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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)

**FURTHER RENEWAL OF
(1) ACN SUPPLY AGREEMENT
(2) TAICANG PURCHASE AGREEMENT**

Further Renewal of ACN Supply Agreement and Taicang Purchase Agreement

Reference is made to the announcement of the Company dated 26 June 2008 in relation to the extension of the term of the ACN Supply Agreement for a period of one month from 1 July 2008 to 31 July 2008 and the term of the Taicang Purchase Agreement for a period of one year from 1 July 2008 to 30 June 2009.

On 30 June 2008, the Company and ACN entered into the Further Renewed ACN Supply Agreement, pursuant to which ACN agreed to supply recovered paper to members of the Group for a period of two years and eleven months commencing on 1 August 2008 and ending on 30 June 2011.

On 30 June 2008, the Company and Taicang Packaging entered into the Further Renewed Taicang Purchase Agreement, pursuant to which Taicang Packaging agreed to purchase packaging paperboard products manufactured by the Group for a period of two years commencing on 1 July 2009 and ending on 30 June 2011.

As each of the applicable percentage ratios for the transactions under the Further Renewed ACN Supply Agreement and the Further Renewed Taicang Purchase Agreement exceeds 2.5% pursuant to Rule 14.07 of the Listing Rules, the entering into the Further Renewed ACN Supply Agreement and the Further Renewed Taicang Purchase Agreement constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules and are subject to the reporting and disclosure requirements under Rules 14A.45 to 14A.47 of the Listing Rules and the approval of the Independent Shareholders by way of poll under Rule 14A.48 of the Listing Rules at the general meeting and the annual review requirements by the independent non-executive Directors and the auditors of the Company under Rules 14A.37 and 14A.38 of the Listing Rules. Accordingly, the Company seeks the Independent Shareholder's approval for entering into the Further Renewed ACN Supply Agreement, the Further Renewed Taicang Purchase Agreement and the proposed annual caps thereunder.

As the Further Renewed ACN Supply Agreement and Further Renewed Taicang Purchase Agreement involve the same parties of the Renewed ACN Supply Agreement and the Renewed Taicang Purchase Agreement, respectively, the respective agreements should be aggregated and subject to the Shareholders' approval under Rule 14A.35 of the Listing Rules. The Company

will continue to monitor the transactions under the Renewed ACN Supply Agreement and the Renewed Taicang Purchase Agreement. Should the amount regarding the Renewed ACN Supply Agreement and the Renewed Taicang Purchase Agreement for the month ending 31 July 2008 and the year ending 30 June 2009, respectively, exceed the proposed cap, the Company would comply with the requirements under the Listing Rules before such cap is exceeded.

The Independent Board Committee has been established to advise the Independent Shareholders as to (i) the terms of the Further Renewed ACN Supply Agreement and the annual caps on such transaction for the period of two years and eleven months commencing on 1 August 2008 and ending on 30 June 2011; and (ii) the terms of the Further Renewed Taicang Purchase Agreement and the annual caps on such transactions for the period of two years commencing on 1 July 2009 and ending on 30 June 2011.

The Company has appointed Somerly Limited as its independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the proposed annual caps for the Further Renewed ACN Supply Agreement and the Further Renewed Taicang Purchase Agreement.

A circular containing, among other things, details of the terms of the Further Renewed ACN Supply Agreement, the Further Renewed Taicang Purchase Agreement, letters from the Independent Board Committee and the independent financial adviser and a notice to the Shareholders convening a special general meeting to approve the terms of the Further Renewed ACN Supply Agreement and the Further Renewed Taicang Purchase Agreement will be despatched to the Shareholders as soon as practicable.

Background

The Company is principally engaged in the manufacture of packaging paperboard products which include linerboard, high performance corrugating medium and coated duplex board as well as unbleached kraft pulp.

Further Renewed ACN Supply Agreement

Prior to the Listing, the Company and ACN had entered into the ACN Supply Agreement on 12 February 2006, pursuant to which ACN agreed to supply recovered paper to members of the Group as requested from time to time.

ACN is the largest exporter of recovered paper in U.S.A. and is a leading exporter of recovered paper in Europe and Asia. ACN is a major supplier of recovered paper in China. The relationship between the Company and ACN ensures the Company has a stable supply of the recovered paper at a reasonable price.

