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This announcement is for information purposes only and does not constitute an offer or an invitation to induce an offer by any person to acquire, purchase or subscribe for securities. Potential investors should read the prospectus dated Monday, 20 February, 2006 (the "Prospectus") issued by Nine Dragons Paper (Holdings) Limited 玖龍紙業(控股)有限公司* (the "Company") for detailed information about the International Placing and Public Offering described below before deciding whether or not to invest in the Shares thereby being offered.

The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Hong Kong Securities Clearing Company Limited ("HKSCC") take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Unless defined herein, terms in this announcement shall have the same meanings as those defined in the Prospectus. In connection with the Global Offering, Merrill Lynch Far East Limited, as stabilising manager, may, but is not obliged to, over-allocate and/or effect any other transactions with a view to supporting the market price of the Shares at a level higher than which might otherwise prevail in the open market for a limited period. However, there is no obligation on Merrill Lynch Far East Limited to conduct any such stabilising activity. Any such market purchases will be effected in compliance with all applicable laws and regulatory requirements, including the Securities and Futures (Price Stabilisation) Rules made under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), and, if commenced, will be done at the absolute discretion of Merrill Lynch Far East Limited and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the day on which the application lists close under the Public Offering. The details of such stabilisation and how it will be regulated under the Securities and Futures Ordinance are contained in the Prospectus. The number of Shares being offered in the International Placing may be increased by up to and not more than an aggregate of 150,000,000 additional Shares through the exercise of the Over-allotment Option to be granted by the Company to and exercisable by the Joint Global Coordinators, to cover over-allocations in the International Placing by requiring the Company to issue and allot up to an aggregate of 150,000,000 Shares up to the day which is the 30th day from the date of the Prospectus. In the event that the Over-allotment Option is exercised, a corresponding press announcement will be made.



玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

GLOBAL OFFERING

Total number of Offer Shares	: 1,000,000,000 Shares (subject to the Over-allotment Option)
Number of Public Offer Shares	: 100,000,000 Shares (subject to adjustment)
Number of International Offer Shares	: 900,000,000 Shares (subject to the Over-allotment Option and adjustment)
Offer Price	: Not more than HK\$3.40 per Share and expected to be not less than HK\$2.85 per Share
Nominal value	: HK\$0.10 per Share
Stock code	: 2689

Joint Global Coordinators and Joint Sponsors
(in alphabetical order)

BNP PARIBAS PEREGRINE

Merrill Lynch Far East Limited

Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

BNP PARIBAS PEREGRINE

BOCI Asia Limited

Merrill Lynch Far East Limited

The Company is initially offering 100,000,000 Public Offer Shares for subscription, representing 10% of the total number of Shares initially being offered in the Global Offering, by way of Public Offering in Hong Kong. Application has been made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as described in the Prospectus and the Shares to be issued upon the exercise of options which are granted or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme. Dealings in the Shares on the Main Board of the Stock Exchange are expected to commence at 9:30 a.m. on Friday, 3 March, 2006. Applications for the Public Offer Shares will only be considered on the basis of the Prospectus and the prescribed **WHITE**, **YELLOW** or **PINK** Application Forms in accordance with the relevant provisions of the Prospectus. It should be noted that multiple applications or suspected multiple applications or any application on a **WHITE** or **YELLOW** Application Form for more than 45,000,000 Public Offer Shares, being 50% of the balance of the Public Offer Shares after deducting the 10,000,000 Public Offer Shares initially made available for subscription by eligible full-time employees using **PINK** Application Forms, will be rejected. Only one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC, together with any one application on a **PINK** Application Form for eligible employees, may be made for the benefit of any person. Applicants are required to undertake and confirm that they or the relevant beneficial owner(s) have not applied for, indicated an interest or taken up and will not apply for, indicate an interest in or take up Shares under the International Placing. Subject to the granting of the listing of, and permission to deal in, the Shares on the Main Board of the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Shares on the Main Board of the Stock Exchange or on any other date as HKSCC chooses. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Global Offering is subject to the conditions set out in the paragraph headed “Conditions of the Global Offering” in the section headed “Structure and Conditions of the Global Offering” in the Prospectus.

