



玖龍紙業(控股)有限公司\*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 2689)

**ANNOUNCEMENT  
PRICE-SENSITIVE INFORMATION**

The Board wishes to announce that the Company is evaluating and negotiating a possible acquisition of controlling interests in a paper mill established in Vietnam. It is currently expected that formal acquisition agreement in relation to the transaction would be entered into within 30 days to 60 days after the date of this announcement.

**As the Proposed Acquisition may or may not materialise, shareholders of the Company and public investors are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The board of directors (the “**Board**”) of Nine Dragons Paper (Holdings) Limited (the “**Company**”) wishes to announce that the Company is currently evaluating and negotiating a possible acquisition (the “**Proposed Acquisition**”) of controlling interest in a paper mill (the “**Vietnam Company**”) established in Vietnam (“**Vietnam**”). It is currently expected that a formal acquisition agreement in relation to the transaction would be entered into within 30 days to 60 days after the date of this announcement.

Products of the Vietnam Company are mainly sold in Vietnam, Laos and Cambodia. It already possesses auxiliary facilities for its integrated manufacturing businesses, including a coal-fire boiler, waste water treatment system and other transportation facilities. It has also obtained approvals from local authorities on the increases in capital and production capacity. Upon completion of the Acquisition, the Company plans to increase the production capacity of the Vietnam Company to a level where economy of scale can be attained, thereby lowering its production costs. The Vietnam Company currently has sufficient land bank for increasing production capacity in future. In respect of equipment, as the time lag between ordering a new paper manufacturing machine to delivery is two to three years, the Company plans to transfer delivery of a paper manufacturing machine with annual production capacity of approximately 400,000 tonnes to Vietnam Company, which is formerly scheduled for the group’s future projects in China. The new machine is expected to commence production by the end of 2009. The Proposed Acquisition and the production capacity expansion plan of the Vietnam Company will not result in the capital expenditures of the group exceeding its original overall budget.

**Benefits of the Proposed Acquisition**

The Company adopts a prudent expansion plan for its related business through, among others, identifying investment opportunities with potential for its paper manufacturing business in territories outside China or, in the views of the directors of the Company (“**Directors**”), to provide synergies to its paper manufacturing business.

The Company is the largest producer in Asia and one of the largest producers in the world of

containerboard products. The Company has developed an extensive distribution network in China and made substantial pre-investments in infrastructure development, including pier and land for future development.

The Directors believe that the Proposed Acquisition, if materialized, would facilitate the exploration of the Vietnamese market. Upon completion of increase in production capacity by the Vietnam Company, the number of production and export bases of the group outside China would increase, resulting in further strengthening of the position of the Company in the global market and enhancement of market share, thereby increasing the group's overall competitiveness in the long run.

As at the date of this announcement, no binding agreements in relation to the Proposed Acquisition have been entered. The Company will keep the market informed by way of announcement in compliance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as and when appropriate.

**As the Proposed Acquisition may or may not materialise, shareholders of the Company and public investors are advised to exercise caution when dealing in the shares of the Company.**

Save as disclosed above, the Company is not aware of any negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, nor is the board of directors of the Company aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

This announcement is made by the order of the Board, of which the directors individually and jointly accept responsibility for the accuracy of the information contained in this announcement.

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

14 March 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 a 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*