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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)

CONNECTED TRANSACTION ACQUISITION OF PACKAGING BUSINESS

THE TRANSACTION — ACQUISITION OF PACKAGING BUSINESS

On 26 July 2019, the Purchasers entered into the Transaction Agreements with the Vendors pursuant to which the Purchasers conditionally agreed to purchase, and the Vendors conditionally agreed to sell or cause companies controlled by the Vendors to sell, the equity capital of the Packaging Companies held by the Vendors for an aggregate consideration of approximately RMB628 million (approximately HKD713 million).

The Transaction involves the acquisition of 9 companies that are engaged in the packaging business in the mainland China and Hong Kong.

LISTING RULES IMPLICATIONS

The Vendors are the controlling shareholders of the Company. The Transaction therefore constitutes a connected transaction for the Company. As the applicable percentage ratios in respect of the Transaction are all below 5%, the Transaction is subject to the reporting and announcement requirements and exempt from the requirement of Independent Shareholders' approval under Chapter 14A of the Listing Rules.

Shareholders and potential investors should note that completion of the Transaction is subject to the fulfillment of the conditions precedent set out in the Transaction Agreements and may or may not proceed to completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE TRANSACTION — ACQUISITION OF PACKAGING BUSINESS

On 26 July 2019, the Purchasers entered into the Transaction Agreements with the Vendors. A summary of the major terms of the Transaction Agreements is set out below.

Subject matter

The Purchasers, which are the wholly-owned subsidiaries of the Company, will acquire, and the Vendors or companies controlled by the Vendors will sell, the equity capital of the Packaging Companies held by the Vendors. The Packaging Companies are principally engaged in the production and sale of paper packaging materials in the PRC. Further details about the Packaging Companies are set out in the paragraph headed “Information on the Packaging Companies” below.

Consideration

The aggregate consideration for the Transaction is approximately RMB628 million (approximately HKD713 million), which was determined with reference to the asset value of the Packaging Companies as determined by a valuation on the Packaging Companies as at 31 May 2019 by an independent valuer based on the asset based method.

The consideration will be payable in cash within 60 Business Days from the date of the Transaction Agreements (or at such other time as may be agreed between the parties).

Conditions Precedent

Completion of the Transaction will be conditional upon the satisfaction or (as the case may be) waiver of the following conditions:

- (a) the compliance by the Company of the requirements of the Listing Rules in relation to the transactions contemplated under the Transaction Agreements, including where necessary, the obtaining of approval from the independent shareholders of the Company with respect to the Transaction; and
- (b) if applicable, all consents and approval in relation to Transaction have been obtained.

The parties shall use their best endeavours to cause the fulfillment of the conditions precedent as soon as possible. If the conditions specified above are not fulfilled or waived before 31 December 2019, the Transaction Agreements will become null and void and cease to have any effect whatsoever save for any antecedent breach.

Completion

Completion of the Transaction will take place within 45 Business Days (or such other date as may be agreed between the parties) following the satisfaction of the conditions to the Transaction Agreements.

Information on the Packaging Companies

The Packaging Companies comprise 9 companies established in Hong Kong and the PRC which are engaged in the Packaging Business and business related to the Packaging Business.

Corporate information

Brief details of the Packaging Companies are set out below:

No.	Name	Year of establishment	Place of incorporation	Paid up Share capital/registered capital	Percentage of equity interest to be acquired	Principal business
1.	Wiseland International Limited (威隆國際集團有限公司)	2007	Hong Kong	HK\$211,517,706	100%	Investment holding
2.	Turbo Best Holdings Limited (迅興集團有限公司)	2010	Hong Kong	HK\$10,000	40%	Investment holding
3.	玖龍智能包裝(太倉)有限公司 (Nine Dragons Packaging (Taicang) Co., Ltd.*)	2002	PRC	US\$29,400,000	100%	Printing of packaging and decorating materials, production and sale of corrugated cardboard and corrugated products, design and production of paper tubes and corrugated carton boxes, and packaging services
4.	玖龍智能包裝(東莞)有限公司 (Nine Dragons Packaging (Dongguan) Co., Ltd.*)	2016	PRC	RMB100,000,000	100%	Printing of packaging and decorating materials, production and sale of corrugated cardboard products and carton boxes, and packaging services
5.	玖龍智能包裝(天津)有限公司 (Nine Dragons Packaging (Tianjin) Co., Ltd.*)	2016	PRC	RMB120,000,000	100%	Printing of packaging and decorating materials, design and production of corrugated cardboard products and carton boxes
6.	玖龍智能包裝(成都)有限公司 (Nine Dragons Packaging (Chengdu) Co., Ltd.*)	2018	PRC	US\$52,000,000	100%	Printing of packaging and decorating materials, production and sale of paper products, design of cartons and packaging services
7.	翔龍包裝印刷(瀋陽)有限公司 (Skying Dragon Packaging Printing (Shenyang) Co., Ltd.*)	2011	PRC	US\$3,650,000	100%	Design and production of corrugated cardboard products and carton boxes, and packaging services
8.	東莞樟木頭玖龍智能包裝有限公司 (Dongguan Zhangmutou Nine Dragons Packaging Co., Ltd.*)	2010	PRC	HK\$68,000,000	100%	Printing of packaging and decorating materials