As disclosed in the Prospectus, the Company had obtained a waiver from the Stock Exchange from strict compliance with the announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions under the ACN Supply Agreement.

On 26 June 2008, the Company and ACN extended the ACN Supply Agreement for a period of one-month commencing from 1 July 2008 and ending on 31 July 2008. The current average sale price of recovered paper under the Renewed ACN Supply Agreement is approximately

between US\$240 per tonne to US\$255 per tonne.

In view of the continuous development and expansion of the business and operations of the Group, and based on the internal forecasts of forthcoming demand and operating conditions, on 30 June 2008, the Company has entered into the Further Renewed ACN Supply Agreement to regulate the supply of recovered paper from ACN to members of the Group for a term commencing from 1 August 2008 and ending on 30 June 2011. The terms of the Further Renewed ACN Supply Agreement are similar to those of the Renewed ACN Supply Agreement.

General Principles and Terms

Pursuant to the Further Renewed ACN Supply Agreement, ACN agreed to supply recovered paper to members of the Group as requested between the period commencing from 1 August 2008 to 30 June 2011. The terms of the Further Renewed ACN Supply Agreement were negotiated on an arm's length basis and on normal commercial terms in the parties' ordinary course of business. The sale prices of the recovered paper will be determined with reference to the prevailing market prices in the recovered paper market in the PRC and the quantity of the Group's purchase and will be no less favourable than those offered by independent suppliers of the Group.

Cap Amount

Historical transaction value

The aggregate amount of purchases of recovered paper by the Group from ACN amounted to RMB2,591.0 million and RMB2,922.4 million for the two years ended 30 June 2007, respectively. For the year ending 30 June 2008, the aggregate amount of such purchases is expected to amount to approximately RMB5,092 million.

Proposed Cap

The Directors anticipate that the actual production capacity of the Group will increase from approximately 3.25 million tonnes for the year ended 30 June 2007 to 4.7 million tonnes, 7.1 million tonnes, 8.6 million tonnes and 10.2 million tonnes for the year ending 30 June 2008, 2009, 2010 and 2011, respectively, as such the need for the continued supply of recovered paper from ACN by members of the Group will continue to grow; and (ii) the prices of raw materials and finished products will increase in the period from 2008 to 2011 due to the increase in demand for such products and the expected inflation. Based on the historical transaction value between ACN and the Company, the Directors expect that the transaction value between ACN and the Company for the eleven months ending 30 June 2009 and the two years ending 30 June 2011 will be approximately RMB11,000 million, RMB13,000 million and RMB16,000 million, respectively.

Listing Rule Implications

As at the date of this announcement, ACN is indirectly wholly owned by Ms. Cheung Yan, a Director and a substantial Shareholder. Accordingly, the transactions contemplated under the Further Renewed ACN Supply Agreement will be connected transactions for the Company under Chapter 14A of the Listing Rules.

As the Further Renewed ACN Supply Agreement involves the same parties of the Renewed ACN Supply Agreement, both agreements should be aggregated and subject to the Shareholders' approval under Rule 14A.35 of the Listing Rules. The Company will continue to monitor the transactions under the Renewed ACN Supply Agreement. Should the amount regarding the Renewed ACN Supply Agreement for the month ending 31 July 2008 exceed the proposed cap, the Company would comply with the requirements under the Listing Rules before such cap is exceeded.

As the applicable percentage ratios for the transactions contemplated under the Further Renewed ACN Supply Agreement on an annual basis exceed 2.5% or the aggregate annual consideration will be more than HK\$10 million, the entering into the Further Renewed ACN Supply Agreement constitutes non-exempt continuing connected transactions under Chapter 14A of the Listing Rules, and is subject to the reporting and disclosure requirements under Rules 14A.45 to 14A.47 of the Listing Rules and the approval of the Independent Shareholders by way of poll under Rule 14A.48 of the Listing Rules at the general meeting and the annual review requirements by the respective independent non-executive Directors and the auditors of the Company under Rules 14A.37 and 14A.38 of the Listing Rules.

The Directors (other than the independent non-executive Directors who will give their view upon receipt of the recommendation of the independent financial adviser) consider that the transactions under the Further Renewed ACN Supply Agreement is entered into in the usual and ordinary course of business of the Company and the terms have been negotiated on an arm's length basis and on normal commercial terms, and the proposed annual caps for the transactions contemplated under the Further Renewed ACN Supply Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Further Renewed Taicang Purchase Agreement

Prior to the Listing, Zhang's Enterprises and Taicang Packaging had entered into the Taicang Purchase Agreement on 12 February 2006, pursuant to which Taicang Packaging agreed to purchase packaging paperboard products manufactured by the Group from time to time.

