



玖龍紙業(控股)有限公司

NINE DRAGONS PAPER (HOLDINGS) LIMITED

For Immediate Release

30 March 2010

Nine Dragons Paper (Holdings) Limited Announces FY2010 Interim Results Sales amount to RMB8.7 billion; Strong domestic demand and export recovery will bring bigger opportunities for the Group

FINANCIAL HIGHLIGHTS

- Sales increased by 37.4% to approximately RMB8.7 billion.
- Gross profit rose by 114.0% to approximately RMB1,839.4 million.
- Gross profit margin increased from 13.6% to approximately 21.1%.
- Profit for the period increased by 230.0% to approximately RMB1,058.7 million.
- Net profit margin increased from 5.1% to approximately 12.2%.
- Basic earnings per share increased from RMB0.07 to RMB0.23.
- Interim dividend per share of RMB2.0 cents (equivalent to approximately HK2.27 cents).

(Hong Kong, 30 March 2009) 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 six months ended 31 December 2009 ("the Period"). The Group's revenue for the Period increased by approximately 37.4% over the corresponding period of last year to approximately RMB8.7 billion. Profit for the period was approximately RMB1,058.7 million, representing an increase of 230.0% as compared with the same period of last year. The Board has resolved to recommend the payment of a final dividend of RMB2.0 cents per share for 1H FY2010.

The gross profit for the Period was approximately RMB1,839.4 million, representing an increase of approximately RMB979.8 million or 114.0% as compared with the approximately RMB859.6 million in the same period of last year. Gross profit margin for the Period increased from 13.6% to approximately 21.1% due to the substantial decrease in the cost of raw materials (mainly costs of recovered paper and coal) as compared with those in the same period of last year.

The Group's fourth production base – Tianjin has commenced production smoothly in September 2009, bringing the Group's total design capacity to 8.82 million tpa, an increase of 10% from the total capacity scale as at the end of 2008. The Group plans to strengthen the linerboard

production capacity of the base by adding a new linerboard paper machine (PM32) for a design capacity of 400,000 tpa, scheduled to commence production in the 1st quarter of 2011, in order to supply to the fast growing local markets and the northern China region. At present, the Group's four main paper-making bases – Dongguan base in the Pearl River Delta, Taicang base in the Yangtze River Delta, Chongqing base in western China and the newly commenced Tianjin base in the Bohai economic zone, have given the Group a China market coverage far ahead of its peers.

As for the upgrading of paper machines for product mix optimization, the existing paper machines PM3 in Dongguan and PM20 in Taicang will be modified to specialize in the production of the more profitable light coated white top linerboard. It is planned that upgrading will be completed and production of the two paper machines will commence successively between the 4th quarter of 2010 and April 2011. Their annual design capacities are 400,000 tpa and 430,000 tpa respectively.

Furthermore, among the new paper machines being built, Dongguan's PM27 and Tianjin's PM34 will produce coated duplex board, de-inked recycled duplex board with white back, and food grade and pharmaceutical grade white board, with an annual design capacity of 550,000 tpa each. Both are planned to commence production during 2011. With the Group's many years of production experience and established sales networks in this product category, these new paper machines will further enhance the Group's market share and economies of scale in these products, reinforcing its leadership position superior to its competitors. PM29 and PM30 at Taicang base will have an annual design capacity of 400,000 tpa (linerboard) and 300,000 tpa (light weight high performance corrugating medium) respectively, and will commence production before the end of 2010 as planned. In addition to bringing more economies of scale and cost effectiveness to the Taicang base, thus enhancing its competitiveness, it also allows more flexibility in sales, production and product specification offers. Riding on its solid foundation as a leader in the containerboard market and recovered paper based paper manufacturing, the Group will progressively launch new products to accomplish the long-term goal of product diversification outside of the containerboard sector. Its plan includes the construction of PM28 in Dongguan and upgrading of the existing PM21 in Taicang for the production of recycled printing and writing paper (including uncoated woodfree paper, copy paper, etc). Their design capacities will be 250,000 tpa and 200,000 tpa respectively, with a target production commencement date in early 2011.

As for Nine Dragons' future business outlook, Chairlady Ms. Cheung Yan said, "In 2010, renewed momentum surfaces across all industry sectors in the face of continued economic growth. The announcement of state policies for promoting domestic demand and environmental protection, as well as the rapid recovery in exports all bring unlimited opportunities to large scale paper-making enterprises. We believe that there will be stronger demonstration of these trends in the second half of 2010, making us full of confidence on future development. The Group will, based on market

demand and actual circumstances, continue to make full use of the solid foundation it has built up in management and financial resources, to implement new capacity and new product plans in a flexible and prudent manner. At the same time the Group will attach more importance to employee development, continuing to keep up with the excellent tradition and diligent spirit of “Nine Dragons People” for building a “Brand of Perpetuity”.

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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

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

Tel: (852) 2851 1038

Fax: (852) 2815 1352

E-mail: cherryqiu@wsfg.hk / daisysun@wsfg.hk / ericaliu@wsfg.hk