

For immediate release

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

Nine Dragons Paper's operations unaffected by earthquake in Japan

(March 17, 2011 – Hong Kong) A spokesperson for Nine Dragons Paper (Holdings) Limited (“Nine Dragons Paper”; Stock Code: 2689) clarifies that even though the earthquake in Japan may result in volatility in Japanese recycled paper prices, the operations of Nine Dragons Paper will not be affected. Hence the relevant report in China Business News (第一財經日報) today is seriously inconsistent with the facts.

According to the newspaper report, the earthquake in Japan will drive recycled paper prices up in the short term, hence raising the costs of those paper manufacturers who rely on recycled paper imported from Japan. The report particularly mentions that the paper industry leader in China, Nine Dragons Paper, will be more seriously affected, and cites the proportion of Japanese recycled paper in Nine Dragons Paper's total recycled paper imports, as well as the percentage increase in total costs caused by recycled paper price increases.

The Nine Dragons Paper spokesperson says that their proportion of imported Japanese recycled paper is less than 10%, not 25% as mentioned in the report. Nine Dragons Paper mainly source their recycled paper from the USA, Europe and Mainland China, which are already adequate for satisfying the whole group's recycled paper needs. Hence the earthquake in Japan will not affect the recycled paper supply and daily operations of Nine Dragons Paper. At present, there are ample supply of recycled paper from the USA and Europe, and their price levels are relatively stable. Even if there are changes in the supply of recycled paper from Japan resulting in price increases, Nine Dragons Paper can adjust their finished goods selling prices.

Furthermore, recycled paper costs normally represent 50% to 55% of their costs of goods sold. The effect of recycled paper price fluctuations on the total costs of Nine

Wonderful Sky Financial Group Limited 皓天財經集團有限公司

Unit 3102-3105, 31/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong

香港灣仔港灣道1號會展廣場辦公大樓31樓3102-3105室

T 852 2851 1038 F 852 2815 1352 E enquiry@wsfg.hk W www.wsfg.hk

Dragons Paper is less than the percentage cited in the newspaper report. In addition, Nine Dragons Paper respond to the relative price changes of recycled paper from various regions and adjust their proportion of sourcing in a timely manner, in order to ensure that their recycled paper supply can be satisfied at the minimal market prices.

The Nine Dragons Paper spokesperson says that their operations are not expected to be affected by the earthquake in Japan, and regrets that the China Business News has made such a report. Accordingly, an appropriate clarification is necessary to make available to the market the true picture.

— 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 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.

For details, please contact:

Wonderful Sky Financial Group Limited

Daisy Sun / Erica Liu / Wu Chen

Direct Line: (852) 3970 2185 / (852) 3970 2183 / (852) 3970 2150

Tel: (852) 2851 1038

Fax: (852) 2815 1352

E-mail: daisysun@wsfg.hk / ericaliu@wsfg.hk / wuchen@wsfg.hk