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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, 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 circular.

**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **NINE DRAGONS PAPER (HOLDINGS) LIMITED**, you should at once hand this circular and the form of proxy enclosed with this circular to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

### GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

#### RE-ELECTION OF RETIRING DIRECTORS

AND

#### NOTICE OF ANNUAL GENERAL MEETING

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A notice convening the annual general meeting of **Nine Dragons Paper (Holdings) Limited** to be held at Chief Executive Suites II and III, 5th Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Friday, 17th November, 2006 at 2:00 p.m. is set out on pages 17 to 20 of this circular. **A form of proxy for use by the Shareholders at the annual general meeting is enclosed. Whether or not you intend to attend and vote at the annual general meeting**, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

\* *For identification purposes only*

9th October, 2006

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Chief Executive Suites II and III, 5th Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Friday, 17th November, 2006 at 2:00 p.m., notice of which is set out on pages 17 to 20 of this circular
“Best Result”	Best Result Holdings Limited, a company incorporated under the laws of British Virgin Islands whose issued share capital is held as to approximately 37.1% by Ms. Cheung Yan as the trustee and HSBC Bank USA, National Association as the administrative trustee of YC 2006 QuickGRAT, as to approximately 37.1% by Ms. Cheung Yan and Mr. Liu Ming Chung as the trustees and the special trustees and Bank of The West as the trustee of MCL Living Trust, as to approximately 10.0% by BNP Paribas Jersey Trust Corporation Limited as the trustee of The Zhang Family Trust and as to approximately 15.8% by BNP Paribas Jersey Trust Corporation Limited as the trustee of The Golden Nest Trust
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Company”	Nine Dragons Paper (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“General Mandates”	the Share Repurchase Mandate and the general mandate to issue Shares to be sought at the Annual General Meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Latest Practicable Date”	5th October, 2006, being the latest practicable date for ascertaining certain information in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ordinary Share Capital”	the issued share capital of the Company
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by the Company with effect from 1st January, 2006
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Repurchase Mandate”	the proposed new general mandate to be sought at the Annual General Meeting to authorize the Directors to repurchase the Shares in the manner as set out in the notice of the Annual General Meeting
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Ms. Cheung Yan (*Chairman*)

Mr. Liu Ming Chung

*(Deputy Chairman and Chief Executive Officer)*

Mr. Zhang Cheng Fei

*(Deputy Chief Executive Officer)*

Ms. Gao Jing

Mr. Wang Hai Ying

*Non-executive Director:*

Mr. Lau Chun Shun

*Independent non-executive Directors:*

Ms. Tam Wai Chu, Maria

Mr. Chung Shui Ming, Timpson

Dr. Cheng Chi Pang

Mr. Wang Hong Bo

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Principal place of business*

*in Hong Kong:*

Room 3129, 31/F

Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

9th October, 2006

*To the Shareholders and, for information only,  
holders of the share options*

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES  
RE-ELECTION OF RETIRING DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the Annual General Meeting relating to: (a) the granting to the Directors the Share Repurchase Mandate and the General Mandate to issue Shares; and (b) the re-election of retiring Directors.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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### **GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES**

Ordinary resolutions will be proposed at the Annual General Meeting to authorize the Directors, inter alia, (i) to exercise the powers of the Company to allot and issue Shares not exceeding 20% of the Ordinary Share Capital as at the date of the passing of such resolution; (ii) to repurchase Shares not exceeding 10% of the issued Ordinary Share Capital, as at the date of the passing of such resolution; and (iii) to extend the general mandate to issue the Shares by the number of Shares purchased under the Share Repurchase Mandate.

The Directors believe that it is in the interests of the Company and the Shareholders as a whole if the General Mandates are granted at the Annual General Meeting. The General Mandates provide the Directors with flexibility to issue Shares especially in the context of a fund raising exercise or a transaction involving an acquisition by the Company where Shares are to be issued as consideration and which has to be completed speedily. However, as at the Latest Practicable Date, the Directors have no present intention of any acquisition by the Company nor any plan for raising capital by issuing any new Shares.

An explanatory statement providing all the information required under the Listing Rules concerning the Share Repurchase Mandate is set out in the Appendix I to this circular.

