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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)

**ISSUANCE OF US\$400.0 MILLION 14.0% SENIOR
PERPETUAL CAPITAL SECURITIES
EXEMPTED CONNECTED TRANSACTIONS
SUBSCRIPTION OF SECURITIES BY CONNECTED PERSONS**

Reference is made to the announcement of the Company dated 28 May 2024 in relation to the proposed issue of senior perpetual securities.

The Board is pleased to announce that on 3 June 2024, the Company entered into the Subscription Agreement with Citigroup in connection with the Securities Issue.

THE SUBSCRIPTION AGREEMENT

Date: 3 June 2024

Parties: (i) the Company; and
(ii) Citigroup

Pursuant to the Subscription Agreement, the Company will issue the Securities in the principal amount of US\$400.0 million, and Citigroup as the sole manager will be the initial subscriber of the Securities.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Citigroup is an independent third party and is not a connected person of the Company.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT. THE SECURITIES ARE BEING OFFERED OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN COMPLIANCE WITH REGULATIONS S UNDER THE U.S. SECURITIES ACT AND WILL NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES ABSENT REGISTRATION EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE SECURITIES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND WILL NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA.

THE SECURITIES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND WILL NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM.

NONE OF THE SECURITIES WILL BE OFFERED TO THE PUBLIC IN HONG KONG.

SINGAPORE SFA PRODUCT CLASSIFICATION: IN CONNECTION WITH SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE (THE "SFA") AND THE SECURITIES AND FUTURES (CAPITAL MARKETS PRODUCTS) REGULATIONS 2018 OF SINGAPORE (THE "CMP REGULATIONS 2018"), THE COMPANY HAS DETERMINED, AND HEREBY NOTIFIES ALL RELEVANT PERSONS (AS DEFINED IN SECTION 309A(1) OF THE SFA), THAT THE SECURITIES ARE 'PRESCRIBED CAPITAL MARKETS PRODUCTS' (AS DEFINED IN THE CMP REGULATIONS 2018) AND EXCLUDED INVESTMENT PRODUCTS (AS DEFINED IN MAS NOTICE SFA 04-N12: NOTICE ON THE SALE OF INVESTMENT PRODUCTS AND MAS NOTICE FAA-N16: NOTICE ON RECOMMENDATIONS ON INVESTMENT PRODUCTS).

PRINCIPAL TERMS OF THE SECURITIES

Set out below is a summary of the principal terms of the Securities.

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| Issuer | The Company |
| Aggregate principal amount | US\$400.0 million |
| Issue price | 100% of the principal amount of the Securities |
| Issue Date | 11 June 2024. |
| Distributions | Subject to the terms of the Securities, the Securities confer a right to receive distributions (each a “ Distribution ”) at the applicable rate of distribution (the “ Distribution Rate ”) from, and including, the Issue Date of the Securities. Distributions will be payable on the Securities in US\$ semi-annually in equal instalments in arrears on 11 June and 11 December each year (the “ Distribution Payment Date ”). |
| Distribution Rate | <p>The Distribution Rate applicable to the Securities are:</p> <ul style="list-style-type: none">(i) in respect of the period from, and including, the Issue Date to, but excluding, 11 June 2027 (the “First Reset Date”), shall be 14.0 per cent. per annum; and(ii) thereafter, in respect of the period from, and including, the First Reset Date and each Reset Date (as defined below) falling thereafter, to, but excluding, the immediately following Reset Date (each, a “Reset Period”), shall, in respect of any respective Reset Period, be equal to the sum of:<ul style="list-style-type: none">(1) the Comparable Treasury Rate (as defined in the Terms and Conditions of the Securities) in relation to that Reset Period;(2) the initial spread of 9.332 per cent.; and(3) the step-up margin of 5.00 per cent. <p>“Reset Date” means the First Reset Date and each date that falls three, or a multiple of three, years following the First Reset Date.</p> |

Increase in Distribution Rate following Change of Control

Upon the occurrence of a Change of Control (as defined below), unless an irrevocable notice has been given by the Company in writing to redeem the Securities pursuant to the Terms and Conditions of the Securities by the 30th day following the occurrence of such Change of Control, the Distribution Rate will increase by 5.00 per cent. per annum with effect from:

- (i) the next Distribution Payment Date immediately following the occurrence of such Change of Control; or
- (ii) if the date on which the Change of Control occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date.