The Offer Price is expected to be determined by agreement between the Company and the Joint Global Coordinators (on behalf of the Underwriters) on Friday, 24 February, 2006 (Hong Kong time) and in any event no later than Monday, 27 February, 2006 (Hong Kong time).

The Offer Price will be not more than HK\$3.40 per Offer Share and is expected to be not less than HK\$2.85 per Offer Share. The Joint Global Coordinators (on behalf of the Underwriters), and with the consent of the Company, may reduce the indicative Offer Price range below that stated in the Prospectus at any time prior to the morning of the day which is the latest day for lodging applications under the Public Offering. In such a case, an announcement of the reduction of the indicative Offer Price range will be published by the Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the latest day for lodging applications under the Public Offering. Applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the offer statistics, as currently set out in the section headed “Summary” in the Prospectus and any other financial information which may change materially as a result of any such change. Applicants under the Public Offering should note that, even if the indicative Offer Price is so reduced, in no circumstances can applications be withdrawn once submitted, except where a person responsible for the Prospectus under section 40 of the Companies Ordinance gives a public notice under that section before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which limits the responsibility of that person for the Prospectus, in which case applications made may be revoked before the said fifth day. If the Joint

Global Coordinators (on behalf of the Underwriters) and the Company are unable to reach an agreement on the Offer Price on Monday, 27 February, 2006, the Global Offering will not become unconditional and will lapse.

The Company intends to grant the Joint Global Coordinators the Over-allotment Option which is exercisable by the Joint Global Coordinators to cover over-allocations in the International Placing by requiring the Company to issue up to an aggregate of 150,000,000 additional Shares up to the day which is the 30th day after the date of the Prospectus. In the event that the Over-allotment Option is exercised, a corresponding press announcement will be made.

Application for the Public Offer Shares must be paid on the basis of the maximum indicative Offer Price of HK\$3.40 per Offer Share, plus brokerage of 1%, the SFC transaction levy of 0.005% and the Stock Exchange trading fee of 0.005%. If the Global Offering does not become unconditional, all application monies received from applicants under the Public Offering will be refunded, and in the event that the Offer Price is less than the price per Share initially paid upon application, the appropriate portion of affected applicants' application monies will be refunded to wholly or partially successful applicants, in each case without interest and on the terms set out under the paragraph headed "Refund of your money — additional information" in the section headed "How to Apply for the Public Offer Shares" in the Prospectus. Refund cheques will also be issued, in accordance with such terms, in respect of wholly or partially unsuccessful applications. Applicants who have applied on **WHITE** or **YELLOW** Application Forms for 500,000 Public Offer Shares or more and have indicated on their Application Forms that they wish to collect refund cheque(s) (where applicable) and Share certificate(s) (where applicable) personally, may collect refund cheque(s) (where applicable) and Share certificate(s) (where applicable) from the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 2 March, 2006 or any other date notified by the Company by way of a newspaper announcement as the date of despatch of Share certificate(s) (where applicable) and/or refund cheque(s) (where applicable). Uncollected Share certificates and refund cheques will be despatched by ordinary post at the applicants' own risk to the addresses stated on the relevant Application Forms. Share certificates will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is expected to be at around 8:00 a.m. on Friday, 3 March, 2006 (Hong Kong time).

Applicants who have applied on **WHITE** Application Forms for 500,000 Public Offer Shares or more and have indicated on their Application Forms that they wish to collect refund cheque(s) (where applicable) and Share certificate(s) (where applicable) in person from the Company's Hong Kong branch share registrar may collect refund cheque(s), where applicable, and Share certificate(s), where applicable, in person from the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 2 March, 2006. Identification and (where applicable) authorisation documents acceptable to Tricor Investor Services Limited must be produced at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 500,000 Public Offer Shares or more and have indicated on their Application Forms that they wish to collect refund cheque(s) (where applicable) in person may collect their refund cheque(s) (where applicable) but may not elect to collect their Share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts. The procedure for collection of refund cheques for applicants who apply on **YELLOW** Application Forms for Shares is the same as that for **WHITE** Application Form applicants. Instead of using **YELLOW** Application Forms, applicants may electronically instruct HKSCC to cause HKSCC Nominees Limited to apply for the Public Offer Shares on their behalf via CCASS. Any Public Offer Shares allocated to such applicants will be registered in the name of HKSCC Nominees Limited and deposited directly into CCASS for credit to their designated CCASS Participant's stock account. Applicants applying as a CCASS Investor Participant should check the results made available by the

Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 2 March, 2006 or such other date as shall be determined by HKSCC or HKSCC Nominees Limited. Immediately after the credit of the Public Offer Shares to their stock account, applicants applying as a CCASS Investor Participant can check their new account balance via the CCASS Phone System or CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to applicants applying as a CCASS Investor Participant an activity statement showing the number of Public Offer Shares credited to their stock account. If you are applying by giving **electronic application instructions** to HKSCC to apply on your behalf, all refunds are expected to be credited to your designated bank account (if you are applying as a CCASS Investor Participant) or the designated bank account of your broker or custodian (if you are applying through a CCASS Broker Participant or CCASS Custodian Participant) on Thursday, 2 March, 2006.

PINK Application Forms can be collected from the Company Secretary, Ms. Cheng Wai Chu, Judy, at the Company's head office and principal place of business in Hong Kong at 3129-3140, 31/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. Completed **PINK** Application Forms, with a cheque or banker's cashier order attached, must be returned to the Company Secretary, Ms. Cheng Wai Chu, Judy, at the Company's head office and principal place of business in Hong Kong at 3129-3140, 31/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong by 4:00 p.m. on Wednesday, 22 February, 2006. The Share certificate(s) and/or refund cheque(s) for applicants who apply on **PINK** Application Forms will be sent to the addresses stated on their Application Forms on the date of despatch (which is expected to be Thursday, 2 March, 2006) by ordinary post and at their own risk.

Applicants who would like the allotted Public Offer Shares registered in their own names should complete and sign the **WHITE** Application Forms. Applicants who would like to have the allotted Public Offer Shares registered in the name of HKSCC Nominees Limited and deposited directly into CCASS for credit to their designated CCASS Participants' stock accounts should either (i) complete and sign the **YELLOW** Application Forms, copies of which, together with the Prospectus, may be obtained during normal business hours from 9:00 a.m. on Monday, 20 February, 2006 until 12:00 noon on Thursday, 23 February, 2006 at the Depository Counter of HKSCC, at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong or the Customer Service Centre of HKSCC at Upper Ground Floor, V-Heun Building, 128-140 Queen's Road Central, Hong Kong, or (ii) arrange to give **electronic application instructions** to HKSCC.

Copies of the Prospectus, together with **WHITE** Application Forms, may be obtained during normal business hours in the same period from:

1. Any participant of the Stock Exchange; or
2. **BNP Paribas Peregrine Capital Limited**, 61st Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong; or
3. **BOCI Asia Limited**, 26th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong; or
4. **Merrill Lynch Far East Limited**, 17th Floor, ICBC Tower, 3 Garden Road, Central, Hong Kong; or
5. **BCOM Securities Company Limited**, 3rd Floor, Far East Consortium Building, 121 Des Voeux Road, Central, Hong Kong; or
6. **CITIC Capital Markets Limited**, 26th Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong; or
7. **DBS Asia Capital Limited**, 22nd Floor, The Center, 99 Queen's Road Central, Hong Kong; or
8. **First Shanghai Securities Limited**, 19th Floor, Wing On House, 71 Des Voeux Road Central, Central, Hong Kong; or
9. **Guotai Junan Securities (Hong Kong) Limited**, 27th Floor, Low Block, Grand Millennium Plaza, 181 Queen's Road, Central, Hong Kong; or

10. **Kim Eng Securities (Hong Kong) Limited**, Room 1901, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong; or
11. **Pacific Foundation Securities Limited**, 11th Floor, New World Tower II, 16–18 Queen’s Road Central, Central, Hong Kong; or
12. **Phillip Securities (Hong Kong) Limited**, 11th–12th Floors, United Centre, 95 Queensway, Hong Kong; or
13. **Tai Fook Securities Company Limited**, 25th Floor, New World Tower, 16–18 Queen’s Road Central, Hong Kong; or
14. any of the following branches of **Bank of China (Hong Kong) Limited**:

