

**Ten Major
Achievements
of
ND Paper**



I. Commencement of production of Phase I

In July 1998, the first paper machine, or PM1, with an annual designed production capacity of 200,000 tonnes of kraftlinerboard at the production base in Dongguan operated by a subsidiary of Nine Dragons Paper (Holdings) Limited ("ND Paper") achieved success in its test run. This event marked the entry of ND Paper to the packaging paperboard production industry in China and was a good start to its decade of business success.



II. Annual production capacity hitting one million tonnes

In June 2000 and in May 2002, ND Paper's PM2 and PM3 commenced operation to increase ND Paper's total annual production capacity to one million tonnes. It required ND Paper nine months to successfully install and commence operation of PM3, and this was then a new record for the installation of paper machines. Meanwhile, ND Paper also grew at a record speed to become a leading packaging paperboard manufacturer with an annual production capacity of one million tonnes in China.

III. Establishment of the Taicang production base

With unique insight, ND Paper identified the future development direction of the industry and purchased more than 3,800 acres of land in Taicang and Dongguan in 2000 to 2002. In November 2003, PM5 was installed and commenced operation. It was later acquired by ND Paper on 1 January 2005. In April

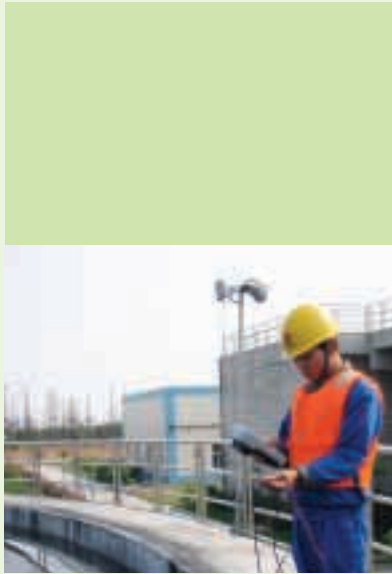
2005, PM8 had a successful test run and subsequently raised the total annual production capacity of the Taicang production base to 950,000 tonnes. The establishment of the Taicang production base proved ND Paper to be a successful two-prong packaging paperboard production network covering the Pearl River Delta and the Yangtze River Delta.

IV. Commencement of production of coated duplex board with grey back

In October 2003, PM4 commenced production with a designed annual production capacity of coated duplex board with grey back of 450,000 tonnes, breaking the productivity record for standalone units around the world at the time. This paper machine integrated the most advanced technologies from Europe, America and Japan and the best ideas from industry participants. On 1 January 2005, ND Paper, which was previously engaged in the manufacturing of kraftlinerboard only, acquired PM 4 to take its first step towards product diversification.



Ten Major Achievements of ND Paper



V. Obtain ISO Quality and Environmental Standard and OHSAS Certifications

ND Paper successfully obtained the ISO Quality and Environmental Standard Certifications and the Occupational Health and Safety Management System Certification in 2003 to 2005. With the implementation of these effective controls, the Company's performance in product quality, environmental protection and work safety have been improving continuously. Besides, international management practices have also been incorporated to align the management standards of ND Paper with those of the international community.

VI. Successful establishment of ND Xing An

In February 2004, we successfully established Nine Dragons Xing An Paper Industries (Inner Mongolia) Company Limited ("ND Xing An") as an equity joint venture with China Inner Mongolia Forestry Industry Co., Ltd., which owns abundant forestry resources. Subsequently, ND Xing

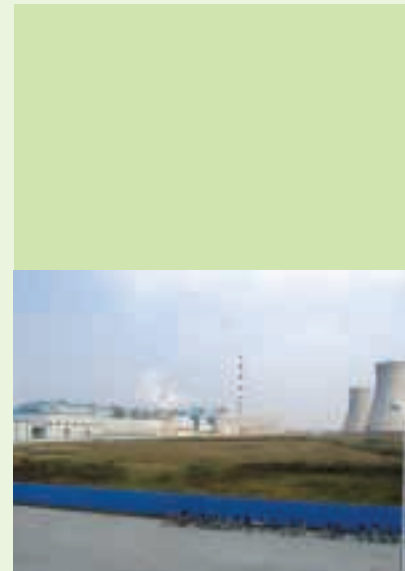
An's annual production capacity of kraft pulp rose from the original 50,000 tonnes to 100,000 tonnes in 2005, and is gradually approaching the planned target of 300,000 tonnes and is moving towards a modernised conglomerate of forestry, kraft pulp and paper. The establishment of the joint venture also marked ND Paper's success in integrating the three elements into a complete chain, which together with the adoption of recycle waste paper for use as raw materials, further reinforced its image as a green enterprise.



VII. Two million tonnes productivity breakthrough and remarkable sales record

High performance corrugating medium production lines PM6 and PM7 commenced operations in October 2004 and subsequently bringing ND Paper's aggregate annual production capacity increased to 2.35 million tonnes in 1 January 2005. The addition of corrugating medium effectively expanded the variety and market reach of the Company. More encouraging is that ND Paper's products, given their high

degree of popularity and market acceptance, recorded impressive sales across the board. We have secured a relatively large market share not only in Guangdong, but also across China, as the promising growth momentum in our productivity and sales continues.



VIII. 210MW thermal power generating units going on grid

In May 2005, our 210MW thermal power generating units successfully commenced on-grid power generation and became the largest among the industry in terms of power generation capacity. As a result, the total thermal power generating capacity of the Dongguan production base of ND Paper increased to 350MW, comparable to a medium-scale power plant. The on-grid power generation of the 210MW generating units not only assures ND Paper a stable and sufficient electricity supply and enhancement of efficiency, but also effectively eases the pressure on the local electricity supply, thus winning the applause of the local government and enterprises.

Ten Major Achievements of ND Paper



capacity to 3.3 million tonnes, making the Group the No. 1 manufacturer in China, the second largest in Asia and the eighth largest in the world. Within just a decade, ND Paper has successfully established and started 10 production lines, and grew rapidly into the leader of the packaging paperboard industry with an unmatched production scale.



paperboard manufacturing hub with an annual production capacity of five million tonnes; the Taicang production base will grow to achieve an annual production capacity of four million tonnes; and ND Xing An will become an integrated production base of forestry, kraft pulp and paper with a combined annual production capacity of 300,000 tonnes.

ND Paper was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 3 March 2006, and was included in the MSCI standard index, the MSCI Global Value and Growth Index and the Hang Seng Index within half a year after listing. With 10 years outstanding track record, ND Paper is making steady and confident strides towards excellence to create a glorious future.



X. Marching towards the global excellence

After a decade of experience in the industry, in 2006, ND Paper has entered the prime of its growth phase with a group management style. ND Paper has a well-established management system that emphasizes fairness and impartiality, coordination and a peaceful workplace atmosphere, which together embody the Nine Dragons Spirit of “dedicated and devoted, united and progressive, focusing on quality, honesty and reliability”. ND Paper is becoming a modern business group with corporate practices in line with international standards. In the future, we will further build the Dongguan production base into a packaging



IX. PM9 and PM10 commenced operation to make ND Paper the No. 1 manufacturer in China

In December 2005, the corrugating medium production lines PM9 and PM10 came into operation, taking ND Paper's annual total production