“**Change of Control**” means the occurrence of one or more of the following events:

- (a) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries (as defined in the Terms and Conditions of the Securities), taken as a whole, to any “person” (within the meaning of Section 13(d) of the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)), other than one or more Permitted Holders (as defined in the Terms and Conditions of the Securities);
- (b) the Company consolidates with, or merges with or into, any Person (as defined in the Terms and Conditions of the Securities), or any Person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock (as defined in the Terms and Conditions of the Securities) of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock of the Company outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person immediately after giving effect to such transaction;

- (c) the Permitted Holders are collectively the beneficial owners of less than 50.1 per cent. of the total voting power of the Voting Stock of the Company;
- (d) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders;
- (e) the first day on which the majority of the members of the board of directors of the Company cease to be Continuing Directors (as defined in the Terms and Conditions of the Securities); or
- (f) the adoption of a plan relating to the liquidation or dissolution of the Company.

Distribution Deferral

The Company may, at its sole discretion, elect to defer (in whole or in part) any Distribution (including any Arrears of Distribution (as defined below) and any Additional Distribution Amount (as defined below)) which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date unless during the three months ending on the day before that scheduled Distribution Payment Date a Compulsory Distribution Payment Event (as defined below) has occurred.

Compulsory Distribution Payment Event

A compulsory distribution payment event (the “**Compulsory Distribution Payment Event**”) occurs if either or both of the following criteria are met:

- (A) a discretionary dividend, discretionary distribution or other discretionary payment is declared, paid or made on any Junior Obligations (as defined in the Terms and Conditions of the Securities) or (except on a *pro-rata* basis) Parity Obligations (as defined in the Terms and Conditions of the Securities) (other than a payment declared, paid or made in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants); or

(B) the Company, at its discretion, redeems, reduces, cancels, buys-back or acquires for any consideration any of its Junior Obligations or Parity Obligations (except for (x) an exchange by the Company of any of its Parity Obligations for Junior Obligations or in relation to Parity Obligations, on a *pro-rata* basis, or (y) for a repurchase or other acquisition of any securities in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants).

Cumulative Deferral

Any Distribution deferred shall constitute “**Arrears of Distribution**”. The Company may, at its sole discretion, elect to further defer (in whole or in part) any Arrears of Distribution by complying with the notice requirements applicable to any deferral of an accrued Distribution. The Company is not subject to any limit as to the number of times any Distribution and/or Arrears of Distribution may be deferred.

Each amount of Arrears of Distribution shall bear interest at the prevailing Distribution Rate as if it constituted the principal of the Securities and the amount of such distribution (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be due and payable and shall be calculated by applying the applicable Distribution Rate to the amount of the Arrears of Distribution. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that such Additional Distribution Amount will itself become Arrears of Distribution.

Restrictions in the case of an Optional Deferral

If on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date is not made in full by reasons set out in the Terms and Conditions of the Securities, the Company shall not:

- (A) declare, pay or make any discretionary dividends, discretionary distributions or other discretionary payments on, and will procure that no discretionary dividend, discretionary distribution or other discretionary payment is declared, paid or made on any of its Junior Obligations or its Parity Obligations (except in relation to Parity Obligations, on a *pro-rata* basis), save that such restriction shall not apply to payments declared, paid or made in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants; or
- (B) at its discretion redeem, reduce, cancel, buy-back or acquire for any consideration any of its Junior Obligations or its Parity Obligations (except in relation to Parity Obligations, on a *pro-rata* basis), save that such restriction shall not apply to an exchange of any of its Parity Obligations in whole for Junior Obligations or a repurchase or other acquisition of any securities in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants,

in each case, unless and until the Company (i) has satisfied in full all outstanding Arrears of Distributions and any Additional Distribution Amounts or (ii) is permitted to do so by an Extraordinary Resolution (as defined in the Terms and Conditions of the Securities) of the holders of the Securities.

No Fixed Redemption Date

The Securities are perpetual securities in respect of which there is no fixed redemption date.

Redemption for Tax Reasons

The Securities may be redeemed at the option of the Company in whole, but not in part only, at any time, at their outstanding principal amount, together with Distribution accrued and unpaid to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if any), in the event of certain changes or amendments affecting the tax laws or regulations of Bermuda, Hong Kong or the PRC.

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| Redemption upon an Accounting Event | The Securities may be redeemed at the option of the Company in whole, but not in part only, at any time, at their outstanding principal amount, together with Distribution accrued and unpaid to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if any), if as a result of any changes or amendments to HKFRS or any other accounting standards that may replace HKFRS for the purposes of the consolidated financial statements of the Company, the Securities must not or must no longer be recorded as “equity” of the Company. |
| Redemption at the Option of the Company | The Securities may be redeemed at the option of the Company in whole, but not in part, on the First Reset Date or on any Distribution Payment Date thereafter (each, a “Call Date”) at their outstanding principal amount plus Distribution accrued and unpaid to the relevant Call Date (including any Arrears of Distribution and any Additional Distribution Amount, if any). |
| Redemption for Change of Control | Upon the occurrence of a Change of Control, the Company shall give notice to Holders and to the Trustee and the Principal Paying Agent by not later than 21 days following the first day on which it becomes aware of the occurrence of such Change of Control, stipulating that a Change of Control has occurred and whether or not it will redeem the Securities pursuant to the Terms and Conditions of the Securities. |
| Redemption for Minimum Outstanding Amount | The Securities may be redeemed at the option of the Company in whole, but not in part, at any time, at their principal amount together with Distribution accrued and unpaid to such date (including any Arrears of Distribution and any Additional Distribution Amount, if any), if at least 90 per cent. of the principal amount of the Securities originally issued has already been redeemed or purchased and cancelled. |

