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## **ANNOUNCEMENT DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES**

This announcement is made pursuant to Rule 13.18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Reference is made to a facility agreement (the "Facility Agreement") entered into between China Development Bank Corporation Hong Kong Branch as lender and Nine Dragons Paper (Holdings) Limited (the "Company") as borrower. Pursuant to the Facility Agreement, a term loan facility in the aggregate amount of up to RMB1 billion (the "Facility") which is divided into Tranche A of RMB800 million (the "Tranche A") and Tranche B of RMB200 million (the "Tranche B"), is made available to the Company on the terms contained therein. The termination date of the Tranche A and Tranche B shall be the date falling twelve months from the first utilisation date of Tranche A and the date falling thirty six months from the first utilisation date of Tranche B respectively.

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 ceases to be a director of the Company; or (ii) Ms. Cheung Yan, Mr. Liu Ming Chung and Mr. Zhang Cheng Fei cease to have joint management control of the Company; or (iii) the family members of Ms. Cheung Yan, Mr. Liu Ming Chung and Mr. Zhang Cheng Fei 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 Facility forms part of the total banking facility available to the Company and its subsidiaries in the aggregate amount of up to RMB3.1 billion approved by China Development Bank Corporation in June 2011. Apart from the Facility, the remaining facilities of RMB2.1 billion (or equivalent USD) is made available to the Company's subsidiaries in China.

The Company shall apply all amounts drawn under the Facility towards repayment of existing bank borrowings and general working capital requirements of the Company.

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

Hong Kong, 4 July, 2011

*As at the date of this announcement, Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Zhang Yuanfu, Mr. Lau Chun Shun and Ms. Gao Jing are Executive Directors, 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