Branches	Address	Branches	Address	Branches	Address
<i>Hong Kong Island</i>		<i>Kowloon</i>		<i>New Territories</i>	
Bank of China Tower Branch	3/F, 1 Garden Road	Mong Kok (President Commercial Centre) Branch	608 Nathan Road, Mong Kok	Castle Peak Road (Tsuen Wan) Wealth Management Centre	167 Castle Peak Road, Tsuen Wan
Central District (Wing On House) Branch	71 Des Voeux Road Central	To Kwa Wan Branch	80N To Kwa Wan Road, To Kwa Wan	Lucky Plaza Branch	Lucky Plaza, Wang Pok Street, Shatin
409 Hennessy Road Branch	409–415 Hennessy Road, Wan Chai	Humphrey’s Avenue Branch	4–4A Humphrey’s Avenue, Tsim Sha Tsui	Tuen Mun Town Plaza Branch	Shop 2, Tuen Mun Town Plaza Phase II
Taikoo Shing Branch	Shop G1006–7, Hoi Sing Mansion, Taikoo Shing	Kowloon Plaza Branch	Unit 1, Kowloon Plaza, 485 Castle Peak Road		
Shek Tong Tsui Branch	534 Queen’s Road West, Shek Tong Tsui	Diamond Hill Branch	G107 Plaza Hollywood, Diamond Hill		
North Point (Kiu Fai Mansion) Branch	413–415 King’s Road, North Point	Kwun Tong Branch	20–24 Yue Man Square, Kwun Tong		

15. any of the following branches of **Standard Chartered Bank (Hong Kong) Limited:**

Branches	Address	Branches	Address	Branches	Address
<i>Hong Kong Island</i>		<i>Kowloon</i>		<i>New Territories</i>	
Central Branch	Shop No 16, G/F & LG/F, New World Tower, 16–18 Queen’s Road Central, Central	Kwun Tong Branch	88–90 Fu Yan Street, Kwun Tong	Tsuen Wan Branch	Shop C G/F & 1/F, Jade Plaza, No. 298 Sha Tsui Road, Tsuen Wan
DVR Branch	Standard Chartered Bank Building, 4–4A Des Voeux Road Central, Central	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617–623 Nathan Road, Mongkok	Shatin Centre Branch	Shop 32C, Level 3, Shatin Shopping Arcade, Shatin Centre, 2–16 Wang Pok Street, Shatin
88 DVR Branch	88 Des Voeux Road Central, Central	Tsimshatsui Branch	10 Granville Road, Tsimshatsui		
Leighton Centre Branch	Shop 12–16, UG/F Leighton Centre, 77 Leighton Road, Causeway Bay	Cheung Sha Wan Branch	828 Cheung Sha Wan Road, Cheung Sha Wan		
Hennessy Road Branch	399 Hennessy Road, Wanchai	Telford Gardens Branch	Shop P9–12, Telford Centre, Telford Gardens, Tai Yip Street, Kwun Tong		
Quarry Bay Branch	G/F, Westlands Gardens, 1027 King’s Road, Quarry Bay	San Po Kong Branch	Shop A, G/F, Perfect Industrial Building, 31 Tai Yau Street, San Po Kong		
North Point Centre Branch	North Point Centre, 284 King’s Road, North Point	Yaumati Branch	546–550 Nathan Road, Yaumati		

Both **WHITE** and **YELLOW** Application Forms completed in all respects (to which cheques or banker’s cashier orders should be securely stapled) should be deposited in the special collection boxes provided at any of the branches referred to above at the following times on the following dates:

Monday, 20 February, 2006 — 9:00 a.m. to 4:00 p.m.
Tuesday, 21 February, 2006 — 9:00 a.m. to 4:00 p.m.
Wednesday, 22 February, 2006 — 9:00 a.m. to 4:00 p.m.
Thursday, 23 February, 2006 — 9:00 a.m. to 12:00 noon

