

For Immediate Release

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(Incorporated in Bermuda with limited liability)
(Stock code: 2689.HK)

Nine Dragons Paper (Holdings) Limited announces FY2018 Interim Results
Flexible and proactive operating strategy brought sales and profit to historical high

Financial Highlights

- Sales increased by 34.1% to approximately RMB 25,649.4 million, reaching the highest record since establishment.
- Gross margin increased from 18.3% to approximately 24.5% year-on-year.
- Profit attributable to equity holders was approximately RMB 4,329.3 million.
- If exchange losses on the Group's operating and financing activities (net of tax) were excluded, profit attributable to equity holders for the Period was approximately RMB 4,350.5 million, increased by approximately 117.3% year-on-year.
- Interim dividend of RMB 10.0 cents per share (equivalent to approximately HK\$12.34 cents).

(Hong Kong, 27 February 2018) 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 2017 (the "Period").

Both profit and sales of the Group for the Period hiked to the highest record since its establishment. Sales increased by 34.1% year-on-year to approximately RMB 25,649.4 million. Gross margin increased from 18.3% to approximately 24.5% year-on-year; Profit attributable to equity holders was approximately RMB 4,329.3 million. If exchange losses on the Group's operating and financing activities (net of tax) were excluded, profit attributable to equity holders for the Period was RMB4,350.5 million, increased by approximately 117.3% year-on-year. Basic earnings per share of the Group for the Period were approximately RMB 0.93. The Board has declared and approved the distribution of an interim dividend of RMB10.0 cents per share.

During the period, the Chinese government continued to drive the reform for economic and environmental development. With more stringent regulatory measures in environmental protection, the supply-demand dynamics of packaging paperboard industry saw further

improvements, which provided strong support to product prices in general. The profitability of packaging paperboard industry has basically been stabilized at a reasonable level. Meanwhile, the government strengthened the management and control for reducing the import of recovered paper, which led to significant price fluctuations in both domestic and imported recovered paper during the Period. In such an extremely challenging market environment, the leadership advantages of ND Paper became more prominent. With efficient purchasing and sales teams as well as its own big data database, the Group kept pace with the market closely in raw material purchasing and product sales, which enabled it to proactively execute flexible strategies on the various aspects of product pricing, sales volume, inventory levels, etc., with profit maximization as the most important goal.

The Group continued to maintain the record of no bad debt and continuously endeavored to optimize its debts, with a view to achieving the appropriate balance among such aspects as provision of funds for development, reduction in borrowing costs, control of exchange rate risks and dividend return. Net borrowings to total equity ratio further lowered to 62.3%% as at the end of December, 2017. Meanwhile, the Group continued to make timely adjustments to the proportions of foreign currency debts and RMB debts in accordance with market conditions and its funding requirements. As at the end of December 2017, among the Group's total debts, approximately 64% were RMB-denominated, approximately 15% were USD-denominated and approximately 18% were Euro-denominated.

PM2(VN) at the Vietnam base has already commenced production in August 2017, bringing the Group's total design production capacity to 14.08 million tpa. As for the markets in Mainland China, based on the current development plan, a total of 3 new paper machines at the Chongqing base, Quanzhou base and Hebei base are expected to commence production successively before the end of 2018. Furthermore, before the end of June, 2019, there will be a new paper machine commencing production in each of Shenyang base, Dongguan base and Quanzhou base respectively. The total design production capacity of the abovementioned 6 new paper machines is 3.25 million tpa, bringing the Group's total design production capacity to over 17 million tpa by then. Upon such expansion, these production bases will see significant improvements in their economies of scale, in particular those bases where the current capacity scale is relatively small.

Chairlady Ms. Cheung Yan addressed: "The magnificent blueprints of China's deepening economic transformation, sustainable development and building a beautiful China will provide the room for long-term and stable development to enterprises emphasizing management enhancements and environmental protection. The continued closure of non-compliant capacities will bring potential to the packaging paperboard industry. More high-quality products will be provided by the Group's new capacities to replace the low-quality ones in the market. Meanwhile addition of new capacities in the market during certain periods and tightening control over import of raw materials will expose the Group to

stern challenges. The Group has confidence in and ability to address such challenges by devoting ourselves to improving our ‘inner power’ and adjusting to supply-demand dynamics according to market changes, with a view to creating synergies among different industry segments and enhancing the industrial chain both upstream and downstream. In the future, the Group will continue to forge ahead and provide our customers ‘a piece of exemplary quality paper’ with the best price/value, and uphold our relentless pursuit of creating better values for our shareholders.”

— End —

Background of Nine Dragons Paper (Holdings) Limited

The Group is the largest packaging paperboard producer in China and Asia and one of the largest producers in the world, in terms of design capacity. It primarily manufactures and sells linerboard, high performance corrugating medium and coated duplex board products. It 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 Paper (Holdings) Limited.

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