### **RE-ELECTION OF RETIRING DIRECTORS**

Pursuant to Bye-law 87, all the directors will retire from office by rotation at the Annual General Meeting. All retiring Directors, being eligible for re-election, will offer themselves for re-election at the Annual General Meeting.

Brief biographical and other details of the retiring Directors offering themselves for re-election, which are required to be disclosed under the Listing Rules, are set out in the Appendix II to this circular in accordance with the terms of the guidelines.

### **ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting is set out on pages 17 to 20 of this circular at which resolutions will be proposed, inter alia, to approve the grant of the General Mandates. A form of proxy for use by the shareholders at the Annual General Meeting is enclosed. Whether or not you intend to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

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## LETTER FROM THE BOARD

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### PROCEDURE FOR DEMANDING A POLL

Pursuant to Bye-law 66 of the Bye-laws, at any general meeting a resolution put to the vote at the meeting shall be determined by a show of hands of the members present in person or by a duly authorized corporate representative or by proxy entitled to vote unless voting by way of a poll is required by the rules of the Designated Stock Exchange or a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (a) by the Chairman of the meeting; or
- (b) by at least three members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

In accordance with the requirements of the Listing Rules, the results of the poll will be published by way of an announcement in the local newspapers on the business day following the meeting.

### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors consider that the grant of the General Mandates is in the best interest of the Company and the Shareholders as a whole and recommend Shareholders to vote in favour of all resolutions to be proposed at the Annual General Meeting.

Yours faithfully,  
For and on behalf of  
**Nine Dragons Paper (Holdings) Limited**  
**Cheung Yan**  
*Chairman*

This is an explanatory statement given to the Shareholders relating to a resolution authorising the Company to repurchase its own Shares proposed to be passed by the Shareholders by means of an ordinary resolution at the Annual General Meeting. This explanatory statement contains a summary of the information required pursuant to rule 10.06 of the Listing Rules which is set out as follows:

## **SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 4,150,000,000 Shares of HK\$0.10 each. Subject to the passing of the ordinary resolution granting the Share Repurchase Mandate and assuming no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Share Repurchase Mandate to repurchase a maximum of 415,000,000 Shares, representing 10% of the issued share capital of the Company.

## **REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole for the Directors to have a general authority from the Shareholders to enable the Directors to purchase the Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will benefit the Company and the Shareholders.

## **FUNDING OF REPURCHASES**

The repurchase of Shares shall be made with funds legally available for such purpose in accordance with the Company's memorandum of association and the Bye-laws and the applicable laws of Bermuda. Under Bermuda law, repurchases may only be effected out of the capital paid up on the purchased Shares or out of funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account before the Shares are repurchased. It is envisaged that the funds required for any repurchase would be derived from such sources.

As compared to the financial position of the Company as at 30th June, 2006 (being the date of the Company's latest audited accounts), the Directors consider that the repurchases of Shares will have no material adverse impact on the working capital and the gearing position of the Company in the event that the Share Repurchase Mandate were to be exercised in full at any time during the proposed repurchase period. The Directors do not propose to exercise the Share Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS**

None of the Directors or, to the best of their knowledge having made all reasonable enquiries any of their associates, as defined in the Listing Rules, has any present intention, in the event that the Share Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.

No connected person, as defined in the Listing Rules, has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Share Repurchase Mandate is approved by the Shareholders.

**UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Share Repurchase Mandate in accordance with the Listing Rules, the Bye-laws and the applicable laws of Bermuda.

**SHARE REPURCHASE MADE BY THE COMPANY**

The Company had not purchased any Shares, whether on the Stock Exchange or otherwise, in the six months preceding the Latest Practicable Date.

