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*This announcement is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the Company and will contain detailed information about the Company and management, as well as financial statements. The Company does not intend to register any part of the Notes Offering in the United States.*



**玖龍紙業(控股)有限公司\***

**NINE DRAGONS PAPER (HOLDINGS) LIMITED**

*(Incorporated in the Bermuda with limited liability)*

**(Stock code: 2689)**

## **PROPOSED ISSUE OF SENIOR NOTES**

The Company proposes to conduct an international offering of senior notes with bullet repayment and will commence a roadshow on 21 April 2008 to international institutional investors in Asia and Europe and to qualified institutional buyers in the United States. In connection with the offering, the Company will provide certain institutional investors with recent corporate and financial information regarding the Group, including updated risk factors and description of the projects undertaken by the Group, management's discussion and analysis of financial condition and results of operation, related party transactions and indebtedness information, which information has not previously been made public. An extract of such recent information can be viewed at the Company's website [www.ndpaper.com](http://www.ndpaper.com) at approximately the same time when such information is released to the institutional investors.

The pricing of the proposed Notes, including the aggregate principal amount, the Offer Price and interest rates, will be determined through a book building exercise conducted by Merrill Lynch as the sole lead manager and the sole bookrunner. Upon finalising the terms of the Notes, Merrill Lynch, the Company and the Subsidiary Guarantors will enter into the Purchase Agreement. If the Notes are issued, the Company intends to use the proceeds of the Notes to fund its capital expenditures for the purchase and construction of paper machines and supporting facilities and to refinance a portion of its existing bank loans.

The Notes will be eligible for trading in the NASDAQ Stock Market Inc.'s PORTAL Market. Approval in-principle has been received for the listing of the Notes on the SGX-ST. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes.

**As no binding agreement in relation to the Proposed Notes Offering has been entered into as at the date of this announcement, the Proposed Notes Offering may or may not materialise. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Proposed Notes Offering will be made by the Company should the Purchase Agreement be signed.**

## **THE PROPOSED NOTES ISSUE**

### **Introduction**

The Company proposes to conduct an international offering of guaranteed senior notes and will commence a roadshow on 21 April 2008 to international institutional investors in Asia and Europe and to qualified institutional buyers in the United States. In connection with the offering, the Company will provide certain institutional investors with recent corporate and financial information regarding the Group, including updated risk factors and description of the projects undertaken by the Group, management's discussion and analysis of financial condition and results of operation, related party transactions and indebtedness information, which information has not previously been made public. An extract of such recent information can be viewed at the Company's website [www.ndpaper.com](http://www.ndpaper.com) at approximately the same time when such information is released to the institutional investors.

The pricing of the proposed Notes, including the aggregate principal amount, the Offer Price and interest rates, will be determined through a book building exercise conducted by Merrill Lynch, the sole lead manager and sole bookrunner. The Notes, if issued, will have bullet repayment, unless earlier redeemed pursuant to their terms. It is currently intended that the Notes will be issued in a single tranche with a fixed interest rate. The terms and conditions of the Notes are still being determined and will likely include guarantees to be provided by certain of the Group's subsidiaries incorporated outside of the PRC. Upon finalising the terms of the Notes, Merrill Lynch, the Company and the Subsidiary Guarantors will enter into the Purchase Agreement, pursuant to which Merrill Lynch will be the initial purchaser of the Notes. The Company will make further announcement in respect of the Proposed Notes Offering upon the execution of the Purchase Agreement.

The Proposed Notes Offering will only be offered by Merrill Lynch (i) in the United States, to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A, and (ii) outside the United States, in compliance with Regulations S under the Securities Act. None of the proposed Notes will be offered to the public in Hong Kong and none of the proposed Notes will be placed to any connected persons of the Company.

### **Reason for the Proposed Notes Offering**

The Group is the largest producer in Asia, and one of the largest producers in the world, of containerboard products, in terms of worldwide capacity and market share. The Group manufactures packaging paperboard products, principally linerboard, high-performance corrugating medium and coated duplex board. The Group also produces unbleached kraft pulp through its joint venture subsidiary, which the Group primarily sells to third parties but also uses as raw material for its own production.

The Group's operations have grown significantly since its inception and the Group now operates fifteen technologically advanced paper machines mainly imported from Europe, North America and Japan, which are located at its Dongguan and Taicang production bases in China. The Group's sales have grown significantly, following the increase of its design production capacity. To continue growth of its sales, the Group has implemented plans to further increase its design production capacity by the late fiscal year 2009 or early fiscal year 2010. As part of its expansion plans, the Group has commenced development of two additional production bases in Chongqing and Tianjin. In addition, the Group has also acquired a site for the development of pulp and paper factories in Sichuan Province.

The Proposed Notes Offering is being undertaken to (i) supplement the Group’s funding of its expansion and capital expenditure plans; and (ii) refinance its debt. The Company intends to use the proceeds from the Proposed Notes Offering to fund its capital expenditures for the purchase and construction of paper machines and supporting facilities and to refinance a portion of its existing bank loans.

## **Listing**

The Notes will be eligible for trading in the NASDAQ Stock Market Inc.’s PORTAL Market. Approval in-principle has been received for the listing of the Notes on the SGX-ST. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes. No listing of the Notes has been sought in Hong Kong.

## **GENERAL**

**As no binding agreement in relation to the Proposed Notes Offering has been entered into as at the date of this announcement, the Proposed Notes Offering may or may not materialise. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Proposed Notes Offering will be made by the Company should the Purchase Agreement be signed.**

## **DEFINITIONS**

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Nine Dragon 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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Merrill Lynch”	Merrill Lynch Far East Limited, the sole lead manager and sole bookrunner in respect of the offer and sale of the Notes
“Notes”	the fixed rate guaranteed senior notes to be issued by the Company
“Offer Price”	the final price at which the Notes will be sold

“PRC”	the People’s Republic of China
“Proposed Notes Issue”	the proposed issue of the Notes by the Company
“Purchase Agreement”	the agreement proposed to be entered into between, among others, the Company and Merrill Lynch in relation to the Proposed Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	subsidiaries of the Company which guarantees the payment of Notes
“US\$”	U.S. dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 18 April 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*