

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 FY12 Interim Results Optimization of new paper machines completed Capacity expansion on schedule

FINANCIAL HIGHLIGHTS

- Sales increased slightly by 0.2% to approximately RMB12.6 billion.
- Gross profit decreased by 11.7% to approximately RMB2.01 billion.
- Gross profit margin decreased from 18.0% to approximately 15.9%.
- Profit for the period decreased by 34.8% to approximately RMB0.85 billion.
- Interim dividend per share of RMB2.0 cents (equivalent to approximately HK\$2.46 cents).

(Hong Kong, 27 February 2012) 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 2011 (the "Period"). The Board has resolved to recommend the payment of an interim dividend of RMB2.0 cents per share for FY12.

The Group's sales for the Period increased slightly by 0.2% to approximately RMB12.6 billion as compared to the corresponding period of the last financial year. Gross profit for the Period was approximately RMB2.01 billion, representing a decrease of approximately 11.7% as compared to approximately RMB2.28 billion for the corresponding period in the last financial year. Gross profit margin for the Period decreased from 18.0% to approximately 15.9% year on year. Profit for the Period decreased by 34.8% to approximately RMB0.85 billion. The decrease in profit was mainly because the Group was unable to pass on the high costs as selling prices continued to be kept at low levels, though prices of main raw materials were seen to have declined. Nevertheless, when compared to the profit of approximately RMB0.714 billion in 2HFY11, the profit situation has already seen a small improvement.

During the Period, while the overall market was in very serious turmoil, the Group was still able to maintain its usual balance between sales and production as well as management efficiency at each of its production bases. The Group worked full steam on the optimization of all those paper machines that newly commenced production or completed their upgrading. A variety of new products were successfully launched and gained acceptance from customers. At the same time, the Group continued its investment on the construction of six new paper machines that are planned to commence production in the next two years according to existing development targets.

A total of seven paper machines completed construction or upgrade in mid-2011, increasing the Group's total design production capacity to reach 11.45 million tpa. The optimization of these paper machines ran smoothly during the Period and their sales performance was encouraging. There was a good balance between production and sales, achieving a sales volume of approximately 0.65 million tonnes. The optimization of these paper machines was all completed in January 2012. Their production efficiency and stability is expected to continue to improve in the next few months, gradually contributing to the Group's profit.

The Group plans to complete the construction of six new paper machines and commence production between 2012 and 2013. PM34 and PM33 in Tianjin and Chongqing base respectively will produce coated duplex board, food grade and pharmaceutical grade white board, each with a design production capacity of 0.55 million tpa. PM35, PM36 in Quanzhou base and PM37, PM38 in Shenyang base will mainly produce kraftlinerboard and testlinerboard with a total annual design production capacity of 1.35 million tpa. The construction and production commencement of these six new paper machines will further increase the total annual production capacity of the Group. By the end of 2012, it is expected that the total annual production capacity will increase by nearly 10% from the current scale, and by the end of 2013, the Group's total annual production capacity will increase by over 21% from the current scale, to about 14 million tpa, far exceeding its industry peers in terms of product diversity, market coverage, customer network and all kinds of resources. These will greatly strengthen the long-term competitive advantage of the Group in building up a more enormous and more solid platform for the Group's sales and profit in the future.

The production capacity scale and continuous development of the Group's four major production bases (Dongguan, Taicang, Chongqing and Tianjin) in the key manufacturing centers in China have accomplished outstanding performance. With the addition of Quanzhou and Shenyang bases that will commence production successively within 2013, the Group will have basically established its overall strategic network in the PRC market to become the world's only paper manufacturer that is able to cover extensively each of the major packaging paperboard markets all over China.

As for Nine Dragons' future business outlook, Chairlady Ms. Cheung Yan said, "2011 is a year of fast growth for ND Paper. Starting from 2012, the Group will enter a stage of steady development. Although high volatility was seen in the global market at the beginning of 2012, the Group believes that, with the progressive loosening of austerity policy, the overall economic environment in the PRC will gradually improve in the coming months, and a more obvious recovery in the second half of 2012 is envisaged. The Group's main target in the second half of FY12 is to focus on its operations in terms of cost stabilization, enhancing efficiency of existing equipment and optimizing loan portfolio in order to maximize profitability, while ensuring the capacity expansion projects which are planned to be completed in the coming two years will commence production as scheduled.

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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 certain types of coated duplex board. The Group also manufactures and sells unbleached kraft pulp and specialty paper. Starting from 2011, the Group also produces and sells food grade and pharmaceutical grade white board, coated linerboard and recycled printing and writing paper. 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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