 million in 1QFY08. Net profit increased 14.1% from RMB29.8 million in 1QFY07 to RMB34.0 million in 1QFY08.

Net profit margin improved from 14.8% in 1QFY07 to 15.5% in 1QFY08.

Looking Ahead

The Directors continue to be optimistic about the prospects for paper products in the PRC. It is expected that the strong demand will continue with rising affluence. Currently, the Group is working at optimising its production lines and have seen encouraging results since the second half of FY2007. In addition, the Group also intends to explore an increase production output

The prices of wood pulp have remained fairly stable for the quarter resulting in a slight improvement in our margins. The Group expects the prices of wood pulp to remain stable for the foreseeable future.

“Demand for our products remains strong while wood pulp prices seemed to have stabilised.” Mr Chen Yong commented. ***“With the installation and integration of the wastewater treatment plant behind us, our key focus is to increase our production capacity.”***

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Issued on behalf of China Paper Holdings Limited by Cogent Communications Pte Ltd

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About China Paper Holdings Limited

China Paper has a vertically integrated paper manufacturing operation equipped with in-house production facilities for the manufacture of wheat pulp, paper products and paper chemical products. The Group's core business is in the manufacture and distribution of mixed-pulp based paper products made from a mixture of wood pulp and wheat pulp.

The Group's products are sold to over 320 customers comprising publishing houses, printing companies and other paper distributors throughout the PRC. Its range of paper products includes uncoated printing and newsprint paper, lightweight packing paper and semi-finished toilet paper. China Paper also sells chemical products such as sodium hydroxide (commonly used during paper manufacturing) and liquid chlorine (used in the paper manufacturing process as a bleaching agent for pulp).

Note to Editors :

This release is to be read in conjunction with the Company's FY2007 results announcement on SGXnet.