Taicang Packaging is principally engaged in the production of paper packaging containers and processed containerboard products.

As disclosed in the Prospectus, the Company had obtained a waiver from the Stock Exchange from strict compliance with the announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions under the Taicang Purchase Agreement.

On 26 June 2008, the Company and Taicang Packaging have entered into the Renewed Taicang Purchase Agreement for a period of one year commencing on 1 July 2008 and ending on 30 June 2009. The average sale price of packaging paperboard products supplied by the Group to Taicang Packaging under the Taicang Purchase Agreement is between approximately RMB3,100

to RMB3,500 per tonne.

In view of the continuous development and expansion of the business and operations of the Group, and the expected growth of Taicang Packaging given its expected completion of a new production line with a production capacity of approximately 8,000 tonnes per month and the introduction of new paper packaging products, on 30 June 2008, the Company has entered into the Further Renewed Taicang Purchase Agreement to regulate the supply of packaging paperboard products from the Group to Taicang Packaging for a term of two years commencing from 1 July 2009 and ending on 30 June 2011. The terms of the Further Renewed Taicang Purchase Agreement are similar to the those of the Renewed Taicang Purchase Agreement.

General Principles and Terms

Pursuant to the Renewed Taicang Purchase Agreement, Taicang Packaging agreed to purchase packaging paperboard products manufactured by the Group from time to time for the two years ending 30 June 2011. The terms of the Further Renewed Taicang Purchase Agreement were negotiated on an arm's length basis and on normal commercial terms in the parties' ordinary course of business. The sale prices of the products will be determined with reference to the prevailing market prices and will be no more favourable than those offered to other purchasers of the Group's products.

Cap Amount

Historical transaction value

The aggregate amount of the products purchased by Taicang Packaging from the Group amounted to RMB78.0 million and RMB193.6 million for the year ended 30 June 2006 and 2007, respectively. For the year ending 30 June 2008, it is expected to amount to approximately RMB220 million.

Proposed Annual Cap

The Directors anticipate that (i) the business of Taicang Packaging will continue to grow and (ii) the prices of raw materials and finished products will increase in the period from 2008 to 2011 due to the increase in demand for such products and the expected inflation. Based on the historical transaction value between Taicang Packaging and the Group, the Directors expect that the Group's sale of packaging paperboard products to Taicang Packaging for the two years ending 30 June 2011 will be approximately RMB340 million and RMB390 million, respectively pursuant to the Further Renewed Taicang Packaging Agreement.

Listing Rule Implications

As at the date of this announcement, Taicang Packaging is held as to 100% by Mr. Zhang Cheng Fei, a Director and a substantial shareholder of the Company. Therefore, the transactions contemplated under the Further Renewed Taicang Packaging Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Mr. Zhang Cheng Fei is also the younger brother of Ms. Cheung Yan, a Director and a substantial shareholder of the Company, a brother-in-law of Mr. Liu Ming Chung, a Director and a substantial shareholder of the Company, and an uncle of Mr. Lau Chun Shun, a Director.

As the Further Renewed Taicang Purchase Agreement involves the same parties of the Renewed Taicang Purchase Agreement, both agreements should be aggregated and subject to the Shareholders' approval under Rule 14A.35 of the Listing Rules. The Company will continue to monitor the transactions under the Renewed Taicang Purchase Agreement. Should the amount regarding the Renewed Taicang Purchase Agreement for the year ending 30 June 2009 exceed the proposed annual cap, the Company would comply with the requirements under the Listing Rules before such cap is exceeded.

As the applicable percentage ratios for the transactions contemplated under the Further Renewed Taicang Purchase Agreement on an annual basis exceed 2.5% or the aggregate annual consideration will be more than HK\$10 million, the entering into the Further Renewed Taicang Purchase Agreement constitutes non-exempt continuing connected transactions under Chapter 14A of the Listing Rules, and is subject to the reporting and disclosure requirements under Rules 14A.45 to 14A.47 of the Listing Rules and the approval of the Independent Shareholders by way of poll under Rule 14A.48 of the Listing Rules at the general meeting and the annual review requirements by the respective independent non-executive Directors and the auditors of the Company under Rules 14A.37 and 14A.38 of the Listing Rules.

