

For immediate release

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**Nine Dragons Paper Announces FY2021 Annual Results  
Achieves Remarkable Results in Adversity  
Record Highs in Revenue and Sales Volume  
Net Profit Surged 70.4%**

(Hong Kong, 27 September 2021) Nine Dragons Paper (Holdings) Limited (“Nine Dragons Paper” or the “Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the “Group”) for the twelve months ended 30 June 2021 (“FY2021” or the “Year”).

- Record high revenue; a year-on-year increase of 19.9% to RMB 61.6 billion
- Record high sales volume; a year-on-year increase of 7.8% to approximately 16.5 million tonnes
- Net profit<sup>1</sup> was RMB 7.1 billion; a year-on-year increase of 70.4%
- Gross profit margin of 19.0%; a year-on-year increase of 1.4 percentage points
- Net profit margin was 11.5%; a year-on-year increase of 3.4 percentage points
- Basic earnings per share increased by RMB 62 cents year-on-year to RMB 1.51
- Final dividend of RMB 33 cents per share; together with the interim dividend per share of RMB 10 cents, dividend for the Year amounted to RMB 43 cents (FY2020: RMB 32 cents) per share

In FY2021, with the volatile pandemic situation in various countries around the world, the official implementation of the “zero import quota on recovered paper” policy, and the price increase in commodity prices and shipping costs, the manufacturing industry in general and the China’s packaging paper industry were confronted with huge

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<sup>1</sup> Profit attributable to equity holders of the Company

challenges. Faced with such challenges posed by the complicated external environment, with effective pandemic control in place, the Group actively adjusted its sales strategy and made solid efforts in reducing costs, increasing efficiency and improving quality. As a result, revenue increase by 19.9% YoY to RMB 61.6 billion, sales volume increased by 7.8% YoY to 16.5 million tonnes, both hitting a record high; profit attributable to equity holders surged 70.4% to approximately RMB 7.1 billion. Moreover, measures for centralized capital management have achieved remarkable results. With continuous enhancement of cash flow management and financial cost control, net gearing ratio remained at a healthy level of 51.7%.

### **Continuously optimizing raw material mix and improving production capacity to offer upstream and downstream integrated service**

In response to the structural transformation of raw materials in the industry caused by the ban on recovered paper importation, the Group continued to optimize its raw material mix by actively building wood pulp production lines in China. As of June 30, 2021, the Group's total design annual capacity for pulp (recycled pulp and wood pulp) reached 0.85 million tonnes. The Group's fully-integrated pulp and paper projects in Hubei, Liaoning and Guangxi are expected to be completed in the near future, which will provide more than 3 million tonnes of wood pulp production capacity for self-use. Combining the current and pipeline recycled pulp and wood pulp capacity projects in the U.S. and Malaysia, the Group's production capacity for pulp will exceed 4.5 million tonnes by the end of 2023, which will provide the greatest assurance for the quality and cost control of high-end products. During the up cycle of wood pulp prices in the international market, the advantages of the Group's vertical integration of the production chain will prevail in particular. Among which, Beihai Base in Guangxi will become the world's largest pulp and paper production base upon completion and launch.

Currently, Nine Dragons Paper has a total design production capacity of 17.57 million tonnes for paper globally. In order to seize the opportunities brought by the plastic ban and changes in raw materials, the Group has taken advantage of the scale effect, and emphasized on high-end product expansion by increasing production capacity in Hubei,

Guangxi, Liaoning and Malaysia by a total of 6.25 million tonnes, with a focus on virgin kraftliner, white top linerboard and bleached folding boxboard. It is expected that the Group's total design annual capacity will exceed 23.8 million tonnes by the end of June 2024. Leveraging the years of experience and well-established leadership in the paper manufacturing industry, the Group is expected to enhance its industry position in the white top linerboard and bleached folding boxboard segments and further improve its profitability.

Meanwhile, the Group is actively expanding its downstream intelligent packaging capacity, concentrating its efforts on optimizing the R&D, production and sales, as well as logistics and delivery, with the aim of enhancing overall operating efficiency and building an upstream and downstream integrated platform, so as to provide end customers with professional one-stop packaging services to address their diversified demands, while at the same time maintain the quality and price of the packaging paper, in order to ensure a sustainable high-quality development of the Group.

### **Strive for sustainable progress with diligence and perseverance**

With the widespread mass vaccination, the pace of recovery in the global economy, supply chain and export industry has accelerated. Coupled with the remarkable results of China's pandemic prevention and control measures, the development of the packaging paper market has been boosted. Policies such as the "dual circulation" and replacement of plastic with paper packaging are also expected to drive inelastic demand for packaging paper and further enhance market prosperity. Meanwhile, the new norm of raw material supply and implementation of environmental rectification measures will facilitate market equilibrium and industry consolidation. Looking forward to 2022, the Group undertakes to remain punctilious and diligent as it develops strengths and improves weaknesses. It will strive for sustainable progress with the aim maximizing the advantages of being a market leader:

1. Continue to carry out pandemic prevention. We will define employees' safety as our priority to ensure smooth operation;
2. Fully prepare for integrated pulp and paper production in order to offer quality raw

- materials for high-end products;
3. Optimize product quality and perform effective cost control to maintain our competitive edges in the market;
  4. Keep balance between gearing ratio, cash flow and exchange risks; and
  5. Maintain our innovative spirit and strengthen the environmental protection, safety and staff training systems. We will pursue sustainable corporate development relentlessly.

— End —

**About Nine Dragons Paper (Holdings) Ltd.**

Founded in 1995, Nine Dragons Paper Group is a leading global paper manufacturer (including upstream and downstream production chain) and China's leading paper producer. 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. The Group has also established a number of downstream paper packaging companies to offer intelligent one-stop packaging services to customers. Nine Dragons Paper (Holdings) Limited was listed on the Main Board of the Hong Kong Stock Exchange in 2006.

This press release is issued by Wonderful Sky Financial Group Limited on behalf of Nine Dragons Paper (Holdings) Ltd.

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