

**玖龍紙業(控股)有限公司****NINE DRAGONS PAPER (HOLDINGS) LIMITED**

Nine Dragons Paper (Holdings) Limited Announces FY2015 Interim Results
Sales volume achieves historical high record
Debt gearing downtrend continues

Financial Highlights

- Sales increased by 6.6% to approximately RMB 15,686.5 million.
- Gross profit margin decreased to approximately 13.5%.
- Profit for the period decreased by 28.7% to approximately RMB 700.8 million.
- Net borrowings to total equity ratio decreased to 102.9%.
- Interim dividend per share of RMB 2.0 cents (equivalent to approximately HK\$2.53 cents).

(Hong Kong, 25 February 2015) 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 2014 (the "Period").

During the Period, the Group's total sales volume reached a new height at approximately 6.36 million tonnes, exceeding the expected target, bringing approximately RMB15,686.5 million in sales, increasing by 6.6% as compared with the corresponding period of the last financial year. Gross profit margin was approximately 13.5%. Profit for the period decreased by 28.7% to approximately RMB700.8 million. Basic earnings per share were approximately RMB0.15. The Board has declared and approved an interim dividend of RMB 2.0 cents per share.

During the Period, China's economy has entered a "new normal" stage of structural upgrading and optimization. Market demand growth has slowed down. Facing such market changes, the manufacturing sector has adopted a conservative and prudent approach. The Group diligently enhanced its "inner power", with an operational emphasis on cost reduction, efficiency enhancement, strengthening internal control and reducing financial cost. All paper machines were kept at nearly full capacity, continuing to maintain a balance between production and sales. The Group has firmly adhered to government's environmental standards, persisted on the targets for scaling down its borrowings and proactively developed knockout products, so as to drive healthy and stable long-term development. As a result of the government's implementation of the most stringent

environmental standards ever found in history, consolidation in the paper industry continually accelerates. The Group continues to give full play to its advantages in nationwide production base network and diversified product offerings, and enhance its core strength continuously by drawing upon its strengths in its stable and strong production capability and a sales team trusted by customers, so as to further consolidate its leading position in the industry.

During the Period, the Group further optimized its debt structure. Net borrowings to total equity ratio continued to decline, falling from the peak of over 120% to 102.9% as at the end of December 2014, which is basically in line with the Group's original debt reduction target. RMB has now entered an interest rate downcycle, favoring reduction in the Group's interest expense. On the other hand, the Group closely monitors the impact of exchange rate fluctuations of RMB on its debts, and adjusts its loan portfolio and manages the risks appropriately according to the prevailing market environment, by making use of a multi-currency strategy to balance any potential loss that may result from the exchange rate appreciation of US\$. With sound business development and consistently good operating performance, the Group's bank credit facility is adequate for its daily operations and development requirements. Meanwhile, the Group continues to adjust the currency mix, maturity profile and banking terms for its debts as well as explore more financing channels proactively, to expand funding sources and lower borrowing interest rates.

The Group's total design production capacity has now reached 13.73 million tpa. This includes PM37 at the new Shenyang base which completed its construction and commenced production in September 2014. The Group has basically accomplished its strategic production roadmap for this stage. According to the current production capacity plan, PM2(VN) at the Vietnam base and PM39 at the Shenyang base will be completed and commence production in 2016 and 2017 respectively. By the end of 2016, the Group's total design production capacity will exceed 14 million tpa.

Looking ahead, Chairlady Ms. Cheung Yan said, "China's economy is at a "new normal" stage undergoing transformation from rapid growth to sustainable growth with an emphasis on quality. This turns to more dependence on automation, information, human resources and technological innovations, thus favoring the long-term development for enterprises. Yet, market sentiment may remain conservative in the short term. Nevertheless, with the tightening government environmental policies, a large amount of outdated production capacities are terminated while approval barriers for new paper-making projects will be more stringent. Thus, market order is expected to be back to normal in the future, and enterprises with strong capabilities can more readily stand out from the crowd. In the long run, demand for packaging paper will continue to be closely correlated with consumption.

ND Paper will keep abreast of market changes in the "new normal" stage and seize new opportunities emerging from the thriving online shopping business. Furthermore, the Group will rigorously manage its costs and enhance its "inner power", continuing to refine its internal corporate administration and control, strengthen quality management and enhance procurement processes and cost control, popularize its knockout products and continually develop innovative products, so as to bring the economies of scale and advantages of the current platform into full play, striving to develop into an international leading paper-making enterprise and laying a solid foundation for 'an enterprise that thrives for a century'."

— End —

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 produces and sells recycled printing and writing paper and specialty 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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