

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims 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 otherwise defined herein, terms defined in the prospectus dated 20 February 2006 (the "Prospectus") issued by Nine Dragons Paper (Holdings) Limited (the "Company") have the same meanings when used in this announcement.



**玖龍紙業(控股)有限公司\***

**NINE DRAGONS PAPER (HOLDINGS) LIMITED**

(incorporated in Bermuda with limited liability)

(Stock Code: 2689)

## EXERCISE OF THE OVER-ALLOTMENT OPTION

- The Company announces that the Over-allotment Option referred to in the Prospectus was exercised in full by BNP Paribas Peregrine Capital Limited and Merrill Lynch Far East Limited on 3 March 2006 in respect of 150,000,000 additional Shares, solely to cover over-allocations in the International Placing.
- 150,000,000 Over-allotment Shares will be issued and allotted by the Company at HK\$3.40 per Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee), being the Offer Price per Share under the Global Offering. The net proceeds from the issue of the Over-allotment Shares are approximately HK\$490 million, after deducting expenses (comprising principally of underwriting commission, the Stock Exchange trading fee and SFC transaction levy).

The Company announces that the Over-allotment Option referred to in the Prospectus was exercised in full by BNP Paribas Peregrine Capital Limited and Merrill Lynch Far East Limited on Friday, 3 March 2006 in respect of the Over-allotment Shares (representing 15% of the Shares initially offered under the Global Offering), solely to cover over-allocations in the International Placing. 150,000,000 Over-allotment Shares will be issued and allotted by the Company at HK\$3.40 per Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee), being the Offer Price per Share under the Global Offering.

Merrill Lynch Far East Limited has borrowed 150,000,000 Shares from Best Result pursuant to the stock borrowing arrangement between Best Result and Merrill Lynch Far East Limited to cover over-allocations in the International Placing. The Over-allotment Shares will be returned and redelivered to Best Result by Merrill Lynch Far East Limited following the allotment and issue of the Over-allotment Shares pursuant to such arrangements.

After the issue of the Over-allotment Shares, 27.7% of the issued share capital of the Company will be held in public hands.

Listing of and permission to deal in the Over-allotment Shares have already been granted by the Listing Committee of the Stock Exchange. Dealings in the Over-allotment Shares are expected to commence on the Main Board of the Stock Exchange at 9:30 a.m. on Wednesday, 8 March 2006.

The shareholding structure of the Company immediately before and after the issue of the Over-allotment Shares is as follows:

	Immediately before the issue of Over-allotment Shares		Immediately after the issue of Over-allotment Shares	
	Number of Shares	Approximate percentage of issued share capital	Number of Shares	Approximate percentage of issued share capital
<b>Shareholders</b>				
Best Result	2,986,800,000 <i>Note 1</i>	74.7%	2,986,800,000 <i>Note 2</i>	72.0%
Max Dragon	13,200,000	0.3%	13,200,000	0.3%
Public shareholders	1,000,000,000	25.0%	1,150,000,000	27.7%
Total number of Shares	<u>4,000,000,000</u>	<u>100%</u>	<u>4,150,000,000</u>	<u>100%</u>

Notes:

- (1) Including the 150,000,000 Shares lent to Merrill Lynch Far East Limited pursuant to the stock borrowing arrangement
- (2) Including the 150,000,000 Over-allotment Shares returned and redelivered pursuant to the stock borrowing arrangement

The net proceeds from the issue of the Over-allotment Shares are approximately HK\$490 million, after deducting expenses (comprising principally of underwriting commission, the Stock Exchange trading fee and SFC transaction levy). The Directors intend to use the such additional net proceeds to fund the Group's capital expenditure and repay debt obligations.

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\*\*\* and Mr. Wang Hong Bo\*\*\*.

\* for identification only

\*\* Non-executive Director

\*\*\* Independent non-executive Directors

By order of the Board  
**Cheung Yan**  
Chairman

Hong Kong 3 March 2006

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