



玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2689)

ANNOUNCEMENT IN PURSUANCE OF RULE 13.18 OF THE LISTING RULES

In compliance with the requirements under Rule 13.18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the board of directors of Nine Dragons Paper (Holdings) Limited (the “**Company**”) announces certain details of a term facility agreement entered into among certain financial institutions as lenders, Nine Dragons Machinery Supplies Limited (a wholly-owned subsidiary of the Company) as borrower (the “**Borrower**”) and the Company as one of the guarantors on June 18, 2007.

By an agreement dated June 18, 2007 (the “**Facility Agreement**”) entered into among certain financial institutions as lenders, Nine Dragons Machinery Supplies Limited (a wholly-owned subsidiary of the Company) as borrower and the Company as one of the guarantors, a 5-year term loan facility in the aggregate amount of up to HK\$2,300 million (the “**Facility**”) is made available to the Borrower on the terms contained therein. The Facility will be available from the date of the Facility Agreement to the day which falls 12 months after the date of the Facility Agreement. Under the terms of the Facility, it will be an event of default if (i) any one of Ms. Cheung Yan, Mr. Liu Ming Chung and Mr. Zhang Cheng Fei (together, the “**Controlling Shareholders**”), the controlling shareholders of the Company, ceases to be a director of the Company; or (ii) the Controlling Shareholders cease to have joint management control of the Company; or (iii) the Controlling Shareholders and the family members of Ms. Cheung Yan, together, cease to beneficially own in aggregate, directly or indirectly, at least 51% of the issued share capital (which carries full voting rights) of the Company. Upon the occurrence of any of the above events, the Facility will become immediately repayable. The Borrower intends to apply the proceeds of the Facility to finance the capital expenditure and working capital of the Company and its subsidiaries.

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

Hong Kong, June 18, 2007

As at the date of this announcement, Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei and Ms. Gao Jing are executive Directors, Mr. Lau Chun Shun is a non-executive Director and Ms. Tam Wai Chu, Maria, Mr. Chung Shui Ming, Timpson, Dr. Cheng Chi Pang and Mr. Wang Hong Bo are independent non-executive Directors.

* *for identification purpose only*

“Please also refer to the published version of this announcement in the South China Morning Post”