



For immediate release

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Nine Dragons Paper (Holdings) Limited Announces FY2009 Unaudited Interim Results

Financial Highlights

- Sales decreased by 5.3% to approximately RMB6.3 billion
- Gross profit dropped by 49.6% to approximately RMB795 million
- Net profit attributable to shareholders dropped by 69.4% to approximately RMB323million
- Basic earnings per share were approximately RMB0.07

(Hong Kong, 18 February 2009) The board of directors ("the Board") of Nine Dragons Paper (Holdings) Limited (the "Company") announced the unaudited interim results of the Company and its subsidiaries (the "Group" or "ND Paper") for the six months ended 31 December 2008 ("the Period"). During the Period, the Group's sales amounted to approximately RMB6.3 billion, representing a year-on-year decrease of 5.3%; gross profit decreased by 49.6% to approximately RMB795 million. Net profit attributable to shareholders amounted to approximately RMB323 million, dropped by 69.4% year-on-year. Basic earnings per share were approximately RMB0.07.

The Board does not recommend payment of an interim dividend for the Period.

Ms. Cheung Yan, Chairlady of ND Paper said, "Year 2008 was by no means plain sailing for ND Paper. The global economic downturn has caused a slowdown in the growth of paper manufacturing industry. This, together with large fluctuations in raw material prices, has resulted in unprecedented challenges and difficulties to the Group. However, during the Period, owing to its prudent and pragmatic business strategies, and flexible and immediate countermeasures in response to drastic market changes, the Group has adjusted its product and sales mix according to customers' need, as well as adopted a management approach emphasizing cost control and optimization of resources allocation for strengthening its core business development. As a result, the Group was able to maintain its advantages in the volatile market."

During the Period, the Group was able to maintain balanced production and sales amid an adverse operating environment. PM22 and PM23 of the Phase I construction in ND Paper's Chongqing base have commenced operations in August 2008, whereas PM18 and PM19 located at Dongguan base as well as PM20 and PM21 located at Taicang base have already completed construction and commenced operations in June 2008 successively, bringing to the Group an additional design production capacity of 2.40 million tonnes per annum ("tpa") as planned. The Group's packaging paperboard total design production capacity has now reached 7.85 million tpa, including 4.25 million tpa for linerboard, 2.65 million tpa for high performance corrugating medium and 0.95 million tpa for coated duplex board. This represents a growth of 47% from the Group's capacity scale as at the end of 2007.

The Group's fourth production base, Tianjin base, is expected to commence production in the third quarter of 2009 with a view to satisfying the booming demand for packaging paperboard in northern and the northeastern region of China. There will be two new paper machines for Phase 1, PM25 and PM26, with a total capacity of 800,000 tpa, of which 450,000 tpa and 350,000 tpa are for linerboard and high performance corrugating medium respectively, By then, the total design production capacity of the Group will reach 8.82 million tpa, thereby empowering the Group to achieve its goal of establishing comprehensive presence in China's key manufacturing hubs and meeting demands on various dimensions.

Given the current economic downturn, the Group has prioritized its resources for strengthening the operations of existing paper machines and revised the original capacity expansion plan. The commencement of operation of PM27, PM28, PM29 and PM30 will be postponed to 2011, so as to sustain the Group's future advantages in line with the expected demand growth arising from the future economic recovery and industrial consolidation, The Group has also cancelled the plan for PM31 in Vietnam. Meanwhile, the Group's 50,000 tpa wood and bamboo pulp/specialty paper project in Leshan, Sichuan, a market leader in specialty paper, the 0.1 million tpa packaging paperboard project in Vietnam and the 0.12 million tpa unbleached kraft pulp project in Inner Mongolia were all operating satisfactorily. In light of the strong domestic demand and the related supporting government policies, the Group continues its strategic adjustment, which started in previous years, of further expanding its sales mix in favour of domestic consumption. Currently, the proportion of the Group's product sales related to domestic demand has increased to approximately 80% from approximately 55% in the past.

Adhering to its philosophy of "No Environment, No Paper", the Group has equipping itself with various advanced environmental management facilities and outperformed in the area of environmental protection. It has passed the energy saving assessment held by the Economic and Trade Commission of Guangdong Province and attained a series of energy saving goal successfully. Its production bases have also been granted the honors of Green/Environmental Creditable Enterprise by the Guangdong Environmental Protection Bureau and Taicang Environmental Protection Bureau respectively, and continued to obtain ISO14001 certification for its environmental management standards.

Looking into the future, the Chairlady Ms. Cheung Yan said, “In 2009, particularly the first half of the year, the world economy is to stay grim. Adverse macro-economic events may occur one after another, causing continuous difficulties to enterprise operations. Shadowed by the uncertain global economic outlook, China's manufacturing sector will be facing a difficult and challenging environment. Nevertheless, ND Paper still boasts solid and strong fundamentals comprising its most advanced production equipment, diversified product mix, an exemplary team of talents and effective cost controls. All these, together with its appropriate direction of development, will bode well for ND Paper to go through the current economic trough and emerge safe and sound from the difficult environment as a more refined enterprise. Meanwhile, in view of the national policy measures targeted at raising domestic demand progressively, the Group will continue to position itself with unremitting efforts to seize market opportunities. On the premise of maximizing our shareholder value and furthering our commitment on social responsibilities, we shall be well prepared for the next global economic recovery.”

— The End —

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 containerboard products, with an aggregate annual production capacity of 7.85 million tonnes of packaging paperboard. The Group 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, and has obtained ISO9001 quality standard accreditation. The Group also produces specialty paper, wood and bamboo 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 Paper (Holdings) Limited.

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