**GENERAL**

If as a result of a repurchase of Shares an ordinary shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purpose of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of ordinary shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

If the Company was to repurchase Shares up to the permitted maximum of 10% of the issued Ordinary Share Capital, such parties may together with any other parties acting in concert with them become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Best Result held 2,986,800,000 Shares representing approximately 71.97% interest in the issued Ordinary Share Capital. On the basis that no further Shares are issued or repurchased and that there is no change in Best Result's shareholding in the Company, in the event that the Share Repurchase Mandate is exercised in full, the shareholding of Best Result would be increased to approximately 79.97% of the issued Ordinary Share Capital. Such Increase would not give rise to an obligation to make a mandatory offer for all Shares not already owned by Best Result or its concert parties under Rule 26 of the Takeovers Code. Any repurchase of Shares which would result in the amount of Shares held by the public being reduced to less than 25% could only be implemented with

the agreement of the Stock Exchange. Except in extraordinary circumstances, such agreement would not normally be given by the Stock Exchange. The Directors have no present intention to exercise the Share Repurchase Mandate to an extent which will result in the amount of Shares held by the public being reduced to less than 25%. The Stock Exchange has stated that if less than 25% of the Ordinary Share Capital of the Company are in public hands, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend the dealing in Shares.

### **PRICES OF THE SHARES**

The highest and lowest prices at which the Shares were traded on the Stock Exchange since March 2006 were as follows:

	<b>Highest</b> <i>(HK\$)</i>	<b>Lowest</b> <i>(HK\$)</i>
<b>2006</b>		
March*	5.55	4.47
April	7.00	5.15
May	7.25	5.85
June	6.45	5.25
July	6.65	6.00
August	7.35	6.01
September (up to the Latest Practicable Date)	9.07	6.80

\* The Company was listed on the Stock Exchange on 3rd March, 2006.

The following are the particulars of the Directors proposed to be re-elected at the Annual General Meeting to be held on 17th November, 2006:

(1) *Ms. Cheung Yan*, 49, has been the Chairman of the Company since 6th February, 2006. She is a founder and is in charge of overall corporate development and strategic planning of the Group. Ms. Cheung has nearly 8 years of experience in industrial accounting, 10 years of experience in paper manufacturing and nearly 20 years of experience in recovered paper recycling and international trade. Ms. Cheung is a member of the National Committee of the Chinese People's Political Consultative Conference and the vice chairman of the Women's Federation of Commerce of the All-China Federation of Industry and Commerce. Ms. Cheung is also an honorary citizen of the City of Dongguan, Guangdong Province, China. She was awarded the esteemed title of "Worldwide Chinese Ambassador of Love" (「世界華人愛心大使」) in September 2006. Ms. Cheung is the wife of Mr. Liu Ming Ching, the sister of Mr. Zhang Cheng Fei and the mother of Mr. Lau Chun Shun. Save as disclosed above, Ms. Cheung does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Ms. Cheung had following interest within the meaning of Part XV of the SFO, representing (i) 2,986,800,000 Shares through interest in controlled corporation; (ii) 16,923,315 underlying Shares in respect of the Pre-IPO Share Option Scheme granted by the Company to her as beneficial owner; and (iii) 16,914,184 underlying Shares in respect of the Pre-IPO Share Option Scheme granted by the Company to her spouse, Mr. Liu Ming Chung.

Ms. Cheung has a service contract for a term of three years with the Company which may be terminated, by either side, on six months' notice. She is subject to retirement by rotation and will be eligible for re-election at the annual general meeting of the Company pursuant to the Bye-Laws. The director's fee specified in the service agreement is RMB1,800,000.00 per annum. Such emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Save as disclosed above, she does not entitle to other forms of remuneration and benefits.

Save as disclosed above, there are no other matters concerning Ms. Cheung that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

(2) *Mr. Liu Ming Chung*, 44, has been the Deputy Chairman and Chief Executive Officer of the Company since 6th February, 2006. He is a founder of the Group and is responsible for the overall corporate management and planning, the development of new manufacturing technologies, the procurement of production equipment as well as human resources management of the Group. Mr. Liu also assists the Chairman in government relations. Mr. Liu has over 15 years of experience in international trade and over 7 years of experience in corporate management. Mr. Liu is an honorary citizen of the City of Dongguan, Guangdong Province, China. Mr. Liu graduated with a bachelor's degree in Dental Surgery from the University of Santo Amaro in 1983.

Mr. Liu is the husband of Ms. Cheung Yan, the brother-in-law of Mr. Zhang Cheng Fei and the father of Mr. Lau Chun Shun. Save as disclosed above, Mr. Liu does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Mr. Liu had following interest within the meaning of Part XV of the SFO, representing (i) 2,986,800,000 Shares through interest in controlled corporation; (ii) 16,914,184 underlying Shares in respect of the Pre-IPO Share Option Scheme granted by the Company to him as beneficial owner; and (iii) 16,923,315 underlying Shares in respect of the Pre-IPO Share Option Scheme granted by the Company to his spouse, Ms. Cheung Yan.

