

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2689)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 28 February 2013 whereby the Company has agreed to supply raw paper material to the Purchaser and its subsidiaries, including the Joint Venture, for a period of three years from 1 April 2013 to 31 March 2016. As the term of the Existing Agreement will expire on 31 March 2016, the Company and the Purchaser entered into the 2016 Master Agreement on 7 March 2016 to renew the continuing connected transactions under the Existing Agreement.

As the Joint Venture is an associate of Mr. Zhang, the transactions under the 2016 Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the annual transaction amount under the 2016 Master Agreement is expected to be more than 0.1% but less than 5% of the applicable ratios, the 2016 Master Agreement will be subject to the reporting and announcement requirements and exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

Reference is made to the announcement of the Company dated 28 February 2013 whereby the Company has agreed to supply raw paper material to the Purchaser and its subsidiaries, including the Joint Venture, for a period of three years from 1 April 2013 to 31 March 2016. As the term of the Existing Agreement will expire on 31 March 2016, the Company and the Purchaser entered into the 2016 Master Agreement on 7 March 2016 to renew the continuing connected transactions under the Existing Agreement.

THE 2016 MASTER AGREEMENT

Date: 7 March 2016

Parties: The Company; and the Purchaser

* For identification purposes only

The Purchaser is a company listed on the main board of the Stock Exchange and is principally engaged in the manufacturing and sale of corrugated paperboards and paper-based packaging products to customers which are manufacturers with production bases in the PRC. Mr. Zhang, an executive Director and a substantial shareholder of the Company, is a substantial shareholder holding more than 30% of the issued share capital in the Joint Venture, a non-wholly owned subsidiary of the Purchaser, the Joint Venture is an associate of Mr. Zhang. Given that the scope of supplies under the 2016 Master Agreement will cover the Joint Venture, the 2016 Master Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Subject: Pursuant to the 2016 Master Agreement, the Group will supply raw paper materials to the Purchaser and its subsidiaries, including the Joint Venture, for a period commencing from the Effective Date until 31 March 2019.

Pricing Policy: The prices of the products to be supplied by the Group to the Purchaser under the 2016 Master Agreement will be based on prevailing market prices of the products supplied by the Group to its third-party customers, taking into account the quality and comparable order quantities of the products to be supplied to the Purchaser.

The Group will ensure that the prices for products supplied under the 2016 Master Agreement will be fair and reasonable and no more favourable to the Purchaser than those offered by the Group to its independent third party customers.

Annual Caps: The parties have agreed that the annual transaction amount under the 2016 Master Agreement will not exceed the following annual cap:

	For the period from the Effective Date to 31 March 2017 RMB'000	From 1 April 2017 to 31 March 2018 RMB'000	From 1 April 2018 to 31 March 2019 RMB'000
Sale of raw paper materials	500,000	500,000	500,000

The annual cap amounts were determined with reference to the historical transactional amounts between the Group and the Purchaser and the projected requirement of raw paper materials by the Purchaser over the term of the 2016 Master Agreement.

The Company and the Purchaser have entered into the Existing Agreement on 28 February 2013 to govern the terms of supply of raw paper materials to the Purchaser up to 31 March 2016. The historical transactional amounts between the Group and the Purchaser are as follows:

	From 1 April 2013 to 31 March 2014 RMB'000	From 1 April 2014 to 31 March 2015 RMB'000	From 1 April 2015 to 31 December 2015 RMB'000
Annual cap amount under the Existing Agreement	500,000	500,000	600,000 <i>(Note)</i>
Actual raw paper materials supplied	219,000	192,000	130,000

Note: For the whole year from 1 April 2015 to 31 March 2016.

Payment terms

Payment for the products supplied by the Group under the 2016 Master Agreement will be settled by open accounts, provided that the terms offered to the Purchaser will be no more favourable to the Purchaser than those offered by the Group to its independent third party customers.

Conditions Precedent

The 2016 Master Agreement is conditional upon the fulfillment of the conditions below:

- (i) the compliance of the requirements of the Listing Rules in relation to continuing connected transactions by the Purchaser; and
- (ii) the compliance of the requirements of the Listing Rules in relation to continuing connected transactions by the Company.

