

For immediate release

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玖龍紙業(控股)有限公司

NINE DRAGONS PAPER (HOLDINGS) LIMITED

Nine Dragons Paper (Holdings) Limited Announces FY2011 Interim Results
Sales break historical record;
Results of capacity expansion progressively seen

Financial Highlights

- Sales increased by 45% to approximately RMB 12.6 billion.
- Gross Profit rose by 23.7% to approximately RMB 2.28 billion.
- Profit for the period increased by 22.9% to approximately RMB 1.3 billion.
- Basic earnings per share increased from RMB 0.24 to RMB 0.27.
- Interim dividend per share of RMB 2.0 cents (equivalent to approximately HK 2.37cents) .

(Hong Kong, 23 February 2011) The Board of Directors (“the Board”) of Nine Dragons Paper (Holdings) Limited (the “Company”) 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 2010 (“the Period”).

The Group’s revenue for the Period increased by approximately 45 % over the corresponding period of last year to approximately RMB 1.26 billion and sales volume was approximately 4.1 million tonnes. Gross Profit rose by 23.7% to approximately RMB 2.28 billion, compared with the RMB 1.84 billion in the same period last year. Profit for the period was approximately RMB 1.3 billion,, representing an increase of 22.9 % as compared with the same period of the last financial year. The Board has resolved to recommend the payment of an interim dividend of RMB 2.0 cents per share for 1HFY2011.

In face of a series of austerity measures initiated by the PRC government to curb inflation in the domestic market, the Group’s major focus this year is to ensure the smooth completion and production commencement of its new and upgraded capacities as scheduled whilst continuing its investment in environmental protection projects. PM29 and PM30 had commenced production smoothly in the Group’s Taicang base in December 2010, with design capacity of 400,000 tpa in kraftlinerboard and 300,000 tpa in light weight high performance corrugating medium respectively. At present, capacity expansion and upgrading projects at the major production bases are being executed in an orderly manner. It is expected that, by the end of June 2011, four new paper machines (PM27 and PM28 in Dongguan and PM31 and PM32 in Tianjin) will commence production

and three paper machines (PM3 in Donguan and PM20 and PM21 in Taicang) will complete their upgrading. In addition, the Group has entered into an agreement to acquire 78.13% controlling equity interest of Hebei Yongxin Paper Co., Ltd. (“Hebei Yongxin”). The acquisition will not only enlarge the Group’s market share in northern China, but also create synergies for the Group’s production bases in Tianjin through the sharing of resources in procurement and sales.

As at the end of 2010, the Group had a total design production capacity of 9.52 million tpa. By June 2011, the total design capacity of the Group will increase by approximately 20% to 11.45 million tpa, of which the capacity for manufacturing high-margin products will surge from the current 0.95 million tpa to 2.78 million tpa. The new and upgraded paper machines are expected to progressively contribute to the Group’s performance starting from FY12 (the twelve months ending 30 June 2012), thus elevating the overall profitability, economies of scale and investment returns of the Group.

PM34 in Tianjin base and PM33 in Chongqing base are both scheduled to commence production in FY12. They will bring to the Group an additional production capacity of 1.1 million tpa for white board and duplex board products, thus increasing the Group’s total design production capacity to 12.55 million tpa, of which the portion of high-margin products will further increase to 3.88 million tpa. At the Group’s medium-sized paper manufacturing base in Quanzhou, Fujian, PM35 and PM36 in the first phase, which are for products in the linerboard category, will have a design production capacity of 350,000 tpa and 300,000 tpa respectively, and are expected to commence production by August 2012. In addition, at the Group’s new base near Shenyang, the first phase which includes two paper machines (PM37 and PM38) for products in the linerboard category, with an aggregate design production capacity of 700,000 tpa, is planned to commence production by June 2013. By then, the Group will have a total design production capacity of 13.90 million tpa, with an extensive operating network comprising six major production bases spanning all major markets in the PRC.

As for Nine Dragons’ future business outlook, Chairlady Ms. Cheung Yan said, “The global economic recovery, growth in domestic demand, tight liquidity and more stringent environmental parameters - all these create a more favourable competitive environment for large scale paper manufacturers from different perspectives. With austerity measures to curb inflation in the domestic market, the Group maintains its focus on ensuring smooth completion and production commencement of the current capacity expansion and upgrading plans. Such efforts are demonstrating impressive results in a stage-by-stage manner. Migrating from four major bases at present to six major bases in future, the Group’s strategic coverage in China has basically taken shape. We shall continue to leverage better on our advantages and make more efforts in expense control and cost savings, with continued optimization of our product mix. These will bring better returns to our investors and shareholders and more achievements in the pursuit of a ‘Brand of Perpetuity’ for ND Paper.”

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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 and sells linerboard, high performance corrugating medium and coated duplex board. The Group also manufactures specialty paper and unbleached kraft pulp through its subsidiary and joint venture respectively. The Group's current annual design capacity amounts to 9.52 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.

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