Mr. Liu has a service contract for a term of three years with the Company which may be terminated, by either side, on six months' notice. He is subject to retirement by rotation and will be eligible for re-election at the annual general meeting of the Company pursuant to the Bye-Laws. The director's fee specified in the service agreement is RMB3,200,000.00 per annum. Such emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Save as disclosed above, he does not entitle to other forms of remuneration and benefits.

Save as disclosed above, there are no other matters concerning Mr. Liu that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

(3) *Mr. Zhang Cheng Fei*, 38, has been the Executive Director and Deputy Chief Executive Officer of the Company since 6th February, 2006. He is a founder and is responsible for the overall management of the operations and business of the Group including marketing and distribution, finance, procurement, sales and IT departments. Mr. Zhang has over 12 years of experience in procurement, marketing and distribution. Mr. Zhang is the younger brother of Ms. Cheung Yan, Mr. Liu Ming Chung's brother-in-law and the uncle of Mr. Lau Chun Shun. Save as disclosed above, Mr. Zhang does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Mr. Zhang had personal interests in 11,814,821 underlying Shares in respect of the share options granted by the Company to him as beneficial owner under the Pre-IPO Share Option Scheme.

Mr. Zhang has a service contract for a term of three years with the Company which may be terminated, by either side, on six months' notice. He is subject to retirement by rotation and will be eligible for re-election at the annual general meeting of the Company pursuant to the Bye-Laws. The director's fee specified in the service agreement is RMB3,000,000.00 per annum. Such emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Save as disclosed above, he does not entitle to other forms of remuneration and benefits.

Save as disclosed above, there are no other matters concerning Mr. Zhang that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

(4) *Ms. Gao Jing*, 43, has been an Executive Director of the Company since 6th July, 2006. She joined the Group in June 1996 and has 10 years of experience in cost auditing of raw materials and the purchasing of recovered paper. She served as the Group's Financial Manager and was promoted as the Head of the Group's Import Purchasing Department in July 2006. Ms. Gao graduated from Liaoning Broadcasting Television University with a diploma in Electrical Engineering. The spouse of Ms. Gao, Mr. Huang Tie Min, is a senior management of the Group who serves as the deputy general manager of the Group in charge of engineering.

Save as disclosed above, Ms. Gao has no other relationships with any Director, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Ms. Gao had following interest within the meaning of Part XV of the SFO, representing (i) 500,000 underlying Shares in respect of the Pre-IPO Share Option Scheme granted by the Company to her as beneficial owner; and (ii) 2,000,000 underlying Shares in respect of the Pre-IPO Share Option Scheme granted by the Company to her spouse.

Ms. Gao has a service contract for a term of one year with the Company which may be terminated, by either side, on three months' notice. She is subject to retirement by rotation and will be eligible for re-election at the annual general meeting of the Company pursuant to the Bye-Laws. The director's fee specified in the service agreement is RMB480,000 per annum. Such emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Save as disclosed above, she does not entitle to other forms of remuneration and benefits.

Save as disclosed above, there are no other matters concerning Ms. Gao that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

(5) *Mr. Wang Hai Ying*, 34, has been an Executive Director of the Company since 6th February, 2006. Mr. Wang has approximately 9 years of experience in international import and export trading. Mr. Wang joined Dongguan Nine Dragons Paper Industries Co., Ltd. ("Dongguan Nine Dragons") as a procurement officer in June 1999 and was promoted to the Head of the Group's Import Purchasing Department in January 2003. Prior to joining Dongguan Nine Dragons, Mr. Wang worked for an American transportation company in Dalian for more than 2 years and was responsible for import of materials. Mr. Wang graduated from Jilin University with a bachelor's degree in English.

