

For Immediate Release

27 September 2010



玖龍紙業(控股)有限公司

NINE DRAGONS PAPER (HOLDINGS) LIMITED

Nine Dragons Paper (Holdings) Limited Announces FY2010 Annual Results Sales and profit reached historical high; Plan for further capacity expansion and new production base announced

FINANCIAL HIGHLIGHTS

- Sales increased by 36.7% to approximately RMB17.95 billion.
- Gross profit rose by 60.3% to approximately RMB 3.91 billion.
- Gross margin increased from 18.6% to approximately 21.8%.
- Profit attributable to shareholders increased by 30% to approximately RMB2.17 billion.
- Basic earnings per share increased from RMB38.4 cents to RMB47.9 cents.
- Final dividend per share of RMB10 cents (equivalent to approximately HK\$11.56 cents).

(Hong Kong, 27 September 2010) 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 twelve months ended 30 June 2010 (the "Year"). The Group's revenue for the Year increased by approximately 37% over the last financial year to approximately RMB17.95 billion; sales volume was approximately 6.53 million tonnes. Profit attributable to shareholders was approximately RMB2.17 billion, representing an increase of 30% as compared with the last financial year. The Board has resolved to recommend the payment of a final dividend of RMB10 cents per share for FY2010.

The gross profit for the Year was approximately RMB3.91 billion, representing an increase of approximately 60 % as compared with the approximately RMB2.44 billion in the last financial year. Gross profit margin for the Year increased from 18.6% to approximately 21.8% compared with that in the last financial year.

The Group is currently undergoing a comprehensive expansion and upgrading plan across its major production bases. Total design capacity is expected to exceed 10 million tpa (tonnes per annum) and 12 million tpa in 2011 and 2012 respectively. Under such a growth rate, the Group is expected to become the world's largest packaging paperboard producer by 2011.

Included in the expansion plans are PM29 and PM30 in the Group's Taicang base. Their respective design capacities are 400,000 tpa in kraftlinerboard and 300,000 tpa in light weight high

performance corrugating medium, and will commence production on schedule before the end of December 2010.

The Group's fourth production base – Tianjin has commenced production in September 2009. It has achieved its operational targets and performed satisfactorily. The base currently has three new paper machines under construction, including PM31 and PM32 that are expected to commence production before the end of June 2011 for products in the linerboard category, with a design production capacity of 400,000 tpa each, and PM34 that is expected to commence production before the end of October 2011 for the production of coated duplex board and food grade and pharmaceutical grade white board, with a design production capacity of 550,000 tpa, filling the supply gap for such high-end products in the northern market.

PM27 in Dongguan and PM33 in Chongqing that are expected to commence production before the end of June 2011 and before the end of March 2012 respectively, will also produce coated duplex board and food grade and pharmaceutical grade white board with a design production capacity of 550,000 tpa each. As for machinery upgrade and optimization of product mix, PM3 in Dongguan and PM20 in Taicang will produce coated linerboard, and PM21 in Taicang will produce recycled printing and writing paper after upgrade completion before the end of June 2011, December 2010 and February 2011 respectively, with a production capacity of 400,000 tpa, 430,000 tpa and 200,000 tpa respectively. Our new PM28 in Dongguan for the production of recycled printing and writing paper will, after commencement of production before the end of June 2011, have a production capacity of 250,000 tpa. By June 2012, the Group's total production capacity of high margin products (coated duplex board, coated linerboard and recycled printing and writing paper) will reach 3.88 million tpa, which represents a 3 times increase from the current capacity scale of 0.95 million tpa.

Besides, the Group has decided to build a new medium-sized paper manufacturing base in Quanzhou, Fujian Province with a planned total design production capacity up to 2 million tpa. For phase 1, two paper machines are expected to commence production before the end of June 2012, including PM35 for the production of kraftlinerboard and PM36 for the production of testlinerboard with a design production capacity of 350,000 tpa and 300,000 tpa respectively.

As for Nine Dragons' future business outlook, Chairlady Ms. Cheung Yan said, "The recovery of the global economy, and the promulgation of state policies to stimulate domestic demand and environmental protection, will bring vast opportunities to large-scale paper manufacturers. We shall, based on demand and actual circumstances in the market, continue to utilize the solid foundation of our four major strategic bases, extensive management experience and abundant financial resources to implement plans for new products, new capacities and new bases, enabling our investors to visualize the competitive advantages that have been built up by the Group over the years and the future development potential. At the same time, we shall continue to put heavy

emphasis on employee development, keeping up with the excellent traditions and diligent spirit of “Nine Dragons People”. We shall remain focused on our own industry, and build a “Brand of Perpetuity” for Nine Dragons.”

- 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 linerboard, high performance corrugating medium and certain types of coated duplex board. The Group also manufactures specialty paper through a subsidiary, and produces unbleached kraft pulp through its joint venture subsidiary, which the Group uses as raw material for its own production as well as sells to third parties. The Group’s current annual design capacity amounts to 8.82 million tonnes. 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

Cherry Qiu / Daisy Sun / Erica Liu / Shirley Ding

Direct Line: (852) 3970 2185 / (852) 3970 2183 / (852) 3970 2200 / (852) 3970 2203

Tel: (852) 2851 1038

Fax: (852) 2815 1352

E-mail: cherryqiu@wsfg.hk / daisysun@wsfg.hk / ericali@wsfg.hk / shirleyding@wsfg.hk