No.	Name	Year of establishment	Place of incorporation	Paid up Share capital/registered capital	Percentage of equity interest to be acquired	Principal business
9.	錦勝包裝(泉州)有限公司 (Come Sure Packing Products (Quanzhou) Co., Ltd.*)	2011	PRC	HK\$55,000,000	40%	Printing of packaging and decorating materials, design and production of corrugated cardboard products and carton boxes

Financial information

The combined financial information of the Packaging Companies for the two years ended 31 December 2017 and 2018 and the six months ended 30 June 2019 is set out below:

	For the year ended		For the six
	31 December	31 December	months ended
	2017	2018	30 June
	RMB'000	RMB'000	2019
			RMB'000
Profit before taxation	104,505	33,151	14,210
Profit after taxation	74,201	23,469	10,657

As at 31 May 2019, the aggregate net asset book value of the Packaging Companies was approximately RMB516 million (approximately HKD586 million).

Upon completion, 7 of the Packaging Companies will become subsidiaries of the Group and their financial results will be consolidated with the results of the Group. In addition, the Group will acquire 40% interests in Turbo Best Holdings Limited (“**Turbo Best**”), a joint venture established between Crown Gold Limited and a subsidiary of Come Sure Group (Holdings) Limited, a company listed on the main board of the Stock Exchange (stock code: 0794). Turbo Best holds the entire equity interest in 錦勝包裝(泉州)有限公司(Come Sure Packing Products (Quanzhou) Co., Ltd.*), a company engages in the manufacturing and sale of corrugated paperboards and paper-based packaging products.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group primarily manufactures linerboard (kraftlinerboard, testlinerboard and white top linerboard), high performance corrugating medium and coated duplex board, as well as the production and sale of recycled printing and writing paper (including uncoated woodfree paper, copy paper) and specialty paper.

After the acquisition, the Group will be directly involved in the supply of packaging products to customers and create a synergy effect that integrated the upstream and downstream service platforms in the packaging industry which could provide customers with professional, personalized packaging and fully integrated quality services. The

upstream and downstream integration can provide one-stop service for end customers, which is conducive to stabilizing the quality and sales price of packaging paper and establishing a benign competitive packaging paper market.

Besides, the synergy effect of the integration of the upstream and downstream industries of the Group is expected to allow the Group to increase market share and enhance its profitability. It is an important step being taken by the Group in transforming itself into a comprehensive paper product company.

The Directors (including the independent non-executive Directors but excluding those Directors who were interested in the Transaction and are required to abstain from voting) are of the view that the Transaction was entered into on normal commercial terms and are fair and reasonable and in the interests of the Company and Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Vendors are the controlling shareholders of the Company. The Transaction therefore constitutes a connected transaction for the Company. As the applicable percentage ratios in respect of the Transaction are below 5%, the Transaction is subject to the reporting and announcement requirements and exempt from the requirement of Independent Shareholders' approval under Chapter 14A of the Listing Rules.

GENERAL

Each of Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Lau Chun Shun, Mr. Ken Liu and Mr. Zhang Lianpeng were considered to be interested in the Transaction and had abstained from voting on the board resolutions relating to the Transaction.

Shareholders and potential investors should note that completion of the Transaction is subject to the fulfillment of the conditions precedent set out in the Transaction Agreements and may or may not proceed to completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions will have the following respective meanings:

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| “associate” | has the meaning ascribed to it under the Listing Rules; |
| “Board” | the board of the Company; |
| “Business Day” | a day other than Saturday, Sunday or an officially announced public holiday in the PRC; |

“Company”	Nine Dragons Paper (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange of Hong Kong;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Independent Shareholders”	the Shareholders other than the Vendors and their associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Packaging Business”	the paper packaging business including the design, production and sale of paper decorative materials, corrugated cardboard and cartons and related packaging materials and packaging services;
“Packaging Companies”	nine companies in which the equity interests held by the relevant Vendors will be acquired by the Group under the Transaction, the details of which are set out in the paragraph headed “Information on the Packaging Companies” in this announcement;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan;
“Purchasers”	玖龍環球(東莞)智能包裝有限公司 (Nine Dragons Worldwide (Dongguan) Packaging Co., Ltd.*) or other wholly-owned subsidiaries of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;

“Shares”	ordinary shares of the Company;
“Shareholders”	holders of the Shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the acquisition by the Company of the interests held by the relevant Vendors in the Packaging Companies;
“Transaction Agreements”	nine agreements dated 26 July 2019 in relation to the Transaction;
“Vendors”	Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei and companies controlled by them, the vendors under the Transaction Agreements;
“%”	per cent.

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

Hong Kong, 26 July 2019

As at the date of this announcement, the executive directors are Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Lau Chun Shun, Mr. Ken Liu, Mr. Zhang Lianpeng and Mr. Zhang Yuanfu, and the independent non-executive directors are Ms. Tam Wai Chu, Maria, Mr. Ng Leung Sing, Mr. Lam Yiu Kin and Mr. Chen Kefu.

* *For identification purposes only*