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玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

(Incorporated in the Bermuda with limited liability)

(Stock code: 2689)

ISSUANCE OF US\$300 MILLION 7.875% SENIOR NOTES DUE 2013

On 22 April 2008, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Merrill Lynch in connection with the issue of US\$300 million 7.875% fixed rate senior notes due 2013.

The estimated net proceeds of the Notes Issue, after deduction of expenses, will amount to approximately US\$294.2 million and the Company intends to use substantially all of the net proceeds to fund its capital expenditures or to refinance its existing bank loans and other borrowings that were incurred to fund capital expenditures.

The Notes will be eligible for trading in the NASDAQ Stock Market Inc.'s PORTAL Market. Approval in-principle has been received for the listing of the Notes on the SGX-ST. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes.

Reference is made to the announcement of the Company dated 18 April 2008 in respect of the Notes Issue. The Board is pleased to announce that on 22 April 2008, the Company, together with certain subsidiaries of the Company, entered into the Purchase Agreement with Merrill Lynch in connection with the issue of the Notes in the aggregate principal amount of US\$300 million.

THE PURCHASE AGREEMENT

Date: 22 April 2008

Parties to the Purchase Agreement

- (a) the Company as the issuer;
- (b) certain subsidiaries of the Company as Subsidiary Guarantors of the Company's obligations under the Notes; and
- (c) Merrill Lynch.

Merrill Lynch is the sole lead manager and sole bookrunner in respect of the offer and sale of the Notes. It is also the initial purchaser of the Notes. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Merrill Lynch is an independent third party and not a connected person of the Company.

The Notes will only be offered by Merrill Lynch (i) in the United States, to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A, and (ii) outside the United States, in compliance with Regulations S under the Securities Act. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed with any connected persons of the Company.

Principle terms of the Notes

Notes Offered

The Company will initially issue Notes in the aggregate principal amount of US\$300 million, comprising US\$300 million of 7.875% fixed rate notes, which will mature on 2013, in each case unless earlier redeemed pursuant to the terms thereof.

Offering Price

The offering price of the Notes will be 99.493% of the principal amount of the Notes.

Interest

The Notes will bear interest at a rate of 7.875% per annum, payable semi-annually in arrears on 29 April and 29 October of each year, commencing 29 October 2008.

Interest Rate Step-up upon Ratings Downgrade

If the rating of the Notes from any one or both of the Rating Agencies is decreased to a rating set forth in the following table, the interest rate on the Notes will increase from the interest rate otherwise payable on the Notes by an amount equal to the percentages set out below.

Rating	Percentage
BB+ or BB ⁽¹⁾	1.00%
BB- or below ⁽¹⁾	2.00%

⁽¹⁾ includes the equivalent of any such category used by another rating agency.

Ranking of the Notes

The Notes are general obligations of the Company and are guaranteed by the Subsidiary Guarantors. The Notes are senior in right of payment to any existing and future obligations of the Company expressly subordinated in the right of payment to the Notes. For all other unsecured and unsubordinated indebtedness of the Company, the Notes will rank pari passu in right of payment.

Events of default

The events of default under the Notes include, among others: (a) default in the payment of principal; (b) default in the payment of interest; (c) default in the performance or breach of certain covenants under the Indenture or the Notes; (d) default by the Company or certain of its subsidiaries in the repayment of indebtedness having, in the aggregate, an outstanding principal amount in excess of US\$15.0 million other than the Notes; (e) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged; (f) involuntary bankruptcy or insolvency proceedings against the Company or certain of its subsidiaries; (g) voluntary bankruptcy or insolvency proceedings commenced by the Company or certain of its subsidiaries or consent to such similar action; and (h) default by the Subsidiary Guarantors in the performance of their obligations under the security provided under the Notes. If an event of default occurs and is continuing, the trustee may, and shall upon request of holders of at least 25% in aggregate principal amount of outstanding Notes declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable or foreclose the security.

Covenants

Pursuant to the terms of the Notes, the Company is restricted, among other things, from creating liens and permitting any restricted subsidiary under the Notes to directly or indirectly guarantee certain indebtedness.

Redemption

At any time, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date. The Company will give not less than 30 days' nor more than 60 days' notice of redemption.

Reason for the Notes Issue

The Group is the largest producer in Asia, and one of the largest producers in the world, of containerboard products, in terms of worldwide capacity and market share. The Group manufactures packaging paperboard products, principally linerboard, high-performance corrugating medium and certain types of coated duplex board. The Group also produces unbleached kraft pulp through its joint venture subsidiary, which the Group primarily sells to third parties but also uses as raw material for its own production.

The Group's operations have grown significantly since its inception and the Group now operates fifteen technologically advanced paper machines mainly imported from Europe, North America and Japan, which are located at its Dongguan and Taicang production bases in China. The Group's sales have grown significantly, following the increase of its design production capacity. To continue growth of its sales, the Group has implemented plans to further increase its design production capacity by the late fiscal year 2009 or early fiscal year 2010. As part of its expansion plans, the Group has commenced development of two additional production bases in Chongqing and Tianjin. In addition, the Group has also acquired a site for the development of pulp and paper factories in Sichuan Province.

The Notes Issue is being undertaken to (i) supplement the Group's funding of its expansion and capital expenditure plans; and (ii) refinance its existing debt. The Company intends to use substantially all of the net proceeds to fund its capital expenditures or to refinance its existing bank loan and other borrowings that were incurred to fund capital expenditures.

Listing and rating

The Notes will be eligible for trading in the NASDAQ Stock Market Inc.'s PORTAL Market. Approval in-principle has been received for the listing of the Notes on the SGX-ST. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes.

The Notes have received a rating of BBB- from Standard & Poor's Rating Services and a rating of BBB- from Fitch Ratings Inc..

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Nine Dragons Paper (Holdings) Limited, a company incorporated in the Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Indenture”	The written agreement between the Company, the issuer of the Notes, the Subsidiary Guarantors and the noteholders, that specified the terms of the Notes including the interest rate of the Notes and maturity date
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Merrill Lynch”	Merrill Lynch Far East Limited, the sole lead manager and sole bookrunner in respect of the offer and sale of the Notes
“Notes”	the 7.875% fixed rate guaranteed senior notes due 2013 in the principal amount of US\$300 million to be issued by the Company

“Notes Issue”	the issue of the Notes by the Company
“Offering Price”	99.493% of the principal amount of the Notes, the price at which the Notes will be sold
“PRC”	the People’s Republic of China
“Purchase Agreement”	the agreement dated 22 April 2008 entered into between, among others, the Company, the Subsidiary Guarantors and Merrill Lynch in relation to the Notes Issue
“Rating Agencies”	Standard and Poor’s Ratings Service and Fitch Rating Inc.
“Securities Act”	the United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	certain subsidiaries of the Company that at the original issue date of the Notes will provide guarantees to secure the obligations of the Notes
“US\$”	US dollar, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 23 April 2008

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 an 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*