Mr. Wang does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Mr. Wang did not have any interests in Shares within the meaning of Part XV of the SFO. Mr. Wang has a service contract for a term of one year with the Company which may be terminated, by either side, on three months' notice. He is subject to retirement by rotation and will be eligible for re-election at the annual general meeting of the Company pursuant to the Bye-Laws. The director's fee specified in the service agreement is RMB456,000.00 per annum. Such emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Save as disclosed above, he does not entitle to other forms of remuneration and benefits.

Save as disclosed above, there are no other matters concerning Mr. Wang that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

(6) *Mr. Lau Chun Shun*, 25, has been an Non-executive Director of the Company since 6th February, 2006. Mr. Lau graduated at the University of California, Davis, with a bachelor's degree in Economics and is currently pursuing a master degree in Financial Engineering at the Columbia University. Mr. Lau worked for the Group as a management trainee in the production department of the Group during each of the summers from 2002 to 2004. During his traineeship, Mr. Lau assisted the management team in its supervision of the daily operation of the Group and has gained an understanding of the Group's overall businesses and operations. Mr. Lau is the son of Ms. Cheung Yan and Mr. Liu Ming Chung and the nephew of Mr. Zhang Cheng Fei. Saved as disclosed above, he does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Mr. Lau did not have any interests in Shares within the meaning of Part XV of the SFO. Mr. Lau has an appointment letter for a term of one year with the Company and is subject to retirement by rotation and will be eligible for re-election at the annual general meeting of the Company pursuant to the Bye-Laws. Mr. Lau did not receive any director's fee under the appointment letter. Save as disclosed above, he does not entitle to other forms of remuneration and benefits.

Save as disclosed above, there are no other matters concerning Mr. Lau that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

(7) *Ms. Tam Wai Chu*, Maria, GBS, JP, 60, has been an Independent Non-Executive Director of the Company since 6th February, 2006. She is a board member of the Urban Renewal Authority, and serves as Non-Executive Director of East Asia Satellite Television Limited, East Asia Satellite Television (Holding) Limited, eSun Holdings Limited and Ryoden Engineering Company Limited and Independent Non-Executive Director of Guangnan (Holdings) Limited, Onfem Holdings Limited, Sa Sa International Holdings Limited, Sinopec Kantons Holdings Limited, Titan Petrochemicals Group Limited, Tong Ren Tang Technologies,

Co., Ltd. and Wing On Company International Limited. Ms. Tam is a Deputy to the PRC National People's Congress, a member of the Preparatory Committee for the Hong Kong Special Administrative Region and Hong Kong Affairs Advisor, a member of the Advisory Committee on Corruption of the Independent Commission Against Corruption. She is qualified as a barrister-at-law at Gray's Inn, London and has practice experience in Hong Kong.

Ms. Tam does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Ms. Tam had personal interest in 1,166,670 underlying Shares in respect of the share options granted by the Company to her as beneficial owner under the Pre-IPO Share Option Scheme.

Ms. Tam has an appointment letter for a term of one year with the Company. She is subject to retirement by rotation and will be eligible for re-election at the annual general meeting of the Company pursuant to the Bye-Laws. The director's fee specified in the appointment letter is HK\$480,000 per annum. Such emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Save as disclosed above, she does not entitle to other forms of remuneration and benefits.

Save as disclosed above, there are no other matters concerning Ms. Tam that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

(8) *Mr. Chung Shui Ming*, Timpson, GBS, JP, 54, has been an Independent Non-Executive Director of the Company since 6th February, 2006. Mr. Chung is an Independent Non-Executive Director and Chairman of the audit committee of China Netcom Group Corporation (Hong Kong) Limited, Tai Shing International (Holdings) Limited and Miramar Hotel and Investment Company, Ltd. and an Independent Non-Executive Director of Glorious Sun Enterprises Limited. Mr. Chung is also an Executive Director, Deputy Chairman and Managing Director of Hantec Investment Holdings Limited.

In addition, Mr. Chung is a member of the National Committee of the 10th Chinese People's Political Consultative Conference, Chairman of the council of the City University of Hong Kong and member of the Hong Kong Housing Authority and Chairman of its Finance Sub-Committee. Mr. Chung was previously an Executive Director and CEO of Shimao International Holdings Limited, an Independent Non-Executive Director of Stockmartnet Holdings Limited, Extrawell Pharmaceutical Holdings Limited, the Chairman of the Hong Kong Housing Society and the Director of China Rich Holdings Limited. Mr. Chung obtained a bachelor's degree in Science from the University of Hong Kong and a master's degree in Business Administration from the Chinese University of Hong Kong. Mr. Chung is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mr. Chung does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Mr. Chung had personal interest in 1,166,670 underlying Shares in respect of the share options granted by the Company to him as beneficial owner under the Pre-IPO Share Option Scheme.