REASONS FOR THE TRANSACTION

On 29 July 2010, Mass Winner Holdings Limited, a wholly owned subsidiary of the Purchaser, and Crown Gold Limited, a company wholly owned by Mr. Zhang, an executive Director and a substantial shareholder of the Company, have entered into a joint venture agreement to establish the Joint Venture to engage in the manufacturing and sale of corrugated paperboard and paperbased packaging products. The Joint Venture is owned as to 60% by the Purchaser and as to 40% by Crown Gold Limited and is an associate of Mr. Zhang for the purpose of the Listing Rules. As it is expected that the supply of raw paper materials to the Purchaser will include supplies to the Joint Venture, the Purchaser and the Company have entered into agreements on 29 July 2010 and 28 February 2013 respectively to govern the supply of raw paper materials to the Purchaser. The Existing Agreement entered on 28 February 2013 is due to expire on 31 March 2016. As it is expected that the Group will continue to supply raw paper

materials to the Purchaser in the ordinary course of business of the Group, it is necessary to renew the continuing connected transaction under the Existing Agreement and enter into the 2016 Master Agreement.

Given that the 2016 Master Agreement is entered into in the usual and ordinary course of business of the Group and the transactions under the 2016 Master Agreement will be conducted on an arm's length basis and on normal commercial terms, the Directors (including the independent non-executive Directors) consider that the terms of the 2016 Master Agreement are fair and reasonable and the entering into of the 2016 Master Agreement is in the interests of the Group and the Shareholders as a whole.

INTERNAL CONTROL FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the finance department of the Group and the management of the Group dedicated with the responsibility of supervising the continuing connected transactions charges of the Group to ensure that the relevant continuing connected transaction is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole. The relevant personnel from the finance department of the Group and the management of the Group will conduct regular checks on a monthly basis to review and assess whether the transactions contemplated under the relevant continuing connected transaction are conducted in accordance with the terms of its respective agreement and will also regularly update the market price for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy.

The independent non-executive Directors will review the transactions under the relevant continuing connected transaction and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps thereof. Accordingly, the Directors consider that the internal control system of the Group is effective to ensure that the transactions contemplated under the relevant continuing connected transaction have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Mr. Zhang is an executive Director and a substantial shareholder of the Company. The Joint Venture is 40% owned by Crown Gold Limited, a company wholly owned by Mr. Zhang, the Joint Venture is hence an associate of Mr. Zhang for the purpose of the Listing Rules. As the scope of the 2016 Master Agreement will include supplies to the Joint Venture, the 2016 Master Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the annual transaction amount under the 2016 Master Agreement is expected to exceed 0.1% but below 5%, the transactions under the 2016 Master Agreement will be subject to the reporting and announcement requirements and exempt from the circular, independent financial advice and shareholders' approval requirement under Rule 14A.76(2)(a) of the Listing Rules.

At the Board meeting held to approve the 2016 Master Agreement, Mr. Zhang, together with Ms. Cheung Yan, Mr. Liu Ming Chung and Mr. Lau Chun Shun, who are associates of Mr. Zhang, are considered to be interested in the transactions contemplated under the 2016 Master Agreement and have abstained from voting for the resolution proposed to approve the 2016 Master Agreement.

The Company will comply with the relevant provisions under Chapter 14A of the Listing Rules in the event that the total amount of the transactions under the 2016 Master Agreement is exceeded or that there is any material amendment to the terms of the 2016 Master Agreement.

GENERAL

The Group is engaged in the manufacture and sales of packaging paper, recycled printing and writing paper, pulp and high value specialty paper products in the PRC.

DEFINITIONS

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

“2016 Master Agreement”	the master materials purchase agreement dated 7 March 2016 between the Company and the Purchaser;
“associate”	has the same meaning as given to it under the Listing Rules;
“Board”	the board of Directors;
“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;
“Director(s)”	the director(s) of the Company;
“Effective Date”	the date the conditions precedent set forth in the 2016 Master Agreement being satisfied, which is expected to be on or before 1 April 2016;
“Existing Agreement”	the agreement dated 28 February 2013 between the Company and the Purchaser;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Joint Venture”	Turbo Best Holdings Limited, a joint venture company established by a subsidiary of the Purchaser and Crown Gold Limited, a company wholly owned by Mr. Zhang, and is indirectly held as to 60% by the Purchaser and as to 40% by Crown Gold Limited;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Zhang”	Mr. Zhang Cheng Fei, a Director and substantial shareholder of the Company;

“Purchaser”	Come Sure Group (Holdings) Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules; and
“%”	per cent.

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

Hong Kong, 7 March 2016

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 and Mr. Zhang Yuanfu; the independent non-executive directors are Ms. Tam Wai Chu, Maria, Mr. Ng Leung Sing and Mr. Lam Yiu Kin.