The Directors (other than the independent non-executive Directors who will give their view upon receipt of the recommendation of the independent financial adviser) consider that the transactions under the Further Renewed Taicang Purchase Agreement is entered into in the usual and ordinary course of business of the Company and the terms have been negotiated on an arm's length basis and on normal commercial terms, and the proposed annual caps for the transactions contemplated under the Further Renewed Taicang Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Despatch of Circular

The Company has appointed Somerly Limited as its independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the proposed annual caps for the Further Renewed ACN Supply Agreement and the Further Renewed Taicang Purchase Agreement.

A circular containing, among others, details of the proposed annual caps together with the advice from the Independent Board Committee and the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, and the notice for the special general meeting to approve the proposed annual caps for the Further Renewed ACN Supply Agreement and the Further Renewed Taicang Purchase Agreement therein will be sent to the Shareholders as soon as practicable. The votes of the Independent Shareholders to be taken at the general meeting will be taken by poll where Ms. Cheung Yan, Mr. Zhang Cheng Fei and their associates will abstain from voting.

Definitions

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

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| “associate” | has the meaning ascribed to it under the Listing Rules |
| “ACN” | America Chung Nam, Inc., a corporation established with limited |

liability under the laws of the State of California in the United States. As at the date of this announcement, ACN is indirectly wholly owned by Ms. Cheung Yan

“ACN Supply Agreement”	the agreement entered into between the Company and ACN on 12 February 2006 which sets out the terms for the supply of recovered paper from ACN to the Group for the three financial years ending 30 June 2008, the particulars of which were set out in the Prospectus
“Board”	the board of Directors
“Company”	Nine Dragons Paper (Holdings) Limited, a company incorporated in Bermuda on 17 August 2005 with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Further Renewed ACN Agreement”	the agreement entered into between the Company and ACN on 30 June 2008 which sets out the terms for the supply of recovered paper by ACN to members of the Group for the period commencing from 1 August 2008 and ending on 30 June 2011
“Further Renewed Taicang Purchase Agreement”	the agreement entered into between the Company and Taicang Packaging on 30 June 2008 which sets out the terms of the purchase of packaging paperboard products by Taicang Packaging from the Group for the period commencing from 1 July 2009 and ending on 30 June 2011
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of the Directors comprising the independent non-executive Directors formed to advise the Independent Shareholders in respect of the terms of (i) the Further Renewed ACN Supply Agreement, and the annual caps of such transactions for the period of two years and eleven months commencing 1 August 2008 and ending 30 June 2011; and (ii) the Further Renewed Taicang Purchase Agreement, and the annual caps of such transactions for the two years ending 30 June 2011
“Independent Shareholders”	Shareholders other than Ms. Cheung Yan, Mr. Zhang Cheng Fei and their associates
“Listing”	listing of the Shares on the main board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Prospectus”	the prospectus of the Company dated 20 February 2006

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Renewal ACN Supply Agreement”	the agreement entered into between the Company and ACN on 26 June 2008 which sets out the terms for the supply of recovered paper by ACN to members of the Group for the period commencing on 1 July 2008 and ending on 31 July 2008
“Renewal Taicang Purchase Agreement”	the agreement entered into between the Company and Taicang Packaging on 26 June 2008, which sets out the purchase of packaging paperboard products manufactured by the Group to Taicang Packaging for the period commencing from 1 July 2008 and ending on 30 June 2009
“Shareholder(s)”	holder(s) of the Company’s share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taicang Packaging”	Nine Dragons Packaging (Taicang) Company Limited, a wholly foreign-owned enterprise established in the PRC on 9 April 2002. As at the date of this announcement, Taicang Packaging is wholly owned by Mr. Zhang Cheng Fei
“Taicang Purchase Agreement”	the agreement entered into between Zhang’s Enterprises and Taicang Packaging on 12 February 2006, which sets out the terms for the purchase of packaging paperboard products by Taicang Packaging from the Group, the particulars of which were set out in the Prospectus
“US\$”	United States dollar, the lawful currency of the United States of America
“Zhang’s Enterprise”	Zhang’s Enterprises Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“%”	per cent

By Order of the Board
NINE DRAGONS PAPER (HOLDINGS) LIMITED
Cheung Yan
Chairlady

Hong Kong, 30 June 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 purposes only*