



Nine Dragons Paper to Acquire Catalyst Paper's Pulp and Paper Mills in Maine and Wisconsin

Hong Kong - May 25, 2018 - ND Paper LLC ("**ND Paper**"), a wholly-owned subsidiary of Nine Dragons Paper (Holdings) Limited (the "**Company**," or "**Nine Dragons**"), (HKG: 2689), today announced that it has signed a definitive agreement (the "**Agreement**") with Catalyst Paper Corporation (the "**Seller**") to acquire the Rumford, Maine and Biron, Wisconsin paper mills for US\$175.0 million. The consideration paid will be satisfied by the Company through its existing cash and bank borrowings.

"We are very pleased to welcome the Rumford and Biron mills to the Nine Dragons family. We are committed to making these mills more competitive on a global scale, while staying true to our core values as an environmentally friendly and socially responsible enterprise with utmost respect for our employees," said Yan Cheung, Chairlady of Nine Dragons. "We look forward to working with the teams and communities in Maine and Wisconsin as we embark on this next phase of expansion together."

The acquisition is an upstream integration of the Company's current business and is an important step in executing the Company's global fiber sourcing and customer strategy. The acquisition is expected to generate significant benefits for both the mill sites and Nine Dragons:

- Nine Dragons will gain access to high quality virgin fiber, resulting in increased access to a more secure and cost-effective channel for raw material supply
- Nine Dragons will diversify its manufacturing base
- The acquisition and future capital investment in growing the mills' capabilities in high growth packaging paper and pulp products will help invigorate the local Wisconsin and Maine economies, allowing them to stay competitive and prosper in the global market

The Rumford and Biron paper mills are engaged in the business of manufacturing and distributing certain types of pulp and paper products. The mill in Rumford is a fully-integrated pulp and paper mill consisting of (i) three paper production lines, with a combined annual capacity of approximately 550,000 tonnes, which are capable of producing coated one-side,

coated freesheet and coated groundwood grades and (ii) two kraft pulping lines that produce both hardwood and softwood grades and have excess production capacity supplying all internal needs, selling approximately 120,000 tonnes of kraft pulp to the market. The mill in Biron is a pulp and paper mill consisting of two paper production lines with a combined annual production capacity of 340,000 tonnes producing coated groundwood grades.

Based on unaudited historical financial summaries, the Rumford and Biron paper mills for the twelve months ended March 31, 2018 generated total sales of US\$744 million. The consideration paid represents a multiple of less than 6.0 times Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) based on the mills' last twelve months EBITDA as of March 31, 2018 and less than 4.0 times EBITDA based on the first quarter 2018 annualized rate. The acquisition is expected to be accretive to Nine Dragons' earnings per share in calendar 2018.

Closing of the acquisition is expected to take place by the end of the second quarter and is subject to customary terms and conditions.

Advisors

Sonenshine Partners LLC is acting as the exclusive financial advisor to Nine Dragons. Jones Day, Bennett Jones LLP, and Kirkland & Ellis LLP are acting as legal advisors to Nine Dragons.

Houlihan Lokey, Inc. is acting as the exclusive financial advisor to Catalyst Paper Corporation in the transaction. Sidley Austin LLP and Stikeman Elliot LLP are acting as legal advisors to Catalyst Paper Corporation.

About ND Paper LLC

ND Paper LLC is a wholly-owned subsidiary of Nine Dragons Paper (Holdings) Limited, an environmentally friendly manufacturer of various types of paper and paper-based products. Nine Dragons is the largest containerboard producer in China and Asia and a leading paper product manufacturer globally. It is primarily engaged in the production and sale of a broad variety of packaging paperboard products, including linerboard, high performance corrugating medium, coated duplex board, as well as recycled printing and writing paper and specialty paper. It operates nine mills and 39 machines with total annual production capacity of over 14 million tonnes. During the last twelve months ended December 31, 2017, the Company generated revenues of RMB 45.7 billion (US\$6.8 billion), operating income of RMB 9.8 billion (US\$1.4 billion), and net income of RMB 6.8 billion (US\$1.0 billion). Nine Dragons was established in 1995 and listed on the Main Board of the Hong Kong Stock Exchange on March 3, 2006. As of May 24, 2018, the Company's market capitalization was approximately HK\$58.2 billion (US\$7.4 billion).

About Catalyst Paper Corporation

Catalyst Paper Corporation manufactures diverse papers such as coated freesheet, coated one side (C1S), flexible and industrial packaging, food service, coated and uncoated groundwood, newsprint, directory, as well as market pulp. Customers include retailers, publishers and commercial printers in North America, Latin America, the Pacific Rim and Europe. Catalyst is headquartered in Richmond, British Columbia, Canada, and has been ranked by Corporate Knights magazine for the 11th consecutive year as one of the 50 Best Corporate Citizens in Canada.

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MEDIA CONTACTS

Linda Williams
Tanis Communications
linda.williams@taniscomm.com
+408-718-9350

Maine
Elizabeth Baldacci
Baldacci Communications
Elizabeth@baldaccicomunications.com
+207.756.9768

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