Status of the Securities

The Securities will constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Company which shall at all times rank *pari passu* and without any preference among themselves and at least *pari passu* with all other present and future, unsecured and unsubordinated obligations of the Company, including Parity Obligations (as defined in the Terms and Conditions of the Securities), save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

REASONS FOR THE SECURITIES ISSUE

The Company is one of the largest vertically integrated producers of packaging paper products in the world, in terms of worldwide annual design production capacity. The Company manufactures a broad range of packaging paper products, including linerboard, high-performance corrugating medium, coated duplex board, greyboard, printing and writing paper and packaging products. The U.S. division of the Group also offers packaging paper products, including containerboard, kraft paper, printing and specialty papers, pulp and packaging products. The Company believes the level of integration and scale of its operations enables it to efficiently produce a broad range of high-quality packaging paper products at a low cost.

The Securities Issue is being conducted by the Company to raise funds. The gross proceeds from the Securities Issue of US\$400.0 million, after deducting the fees and commissions and other expenses payable in connection with this offering, will be used to refinance existing bank loans and other borrowings and for general corporate purposes.

LISTING

Approval in-principle has been received from the SGX-ST for the listing and quotation of the Securities on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Securities on, the SGX-ST are not to be taken as an indication of the merits of the Securities Issue and the Company.

No listing of the Securities has been sought in Hong Kong.

SUBSCRIPTION OF SECURITIES BY CONNECTED PERSONS

Ms. Cheung Yan has subscribed for a substantial majority of the Securities. In addition, Mr. Zhang Chengfei and Mr. Lau Chun Shun, each an executive director of the Company, have also subscribed for the Securities.

The subscription price of the Securities payable by Ms. Cheung Yan, Mr. Zhang Chengfei and Mr. Lau Chun Shun is the same as the subscription price payable by the other investors in the Securities Issue. The subscriptions being undertaken by Ms. Cheung Yan, Mr. Zhang Chengfei and Mr. Lau Chun Shun are to signify their support of and confidence in the Group. The subscriptions form part of the Securities Issue. As the terms of their subscriptions are the same as the other investors in the Securities Issue, the Directors (including the independent non-executive Directors) are of the view that the subscriptions are being made on normal commercial terms, the terms of which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

As the Securities are being issued under normal commercial terms, and the Securities are not secured by the assets of the Group, the subscription of the Securities by Ms. Cheung Yan, Mr. Zhang Chengfei and Mr. Lau Chun Shun are exempted connected transactions under Rule 14A.90 of the Listing Rules.

As Ms. Cheung Yan, Mr. Zhang Chengfei and Mr. Lau Chun Shun are interested in the Securities Issue, they and Mr. Liu Ming Chung, Mr. Ken Liu, Mr. Zhang Lianpeng, and Ms. Zhang Lianru who are their family members and are also considered to be interested in the Securities Issue, had abstained from voting on the resolutions at the Board meeting held to approve the Securities Issue.

GENERAL

As the Securities Issue is subject to completion, investors and shareholders of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITION

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

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| “Board” | the board of Directors; |
| “Citigroup” | Citigroup Global Markets Limited; |
| “Company” | Nine Dragons Paper (Holdings) Limited, an exempted company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange; |
| “Directors” | the directors of the Company; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “PRC” | the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan; |
| “Securities” | US\$400.0 million 14.0% senior perpetual capital securities to be issued by the Company; |
| “Securities Issue” | the issue of the Securities by the Company; |
| “SGX-ST” | Singapore Exchange Securities Trading Limited; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |

“Subscription Agreement” the subscription agreement dated 3 June 2024 entered into between Citigroup and the Company in relation to the Securities Issue;

“U.S. Securities Act” the United States Securities Act of 1933, as amended; and

“US\$” United States dollar, the lawful currency of the United States of America.

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

Hong Kong, 3 June 2024

As at the date of this announcement, the executive directors are Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Chengfei, Mr. Ken Liu, Mr. Lau Chun Shun, Mr. Zhang Lianpeng, Mr. Zhang Yuanfu and Ms. Zhang Lianru; the independent non-executive directors are Mr. Ng Leung Sing, Mr. Lam Yiu Kin, Ms. Chan Man Ki Maggie and Dr. Li Huiqun.

* *For identification purposes only*