Mr. Chung has an appointment letter for a term of one year with the Company. He is subject to retirement by rotation and will be eligible for re-election at the annual general meeting of the Company pursuant to the Bye-Laws. The director's fee specified in the appointment letter is HK\$480,000 per annum. Such emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Save as disclosed above, he does not entitle to other forms of remuneration and benefits.

Save as disclosed above, there are no other matters concerning Mr. Chung that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

(9) *Dr. Cheng Chi Pang*, 49, has been an Independent Non-Executive Director of the Company since 6th February, 2006. He holds a bachelor's degree in Business, a master's degree in Business Administration and a doctorate degree of philosophy in Business Management. Dr. Cheng is an associate member of the Hong Kong Institute of Certified Public Accountants, Institute of Chartered Accountants in England and Wales, the Australian Society of Certified Practising Accountants, the Taxation Institute of Hong Kong and a fellow member of the Hong Kong Institute of Directors. He is a Certified Public Accountant practicing in Hong Kong and has approximately 25 years of experience in auditing, business advisory and financial management.

Dr. Cheng joined the New World Group in 1992 and was chief executive and group financial controller of NWS Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange. He is now the chairman of the Supervisory Board of The Macao Water Supply Company Limited. Prior to joining the New World Group, he was a senior manager of Price Waterhouse, now PricewaterhouseCoopers. Dr. Cheng is currently the senior partner of Leslie Cheng & Co. Certified Public Accountants, the Chief Executive Officer of L & E Consultants Limited, a non-executive director of Wai Kee Holdings Limited and Build King Holdings Limited and an Independent Non-Executive Director and Chairman of the audit committee of China Ting Group Limited, Tianjin Port Development Holdings Limited and Fortune Sun (China) Holdings Limited.

Dr. Cheng does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Dr. Cheng had personal interest in 1,166,670 underlying Shares in respect of the share options granted by the Company to him as beneficial owner under the Pre-IPO Share Option Scheme.

Dr. Cheng has an appointment letter for a term of one year with the Company. He is subject to retirement by rotation and will be eligible for re-election at the annual general meeting of the Company pursuant to the Bye-Laws. The director's fee specified in the appointment letter is HK\$480,000 per annum. Such emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Save as disclosed above, he does not entitle to other forms of remuneration and benefits.

Save as disclosed above, there are no other matters concerning Dr. Cheng that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

(10) *Mr. Wang Hong Bo, 52*, has been an Independent Non-Executive Director of the Company since 6th February, 2006. Mr. Wang has extensive experience and expertise in the paper industry in China and was appointed as the Deputy Head of Yantai Packaging Decoration Factory in 1990.

Mr. Wang does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Mr. Wang did not have any interests in Shares within the meaning of Part XV of the SFO.

Mr. Wang has an appointment letter for a term of one year with the Company. He is subject to retirement by rotation and will be eligible for re-election at the annual general meeting of the Company pursuant to the Bye-Laws. The director's fee specified in the appointment letter is RMB240,000 per annum. Such emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Save as disclosed above, he does not entitle to other forms of remuneration and benefits.

Save as disclosed above, there are no other matters concerning Mr. Wang that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

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## NOTICE OF ANNUAL GENERAL MEETING

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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)**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Shareholders of the Company will be held at Chief Executive Suites II and III, 5th Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Friday, 17th November, 2006 at 2:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 30th June, 2006.
2. To declare the final dividend for the year ended 30th June, 2006.
3. To re-elect retiring directors and to fix the directors' remuneration.
4. To re-appoint auditors and to authorise the board of directors to fix their remuneration.
5. As special business, to consider and, if thought fit, to pass the following resolutions as ordinary resolution of the Company:

(A) **“THAT:**

- (i) subject to sub-paragraph (iii) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws and the bye-laws of the Company, be and is hereby generally and unconditionally approved;
- (ii) the approval in sub-paragraph (i) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (iii) the aggregate nominal amount of the share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the

