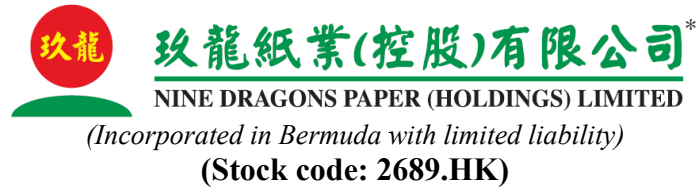


Immediate Release

25 September 2023



**Nine Dragons Paper Announces 2023 Annual Results**  
**Sales Volume up by 3.4% to 16.6 million tonnes**  
**Revenue over RMB56.7 billion**

(Hong Kong, 25 September 2023) Nine Dragons Paper (Holdings) Limited announced the annual results of the Company and its subsidiaries (the “Group” or “Nine Dragons Paper”) for the year ended 30 June 2023 (“FY2023” or the “Year”).

In FY2023, as affected by the pandemic containment measures and sluggish post-pandemic economic recovery in mainland China, the insufficient domestic demand and consumption as well as the shrinking export market imposed significant constraints on both the demand and selling prices of packaging paper, which therefore had continued to weaken. Meanwhile, unfavourable factors such as global inflation, fluctuations in energy prices, interest rate hikes, and intensified import competition had made the most challenging business environment ever.

In view of this background, the Group adjusted its operating strategies from time to time by actively reducing costs and inventories, and strengthening working capital and cash flow management. At the same time, we responded to market demand by taking the initiative to develop new products and find new customers, while utilizing alternative raw materials to increase our competitiveness. As a result, sales volume increased by 3.4% YoY to 16.6 million tonnes during the Year. Revenue amounted to RMB56.7 billion. Gross profit was RMB1.53 billion. Our capital chain remained solid and intact. Despite a full-year loss was recorded for the first time since listing, the loss in the second half of the financial year has significantly narrowed as compared to that of the first half of the financial year.

**Promotion of capacity expansion plan in order, with equal emphasis on structural adjustment and optimization of product mix**

Entering the post-pandemic era, it is expected that the Chinese government’s supportive policies for the economy and the relevant industries will buoy the packaging paper industry, while the pull back of prices of recycled paper and coal will foster positive support for profitability. The resilience of China’s rigid demand market and the increasing demand for the “Plastic Ban Order” on bleached folding boxboard and packaging paper for express delivery further provided development momentum for the packaging paper industry. Further driven by various factors such as environmental protection, raw materials and market conditions, market consolidation will inevitably be expedited.

In order to achieve sustainable development and lay a solid foundation for driving profitable development in the long run, a number of the Group's capacity expansion projects for paper production and raw material have been completed and started production as scheduled during the Year. As of 30 June 2023, the Group's total design production capacity for fibre raw materials amounted to 4.62 million tpa (wood pulp of 2.17 million tonnes, recycled pulp of 0.70 million tonnes and wood fibre of 1.75 million tonnes), and the total design production capacity for paper amounted to 20.02 million tpa, while the total annual design production capacity for downstream packaging plants exceeded 2.8 billion sq.m.

Nine Dragons Paper must take a wider outlook and restructuring will be the main focus of its future strategies. In other words, while optimizing the fibre-based raw material structure to stabilize both the quality and costs of products, it will also increase the proportion of high-end products to realize continuous upgrade of the profit mix. In pursuit of this vision, the Group will continue to strengthen its core competitiveness, proactively increase raw materials and press on with the fully-integrated pulp and paper mill projects in an orderly manner. It is expected that upon completion of all projects, the Group's total designed annual production capacity for fibre raw materials will reach 6.83 million tonnes in the future, including production capacity of 4.07 million tonnes for wood pulp, 0.70 million tonnes for recycled pulp and 2.06 million tonnes for wood fibre, which will better leverage on the advantages of the vertical industry chain.

Product mix optimization and structural profitability enhancement are important directions for the Group's future development. The Group is carrying out a number of production capacity expansion projects at home and abroad, including the expansion of the production of virgin kraftliner and bleached folding boxboard, etc. It is expected that these projects will increase the Group's production capacity by 4.25 million tonnes upon commissioning, by which time the Group's designed annual production capacity will reach 24.27 million tonnes.

### **Sustainable benefits orientation and steady growth for full production and sales**

The Group's major task for the coming year is to achieve full production and sales, turn a loss into a profit as soon as possible and stabilize a reasonable level.

1. Implement the transformation of raw material structure - utilize wood pulp and alternative raw materials, stabilize the quality and quantity of waste paper procurement;
2. Implement high-quality and diversified products - consolidate core customers, increase the proportion of high-end products and explore new customers;
3. Implement cost saving and inventory reduction - better grasp and control inventory, the operating capital and cash flow; save costs; and balance the finance costs and exchange risks; and
4. Implement internal control risks - improve clean and civilized production, strengthen fire control, safety and integrity management. As a model of the industry, Nine Dragons Paper will continue to carry forward our environmental protection and low-carbon governance initiatives.

— 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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