

For Immediate Release

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**Nine Dragons Paper Announces FY2019 Annual Results**  
**Historical high sales and sales volume**  
**Lowest debt gearing ratio over the last decade**

(Hong Kong, 25 September 2019) Nine Dragons Paper (Holdings) Limited (the “Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the “Group” or “Nine Dragons Paper”) for the year ended 30 June 2019 (the “Year”).

Despite faced with various challenges, including the complicated economic environment both at home and abroad, and tightening control on the import quota of recovered paper by the Chinese government, the Group’s sales and sales volume both reached a record high for the Year. Total sales volume reached 14.1 million tonnes, representing a year-on-year increase of 8.5%. Total sales increased 3.5% year-on-year to approximately RMB54.65 billion. Cash flow remained at a healthy level. Net debt gearing ratio decreased to its lowest level over the last decade, down by 5.6 ppts year-on-year to 59.7%.

Profit attributable to equity holders was approximately RMB4.02 billion if the exchange losses on operating and financing activities were excluded, representing a year-on-year decrease of 48.9%. Basic earnings per share amounted to RMB0.82. The Board has proposed the distribution of a final dividend of RMB18 cents per share. Together with the interim dividend per share of RMB10 cents, dividend for the Year amounted to RMB28 cents per share with a dividend payout ratio of 34%.

**Business Strategy and Development Plan**

In response to changes in the macro-environment and policy on the import quota of recovered paper, the Group strived to diversify the raw material sources and expanded its business downstream to establish a vertical industry chain. On the upstream side, the Group has invested in production capacity for recycled pulp with a view to gain better control over the stability of raw material supply as well as the quality and cost efficiencies of production. Meanwhile, the Group also expanded its business towards the downstream industry chain through the acquisition of packaging business, and engaged in the production of corrugated cardboard and carton boxes. Such expansion would further enhance the Group’s operating efficiency, enlarge the business scale and revenue, as well as reduce the operating and financial costs and increase its pricing power.

Regarding production capacity, in September 2019, the Group successfully acquired a company in Malaysia with a production capacity of 0.48 million tpa for recycled pulp. Currently, the Group's total design production capacity for paper and pulp worldwide amounts to 16.37 million tonnes per annum (tpa), including 15.52 million tpa of paper capacity and 0.85 million tpa of pulp capacity. The Group plans to commence additional production capacity of 2.05 million tpa and 0.55 million tpa for linerboard in China and Malaysia respectively, and to further increase the production capacity of its existing mills in the U.S. for recycled pulp by 0.56 million tpa and kraft pulp by 0.20 million tpa. Upon completion of all these manufacturing projects, the Group's total design capacity for paper production is expected to exceed 18.0 million tpa, and the Group's aggregate design capacity for pulp production is expected to reach 1.61 million tpa by the end of 2021.

While reinforcing its existing mid-to-high-end customer base, the Group has also promoted products with good value for money under the "River Dragon(江龍牌)" brand with a view to establishing a more diversified product mix and expanding the coverage in mid-to-low-end markets, in order to increase the overall sales volume and market share of the Group.

Chairlady Cheung Yan addressed, "Looking ahead, consolidation of the papermaking industry will be accelerated driven by factors such as environmental protection, raw materials and market conditions, which will offer vast room for the development of large enterprises such as us. In order to seize the market opportunities, Nine Dragons Paper has been well-prepared. In the coming year, we will strengthen our efforts in expanding the domestic sourcing channels for recovered paper purchase, and continue to explore opportunities to expand the production capacity of recycled pulp overseas in order to ensure we have sufficient supply of raw materials with good quality. As we continue to satisfy the needs of the mid-to-high-end market, we will also devote greater resources to the research and development, production and sales of mid-to-low-end products with higher value for money so as to further increase our overall market share to continuously reinforce our winning edges as a market leader."

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**About Nine Dragons Paper (Holdings) Limited**

Founded in 1995, Nine Dragons Paper Group is a world-famous environmentally friendly recovered paper based paper manufacturing group. The Group primarily produce linerboard, high performance corrugating medium and coated duplex board, while it also produces printing and writing paper, specialty paper, pulp, high performance corrugated cardboard and high performance carton boxes. Nine Dragons Paper (Holdings) Limited was listed on the Main Board of the Hong Kong Stock Exchange in 2006.

This press release is distributed by Wonderful Sky Financial Group Limited for Nine Dragons Paper (Holdings) Limited.

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