\* For identification purposes only

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## NOTICE OF ANNUAL GENERAL MEETING

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Company pursuant to the approvals in sub-paragraphs (i) and (ii) of this resolution, otherwise than pursuant to a Rights Issue (as hereinafter defined) or upon the exercise of rights of subscription or conversion under the outstanding warrants to subscribe for shares of the Company or any securities which are convertible into shares of the Company or the share option scheme of the Company or any scrip dividend in lieu of the whole or part of a dividend on shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the ordinary share capital of the Company in issue on the date of this resolution and the said approval shall be limited accordingly; and

(iv) for the purpose of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; or
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

(B) **“THAT:**

- (i) subject to sub-paragraph (ii) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (ii) the approval in paragraph (i) shall be in addition to any other authorization given to the directors of the Company and shall authorize the directors of the Company on behalf of the Company during the Relevant Period to procure the Company to purchase its securities at a price determined by the Directors;
- (iii) the aggregate nominal amount of the ordinary share capital of the Company which the directors of the Company are authorised to repurchase pursuant to the approvals in sub-paragraphs (i) and (ii) of this resolution shall not exceed 10 per cent. of the aggregate nominal amount of the ordinary share capital of the Company in issue on the date of this resolution and the said approval shall be limited accordingly; and
- (iv) for the purpose of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
  - (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; or
  - (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
- (C) “**THAT** conditional upon resolution numbered 5(A) and 5 (B) as set out in the notice convening this meeting being passed, the aggregate nominal amount of the issued ordinary shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors of the Company pursuant to and in accordance with the said resolution numbered 5(B) above shall be added to the aggregate nominal amount of the ordinary share capital that may be allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with by the directors of the Company pursuant to and in accordance with the resolution numbered 5(A) as set out in the notice convening this meeting.”

6. To transact any other ordinary business of the Company.

By Order of the Board  
**Cheng Wai Chu, Judy**  
*Company Secretary*

Hong Kong, 9th October, 2006

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## NOTICE OF ANNUAL GENERAL MEETING

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*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal place of business*

*in Hong Kong:*  
Room 3129, 31/F  
Sun Hung Kai Centre  
30 Harbour Road  
Wanchai  
Hong Kong

*Notes:*

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company.
2. A form of proxy for the meeting is enclosed. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority shall be deposited at the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote.
3. The register of holders of shares of the Company will be closed for the purposes of determining the entitlements to the proposed final dividend from Monday, 13th November, 2006 to Thursday, 16th November, 2006, both dates inclusive, during which period no transfers of shares shall be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with 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 for registration by 4:00 p.m. on Friday, 10th November, 2006.

As at the date of this notice, the board of directors of the Company comprises:

*Executive Directors*

Ms. Cheung Yan (*Chairman*)  
Mr. Liu Ming Chung  
(*Deputy Chairman and Chief Executive Officer*)  
Mr. Zhang Cheng Fei  
(*Deputy Chief Executive Officer*)

Ms. Gao Jing  
Mr. Wang Hai Ying

*Non-executive Director*

Mr. Lau Chun Shun

*Independent non-executive Directors*

Ms. Tam Wai Chu, Maria  
Mr. Chung Shui Ming, Timpson  
Dr. Cheng Chi Pang  
Mr. Wang Hong Bo

*This circular (in both English and Chinese versions) (“Circular”) has been posted on the Company’s website at <http://www.ndpaper.com>. Shareholders who have chosen to rely on copies of the Company’s Corporate Communication (including but not limited to annual report, summary financial report (where applicable), interim report, summary interim report (where applicable), posted on the Company’s website in lieu of the printed copies thereof may request the printed copy of the Circular. Shareholders who have chosen to receive the Corporate Communication using electronic means through the Company’s website and who for any reason have difficulty in receiving or gaining access to the Circular posted on the Company’s website will promptly upon request be sent the Circular in printed form free of charge.*

*Shareholders may at any time choose to change your choice as to the means of receipt (i.e. in printed form or by electronic means through the Company’s website) and/or the language of the Company’s Corporate Communication by notice in writing to the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.*