

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

**Nine Dragons Paper (Holdings) Limited Announces FY2013 Annual Results
Significant result in realization of cost reduction and efficiency enhancement
Sales achieved historical high**

Financial Highlights

- Sales increased by 5.8% to approximately RMB 28.7 billion.
- Gross profit increased by 6.2% to approximately RMB 4.6 billion.
- Profit attributable to equity holders of the Company increased by 9.9% to approximately RMB 1.6 billion.
- Proposed final dividend per share of RMB 8.0 cents (equivalent to approximately HK\$ 10.1 cents).

(Hong Kong, 26 September 2013) 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 2013 (the "Year" or "FY2013"). The Board has resolved to recommend the payment of a final dividend of RMB 8.0 cents per share for FY2013.

During the Year, the Group's total sales volume reached new height at approximately 10.5 million tonnes, bringing approximately RMB 28.7 billion in sales revenue, a 5.8% increase year-on-year. Inclusive of trial sales of approximately 0.4 million tonnes produced by paper machines under ramp-up, ND Paper has achieved a total sales result of approximately 10.9 million tonnes in FY2013. Gross profit for the Year was approximately RMB 4.6 billion, representing an increase of approximately 6.2% as compared with last financial year. Profit attributable to equity holders of the Company increased by 9.9% to approximately RMB 1.6 billion in FY2013, and basic earnings per share was approximately RMB 0.3347.

During the Year, affected by different risk factors from various regions, there was no sign of significant economy recovery despite small improvements in global economic conditions. Volatile external environment and transformation of domestic economic structure slightly slowed down China's economic growth, yet the overall economy was maintained in stable conditions without significant downturn. Notwithstanding a rebound of the packaging paper industry from its trough during the period, there is still some pressure exerted on the selling prices of the Group's products, leading to an unfavorable operating environment. Nevertheless, the Group achieved considerable

sales growth and stable business results, as well as continuous maintenance of balance between production and sales and reasonable inventory at low levels, through proactively operating its business by stringent control of costs and capital expenditure, refined management and continuous enhancement of product quality and equipment utilization rate, as well as fully leveraging on the advantages of manufacturing various types of paper by using recovered paper. All paper machines operated at nearly full capacity, and production costs and finance costs were significantly reduced.

The Group's strategic roadmap for the establishment of its production bases in China and overseas for the current stage has now basically completed. Centred at Dongguan, the Group has established four major national strategic production bases (Dongguan, Taicang, Tianjin and Chongqing bases), four supplemental regional production bases (Shenyang, Quanzhou, Leshan and Hebei Yongxin) and an overseas base in Vietnam. The Group has successfully migrated from its fast development stage in the past to the current stage of steady and sustainable development.

As at 30 June 2013, the total design production capacity of the Group reached 12.55 million tpa, representing an increase of 1.10 million tpa as compared to the last financial year, including PM34 in Tianjin base and PM33 in Chongqing base, which commenced production in July and November 2012 respectively, each with a design production capacity of 0.55 million tpa for the production of coated duplex board, food grade and pharmaceutical grade white board. With PM35 in the Quanzhou base, primarily for the production of kraftlinerboard with a design production capacity of 0.35 million tpa, commenced production at the end of August 2013, the Group's total design production capacity has now reached 12.90 million tpa.

Following the completion of construction and production commencement of PM36 (primarily for the production of testlinerboard with a design production capacity of 0.30 million tpa) in the Quanzhou base in October 2013, this new base will have two paper machines to satisfy the growing demand for packaging paper in Fujian market, gaining market share for the Group. PM38 in Leshan base is scheduled to commence production by the end of December 2013. It will produce high performance corrugating medium for supply to customers in the fast growing Western market, using 100% local recovered paper as raw material. As such, the Group's total design production capacity will reach 13.50 million tpa at the end of 2013. In addition, under the Group's current expansion plan, there will be another three new paper machines located in China or overseas which will be constructed and successively commence production in future. They are expected to be all completed by the end of 2016. Such paper machines include PM37 for kraftlinerboard with a production capacity of 0.35 million tpa expected to commence production by the end of June 2014, PM39 for testlinerboard with a production capacity of 0.35 million tpa expected to commence production by the end of 2016, both located at the Shenyang base, and the kraftlinerboard paper machine with a production capacity of 0.35 million tpa planned for production commencement by the end of 2015 at the Vietnam base.

The Group's aggregate design production capacity will then exceed 14 million tpa.

The Group's stage-by-stage strategic production roadmap has been mostly completed. While progressively completing the new capacity construction as planned, the Group implemented stringent capital expenditure budget and optimized its debt structure. Finance expense in the 1st half of FY2013 has already been lowered by approximately RMB140 million as compared to the peak period in the 2nd half of the previous financial year, while finance expense in the 2nd half of FY2013 has been further reduced by another approximately RMB240 million from the 1st half of FY2013. It is anticipated that the Group will see gradual decreases in its finance costs and debt gearing ratio in the coming years, resulting in significant improvements in its financial and debt conditions. Additionally, The Group has always maintained excellent relationship with its banks and demonstrated prudent business strategy and sound operational conditions, so it was able to obtain sufficient credit facilities for its daily operation and development needs. Meanwhile, the Group has been adjusting its currency mix, maturity profile and banking terms for its loans as well as exploring more financing channels proactively. All these efforts have contributed to significantly lower borrowing costs.

Looking into the future, Chairlady Ms. Cheung Yan said, "It is expected that the global economy will become relatively more stable and hopefully the recovery may gradually gain pace, while China's economy will achieve growth amidst general stability, driving positive development in the paper manufacturing industry. It is my belief that the paper manufacturing industry has an encouraging development prospect, as the improvements in domestic and external economic environment will stimulate market demand. The Group's continual investment over the years on expanding its capacity scale and market coverage will demonstrate increasing competitiveness advantages, generating better return to the investment made at earlier stages. In addition, as phasing out of outdated production capacities will speed up in the industry and environmental standards will become increasingly stringent, it is expected that elimination of small and medium-sized production capacities will be faster than ever, providing ample market space for the Group. Benefiting from such industry consolidation, the Group's leading position will be further strengthened."

— 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 and sells linerboard, high performance corrugating medium and certain types of coated duplex board. The Group also produces and sells recycled printing and writing paper, specialty paper and unbleached kraft pulp. 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.

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