



For immediate release

17 March, 2008

**Nine Dragons Paper (Holdings) Limited Announces 2007 Interim Results  
Continued Financial Growth, Diversification Plans to Strengthen Leadership Position**

**Financial Highlights**

- Sales rose by 44.2% to approximately RMB6.69 billion.
- Gross profit increased by 30.9% to approximately RMB1.58 billion.
- Gross profit margin decreased from 26.0% to 23.6%.
- Operating profit rose by 13.8% to approximately RMB1.27 billion.
- Profit attributable to Shareholders jumped 11.4% to approximately RMB1.06 billion.
- Basic earnings per share climbed from RMB0.23 to RMB0.25.
- Proposed interim dividend per share of RMB1.68 cents (equivalent to approximately HK1.84 cents).

(Hong Kong, 17 March 2008) The Board of Directors (the “Board”) of Nine Dragons Paper (Holdings) Limited 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 2007 (“the period under review”). During the period under review, the Group’s total revenue amounted to RMB6,690.4 million, representing an increase of 44.2% over the same period of the previous year. Gross profit rose by 30.9% over the same period of previous year to approximately RMB1,576.2 million. Operating profit was approximately RMB1,269.7 million, representing a year-on-year increase of 13.8%. Profit attributable to Shareholders was RMB1,056.2 million, 11.4% more than the same period of previous year.

The Board resolved to pay an interim dividend of RMB1.68 cents (equivalent to approximately HK\$1.84 cents) per share for the six months ended 31 December 2007.

Ms. Cheung Yan, Chairman of ND Paper said, “Nine Dragons is the only packaging paperboard manufacturer in China with comprehensive geographical coverage comprising a network of 4 production bases. We offer a one-stop product range to our customers, including high performance corrugating medium and coated duplex board. Hence we can maintain our financial performance despite the difficult operating environment.”

During the period under review, construction of new paper machines PM12 and PM13 at Dongguan base and upgrading of PM8 at Taicang base were completed and commenced operations in August 2007, bringing the Group’s total annual designed capacity to 5.35 million tonnes. PM18 to PM21 at Dongguan and Taicang bases will commence production in June 2008 as scheduled, further expanding the Group’s capacity scale.

PM18 and PM21 will be the only high speed light weight corrugating medium paper machines in Asia (including Japan), further reflecting the Group's position as the market leader.

To achieve a comprehensive and balanced geographical coverage, the Chongqing base is being constructed as planned, with two paper machines (PM 22 and PM23) commencing production by mid 2008. As for Tianjin base, the paper machines and other ancillary facilities are expected to commence operations in 2009. Furthermore, the Group has announced the plan for investing in a paper mill in Vietnam, in order to enter the ASEAN markets such as Vietnam, Laos and Cambodia.

Under the Group's diversification plans, ND Paper will also expand its product lines to high value products. These include the production of high value special paper products via the acquisition of projects in Sichuan for producing electric insulating paper and capacitor tissue paper, wood pulp and bamboo pulp. The Group also plans to build a liquid packaging board production line in Taicang.

Looking ahead on the Group's future business development, Ms. Cheung said, "Regarding future business directions, we have a well-defined roadmap for diversification. We plan to increase our annual designed capacity from 5.35 million tonnes at present to 7.75 million tonnes by June 2008, and 10.55 million tonnes in 2009. We are now the largest packaging paperboard manufacturer in Asia, and we shall become the largest in the world. We shall continue our planning and negotiation on Chinese, Asian and international upstream projects, developing upstream into resource business so as to support our current expansion pace. Ultimately, we shall evolve to become a fully integrated enterprise from forestry, pulp to paper, thus maximizing the value for our shareholders. "

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### **Background of ND Paper**

Nine Dragons Paper (Holdings) Limited is the largest producer in China and Asia (including Japan), and one of the largest producers in the world, of packaging paperboard products, with an aggregate annual production capacity of 5.35 million tonnes. The Company serves as a one-stop shop for a variety of packaging paperboard products - linerboard (kraftlinerboard, testlinerboard and white top linerboard), high performance corrugating medium and coated duplex board. The Group also produces unbleached kraft pulp. ND Paper was listed on the Main Board of the Hong Kong Stock Exchange on 3 March 2006, and is currently a constituent stock of Hang Seng Composite Index Series, MSCI Standard Index Series and MSCI Global Value and Growth Index Series.

This press release is issued by Wonderful Sky Financial Group Co., Ltd. on behalf of Nine Dragons Paper (Holdings) Limited.

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