

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

**Nine Dragons Paper (Holdings) Limited Announces FY2016 Interim Results
Sales reached record highs once again
Optimized debt structure to eliminate risk**

Financial Highlights

- Sales volume increased by 5.1% to approximately 6.7 million tonnes.
- Sales increased by 4.0% to approximately RMB 16,310.5 million.
- Gross profit margin increased to 17.3%.
- Profit attributable to equity holders decreased by 54.1%.
- If the exchange losses were excluded, profit attributable to equity holders for the Period was RMB 1,322.0 million, increased by 144.7%.
- Interim dividend per share of RMB 2.0 cents (equivalent to approximately HK\$2.38 cents).

(Hong Kong, 24 February 2016) 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 2015 (the "Period").

The Group once again reached record highs in both sales volume and sales revenue during the period. Total sales volume reached approximately 6.7 million tonnes, increased by 5.1%, bringing approximately RMB 16,310.5 million in sales, an increase of 4.0%. Gross profit margin increased to 17.3% from 13.5% as compared with the corresponding period of the last financial year. Profit attributable to equity holders decreased by 54.1% to RMB 312.0 million. The decrease was mainly caused by the significant fluctuations of the exchange rate of RMB vs US dollar and other currencies, as a result of the reform of the RMB central parity rate quotation regime, which led to approximately RMB 1,010.0 million of exchange losses, thus affecting the Group's profit for the Period. If the exchange losses were excluded, the profit attributable to equity holders of the Company in the Period was approximately RMB 1,322.0 million, representing an increase of 144.7%. Basic earnings per share were approximately RMB 0.07. The Board has declared and approved an interim dividend of RMB 2.0 cents per share.

During the Period, while the recovery of the global economy remained slow, China's economy has entered a key stage of development under the "new normal" state. In the

process of structural transformation, despite the slowing down of economic growth which has caused the manufacturing sector to maintain a prudent and conservative approach in general, the industry was still able to sustain steady development as the demand of packaging paper is closely related to people's livelihood and is further driven by the rapid growth of online shopping. Meanwhile, product prices were well supported by the continuous increase in quantity and scale of the closure of outdated production capacities in the packaging paper industry. In face of further consolidation of the industry, the Group's competitive advantages in various aspects including economies of scale, energy saving and environmental protection are becoming more prominent. Furthermore, during the Period, benefited from the price of major raw materials remaining steadily low, the Group effectively captured and forecasted the price trend of raw materials and took the most flexible procurement strategy to optimize their costs through adjustment of proportions of raw materials procured from different regions based on price. Against the backdrop of product prices being supported and costs standing at optimal levels, the interim profit of the Period (after excluding exchange losses) of the Group has increased significantly from the corresponding period last year.

During the Period, the Group further reduced its debt and enhanced its debt structure proactively, with finance costs, average borrowing interest rate, total debt and net debt to total equity ratio all continuing to come down. The Group continuously maintains a high sensitivity towards the capital market. As the trend of RMB depreciation and interest rate cuts was formed, during the Period, the Group decisively adopted a more flexible financial strategy, changing the previously foreign currency dominated debt portfolio, converting part of the US dollar borrowings into RMB or Euro, keeping lowering interest costs while reducing the exchange losses arising from RMB exchange rate fluctuations. After the Period, the Group has accelerated the process of converting foreign currency borrowings into RMB borrowings, aiming to increase RMB borrowings to the proportion of 80% of total borrowings in June of this year. With the increase in borrowings denominated in RMB and significant decrease in foreign currency borrowings, the impact of fluctuations in the foreign exchange market on the performance of the Group is expected to be eliminated mostly, and the positive effect of the improvements in core business environment will be revealed gradually.

The Group has basically accomplished its strategic production roadmap for this stage. No new paper machine commenced production during the Period. According to the current production capacity plan, PM2 (VN) at the Vietnam base will be completed and commence production by the end of 2016, bringing the Group's total design production capacity to 14.08 million tpa. This plan represents a solid step forward in the Group's diversified market

development and builds up the potentials for the Group's internationalization in the future. Moreover, PM39 at the Shenyang base is expected to commence production by the end of 2017.

Looking forward, Chairlady Ms. Cheung Yan said, "The global macro-economic environment will remain volatile, while the process of in-depth reform in all sectors will present both opportunities and challenges. Big data, cloud computing, Internet Plus, robots and other new technologies are propelling the traditional manufacturing sector towards the Industry 4.0 era. In the technology and innovation aspect, NDP is taking measures to promote towards automation, informatization and intelligentization, aiming at achieving the goal of Industry 4.0 within five years. Meanwhile, as governments at all levels require immediate action to control environmental pollutions, strengthened efforts will be seen across the nation in the closure of outdated production capacities in the packaging paper industry and stricter approval of new production capacities than before. These actions gradually restore market order, thus supporting product prices and creating the momentum for further product price increases. The Group will seize the historical opportunity created by the new round of technologies and industrial reforms, striving for changes and taking the lead towards diversified development of products in future through innovation. With its stable and robust production capabilities, a sales team trusted by customers, the best services, optimal quality and lowest costs, the Group will steadily provide to its customers the most cost effective paper products.

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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 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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