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SAMSON PAPER HOLDINGS LIMITED

森信紙業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 731)

**DISCLOSEABLE TRANSACTION
PURCHASE OF ASSETS**

On 25 September 2007, UPPJS (a 99%-owned subsidiary of the Company) entered into the Purchase Contracts with the Suppliers for the purchase of the core units of a kraftliner board and corrugated medium production line to be installed in the production plant of UPPJS at RMB57,400,000 (equivalent to approximately HK\$59,478,783) and US\$14,000,000 (equivalent to approximately HK\$108,910,200) respectively.

The Purchase constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing, among other things, details of the Purchase Contracts will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

INTRODUCTION

The board of Directors wishes to announce that on 25 September 2007, UPPJS entered into the Purchase Contracts with the Suppliers for the purchase of the core units of a kraftliner board and corrugated medium production line to be installed in the production plant of UPPJS at a cash consideration of RMB57,400,000 (equivalent to approximately HK\$59,478,783) and US\$14,000,000 (equivalent to approximately HK\$108,910,200) respectively.

PRINCIPAL TERMS OF THE PURCHASE CONTRACTS

The principal terms of the 1st Purchase Contract and the 2nd Purchase Contract are summarized as follows:

	1st PURCHASE CONTRACT	2nd PURCHASE CONTRACT
Date:	25 September 2007	25 September 2007
Parties:	(1) Supplier A (2) UPPJS	(1) Supplier B (2) UPPJS
Subject matter:	Certain core units of a kraftliner board and corrugated medium production line	Certain core units of a kraftliner board and corrugated medium production line
Consideration:	RMB57,400,000 (equivalent to approximately HK\$59,478,783), 30% of which is payable in cash as deposit within 8 business days from the date of signing of the 1st Purchase Contract and the remaining 70% is payable in cash in five instalments according to the agreed delivery dates for the units ordered.	US\$14,000,000 (equivalent to approximately HK\$108,910,200), 20% of which is payable in cash as downpayment within 7 days after UPPJS receives the agreed number of copies of invoices of the consideration and downpayment and the remaining 80% is payable in cash in four instalments according to the agreed delivery dates for the units ordered.
Delivery dates:	Supplier A shall deliver the units ordered in five batches according to the agreed delivery dates. The last delivery date is scheduled on 30 September 2008.	Supplier B shall deliver the units ordered in four batches according to the agreed delivery dates. The last delivery date is scheduled on 30 October 2008.
Warranty period:	12 months from the date of acceptance following installation and satisfactory testing or 18 months from the date of delivery of the last batch of units ordered, whichever is earlier.	12 months from the date of acceptance following installation and satisfactory testing but shall not be longer than 18 months after the last date of the bill of lading.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Suppliers and their ultimate beneficial owners are Independent Third Parties.

BASIS FOR DETERMINING THE CONSIDERATION

The Consideration was arrived at on an arm's length basis between the respective Suppliers on the one hand and UPPJS on the other hand taking into account the prices of similar units offered by other manufacturers. The deposit and downpayment to be paid under the Purchase Contracts will be funded by internal resources of the Group and the remaining balance of the Consideration payable by UPPJS will be financed from the internal resources of the Group and/or bank borrowings.

REASONS FOR AND BENEFITS OF THE PURCHASE

As part of the Group's strategy to vertically expanding its scope of business into manufacturing kraftliner boards, testliner boards and corrugated medium, the Company acquired, indirectly, 99% equity interest in UPPJS which is approved to engage in the manufacturing and sale of kraftliner board and corrugated medium. Details of such acquisition were announced by the Company on 13 July 2007 and disclosed in the circular of the Company dated 20 August 2007. For the purpose of setting up its production facilities, UPPJS entered into the Purchase Contracts to purchase the core units of a production line for the manufacturing of kraftliner board and corrugated medium which will be assembled and installed in the production plant of UPPJS in Nantong, the PRC.

The Directors believe that the terms of the Purchase Contracts are fair and reasonable and the Purchase is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

In accordance with Rule 14.22 of the Listing Rules, in classifying the transactions contemplated under the Purchase Contracts, they shall be aggregated and treated as if they were one transaction. On this basis, both the asset ratio and consideration ratio are not less than 5% but are less than 25%. As such, the entering into of the Purchase Contracts constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Apart from the Purchase Contracts, there are no other transactions related to the Purchase entered into by UPPJS within the past 12 months.

A circular containing further information of the Purchase will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

GENERAL

The Company and its subsidiaries are principally engaged in investment holding, trading and marketing of paper products.

The Suppliers are principally engaged in the manufacturing of paper production lines.

DEFINITIONS

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

“Company”	Samson Paper Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the aggregate consideration payable pursuant to the Purchase Contracts
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties which are independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchase Contracts”	the 1st Purchase Contract and the 2nd Purchase Contract
“1st Purchase Contract”	the contract dated 25 September 2007 entered into between UPPJS and Supplier A whereby UPPJS agreed to purchase and Supplier A agreed to manufacture and sell certain core units of a kraftliner board and corrugated medium production line
“2nd Purchase Contract”	the contract dated 25 September 2007 entered into between UPPJS and Supplier B whereby UPPJS agreed to purchase and Supplier B agreed to manufacture and sell certain core units of a kraftliner board and corrugated medium production line
“Purchase”	the purchase of the core units of a kraftliner board and corrugated medium production line pursuant to the Purchase Contracts
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the holders of shares in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplier A”	a company in the PRC engaging in, among others, the manufacturing of paper production lines

“Supplier B”	a company in Taiwan engaging in, among others, the manufacturing of paper production lines
“Suppliers”	Supplier A and Supplier B
“UPPJS”	江蘇遠通紙業有限公司 (Universal Pulp and Paper (Jiangsu) Co., Ltd.), a company incorporated in the PRC with limited liability which is a 99%-owned subsidiary of the Company
“US\$”	United States dollars, the lawful currency of the United States of the America
“%”	per cent.

In this announcement, for illustration purpose, amounts in RMB and US\$ have been translated into Hong Kong dollars at the exchange rates of HK\$1 to RMB\$0.96505 and US\$1 to HK\$7.7793 respectively. Such translations do not constitute a representation that any amount has been, could have been or may be exchanged at such rates.

By order of the board of Directors of
Samson Paper Holdings Limited
Mr. SHAM Kit Ying
Director

Hong Kong, 25 September 2007

As at the date of this announcement, the board of Directors comprises of five executive Directors, namely Mr. SHAM Kit Ying, Mr. LEE Seng Jin, Mr. CHOW Wing Yuen, Ms. SHAM Yee Lan, Peggy and Mr. LEE Yue Kong, Albert, one non-executive Director, Mr. LAU Wang Yip, Eric and three independent non-executive Directors, namely Mr. PANG Wing-Kin, Patrick, Mr. TONG Yat Chong and Mr. NG Hung Sui, Kenneth.

* *For identification purpose only*