Time for inputting electronic application instructions via CCASS terminals or CCASS Phone System/CCASS Internet System

CCASS Broker Participants and CCASS Custodian Participants can input **electronic application instructions** at the following times:

Monday, 20 February, 2006	— 9:00 a.m. to 8:30 p.m.⁽¹⁾
Tuesday, 21 February, 2006	— 8:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, 22 February, 2006	— 8:00 a.m. to 8:30 p.m.⁽¹⁾
Thursday, 23 February, 2006	— 8:00 a.m.⁽¹⁾ to 12:00 noon

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Broker Participants or CCASS Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 20 February, 2006 until 12:00 noon on Thursday, 23 February, 2006 (24 hours daily, except on the last application date).

A CCASS Investor Participant may give **electronic application instructions** to HKSCC through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System at <https://ip.ccass.com> (according to the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) or go to HKSCC's Customer Service Centre at Upper Ground Floor, V-Heun Building, 128–140 Queen's Road Central, Hong Kong and complete an input request form. Prospectuses are also available for collection at the Customer Service Centre of HKSCC from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Broker Participant or a CCASS Custodian Participant to give **electronic application instructions** to HKSCC via CCASS terminals to apply for Public Offer Shares.

The application lists will open from 11:45 a.m. to 12:00 noon on Thursday, 23 February, 2006 (or such later date as may apply in case of certain bad weather conditions as described under the paragraph headed "When to apply for the Public Offer Shares" in the section headed "How to apply for the Public Offer Shares" in the Prospectus).

Subject to the terms and conditions set out in the Prospectus and the Application Forms relating thereto, applications made on **WHITE** or **YELLOW** Application Forms, or by giving **electronic application instruction** to HKSCC, must be received no later than 12:00 noon on Thursday, 23 February, 2006 (or if the application lists are not open on that day, then by 12:00 noon on the day the lists are open), and applications made on **PINK** Application Forms must be returned to the Company Secretary no later than 4:00 p.m. on Wednesday, 22 February, 2006. Please see the section headed "How to apply for Public Offer Shares" in the Prospectus for further details.

For allocation purposes only, the Public Offer Shares (after taking into account any adjustment in the number of Offer Shares allocated between the Public Offering and the International Placing and after deducting the number of Public Offer Shares validly applied for under the employee preferential offering using PINK Application Forms) will be divided equally into two pools of 45,000,000 Shares each: pool A and pool B, both of which are available on an equitable basis to successful applicants. The Public Offer Shares in pool A will be allocated on an equitable basis to successful applicants who have applied for Public Offer Shares with a total subscription amount of HK\$5 million or less (excluding brokerage of 1%, SFC transaction levy of 0.005% and Stock Exchange trading fee of 0.005% payable). The Public Offer Shares in pool B will be allocated on an equitable basis to successful applicants who have applied for Public Offer Shares with a total subscription amount of more than HK\$5 million and up to the total value of pool B (excluding brokerage of 1%, SFC transaction levy of 0.005% and Stock Exchange trading fee of 0.005% payable). Applicants should be aware that applications in different pools may receive different allocation ratios. Where one but not both of the pools is undersubscribed, the surplus Public Offer

Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from either pool A or pool B but not from both pools and may only apply for Public Offer Shares in either pool A or pool B.

It is expected that the level of interest in the Public Offering and the International Placing, basis of allotment, the Offer Price, the results of applications under the Public Offering and the number of the Public Offer Shares successfully applied for will be published on Thursday, 2 March, 2006 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese).

As at the date of this announcement, the directors of the Company are Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Wang Hai Ying, Mr. Lau Chun Shun**, Ms. Tam Wai Chu, Maria***, Mr. Chung Shui Ming, Timpson***, Dr. Cheng Chi Pang, Leslie*** and Mr. Wang Hong Bo***.

By order of the Board of Directors
Cheung Yan
Chairman

* *for identification only*

** *Non-executive Director*

*** *Independent non-executive Directors*

Hong Kong, 20 February, 2006

*Please also refer to the published version of this announcement in **South China Morning Post**.*