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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)

**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 was made to a facility agreement (the "Facility Agreement") dated 14 August 2012 entered into between Nine Dragons Paper (Holdings) Limited (the "Company") as borrower and China Development Bank Corporation Hong Kong Branch as lender. Pursuant to the Facility Agreement, a term loan facility in the aggregate amount of up to USD350 million (the "Facility") which is divided into Tranche A of USD100 million (the "Tranche A") and Tranche B of USD250 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 Agreement, 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 Company shall apply all amounts drawn under the Facility towards repayment of existing bank borrowings and financing of general working capital requirements of the Company.

The Company will make continuing disclosure requirement pursuant to Rule 13.21 of the Listing Rule.

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

Hong Kong, 14 August, 2012

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