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**玖龍紙業(控股)有限公司\***

**NINE DRAGONS PAPER (HOLDINGS) LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2689)**

## **PROPOSED SHARE PREMIUM REDUCTION**

The Board intends to put forward a proposal to the Shareholders at the AGM to reduce an amount of RMB2,800,000,000 standing to the credit of the share premium account of the Company and to transfer such amount to the contributed surplus account in accordance with applicable laws of Bermuda and the Bye-laws.

A circular containing, among other things, further details of the Share Premium Reduction together with a notice convening the AGM will be despatched to Shareholders as soon as practicable.

## **PROPOSED SHARE PREMIUM REDUCTION**

The Board intends to put forward a proposal to the Shareholders at the AGM to reduce certain credit standing to the share premium account of the Company in accordance with applicable laws of Bermuda and the Bye-laws.

As at 30 June 2021, the amount standing to the credit of the Share Premium Account was RMB3,884,720,000. It is proposed that an amount of RMB2,800,000,000 standing to the credit of the Share Premium Account be reduced and cancelled and that the credit arising therefrom be transferred to the Contributed Surplus Account.

## **REASONS FOR THE SHARE PREMIUM REDUCTION**

The Directors propose the Share Premium Reduction as they consider it unnecessary to maintain the Share Premium Account at its current level. In addition, the Company is subject to restrictions under the Companies Act that funds standing to the credit of the Share Premium Account are not generally distributable to the Shareholders except in limited circumstances such as for paying up unissued shares of the Company to the

Shareholders as fully paid bonus shares. On the other hand, credits in the Contributed Surplus Account may be applied by the Company in a more general manner as the Board may think fit and as permitted by the Companies Act, including but not limited to, payment of dividends or distribution to the Shareholders to the extent that the Company is not, or would not after the payment be, unable to discharge its liabilities as they become due, and the realizable value of the Company's assets would not be less than its liabilities after payment of such dividends or distribution out of the Contributed Surplus Account. The Share Premium Reduction and the subsequent transfer of credit arising therefrom to the Contributed Surplus Account will increase the amounts in the Contributed Surplus Account and give the Company greater flexibility. The Board believes that the Share Premium Reduction is in the interests of the Company and Shareholders as a whole.

### **EFFECT OF THE SHARE PREMIUM REDUCTION**

The implementation of the Share Premium Reduction does not involve any reduction in the authorised or issued share capital of the Company nor does it involve any reduction in the nominal value of the Shares or the trading arrangements concerning the Shares.

Save for the expenses incurred by the Company in relation to the Share Premium Reduction, the implementation of the Share Premium Reduction will not, in itself, have any material adverse effect on the underlying assets, liabilities, business operations, management or financial position of the Company or the interests of Shareholders as a whole.

### **CONDITIONS OF THE SHARE PREMIUM REDUCTION**

The Share Premium Reduction is conditional upon:

1. the passing of a special resolution by the Shareholders to approve the Share Premium Reduction at the AGM; and
2. compliance with section 46(2) of the Companies Act, including (i) the publication of a notice in relation to the Share Premium Reduction in an appointed newspaper in Bermuda on a date not more than 30 days and not less than 15 days before the Effective Date, and (ii) the Board being satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Share Premium Reduction would be, unable to pay its liabilities as they become due.

Subject to the fulfilment of the above conditions, it is expected that the Share Premium Reduction shall become effective on the next business day immediately following the date of passing of the special resolution to approve the Share Premium Reduction at the AGM.

## **GENERAL**

A circular containing, among other things, further details of the Share Premium Reduction together with a notice convening the AGM will be despatched to the Shareholders as soon as practicable. No Shareholder is required to abstain from voting on the resolution proposed to consider and approve the Share Premium Reduction.

## **DEFINITIONS**

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“AGM”	the annual general meeting of the Company to be held on or before 31 December 2021
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company, as amended, supplemented or modified from time to time
“Companies Act”	the Companies Act 1981 of the laws of Bermuda, as amended from time to time
“Company”	Nine Dragons Paper (Holdings) Limited, a company incorporated in Bermuda and the shares of which are listed on The Stock Exchange of Hong Kong Limited
“Contributed Surplus Account”	the contributed surplus account of the Company
“Directors”	the directors of the Company
“Effective Date”	the date on which the Share Premium Reduction shall become effective, being the next business day immediately following the date of the AGM at which the relevant special resolution approving the Share Premium Reduction will be considered and, if appropriate, passed by the Shareholders
“RMB”	Renminbi, the lawful currency of the People’s Republic of China

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of Shares
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the proposed reduction of the amount of RMB2,800,000,000 standing to the credit of the Share Premium Account as at 30 June 2021 and the transfer of credit arising therefrom, to the Contributed Surplus Account to be considered and, if thought fit, approved by the Shareholders at the AGM by way of a special resolution

By Order of the Board  
**Nine Dragons Paper (Holdings) Limited**  
**Cheung Yan**  
*Chairlady*

Hong Kong, 5 October 2021

*As at the date of this announcement, the executive directors of the Company are Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Ken Liu, Mr. Lau Chun Shun, Mr. Zhang Lianpeng and Mr. Zhang Yuanfu; the independent non-executive directors are Ms. Tam Wai Chu, Maria, Mr. Ng Leung Sing, Mr. Lam Yiu Kin and Mr. Chen Kefu.*

\* *For identification purposes only*