



(Incorporated in Bermuda with limited liability)

(Stock Code: 2689)

Nine Dragons Paper Announces FY2024 Annual Results
Sales Volume Increased 18.3%, Gross Profit Increased 273.2%
Successfully Turning Losses into Profits

(Hong Kong, 25 September 2024) Nine Dragons Paper (Holdings) Limited (the “Company”) announced the consolidated results of the Company and its subsidiaries (the “Group” or “Nine Dragons Paper”) for the year ended 30 June 2024 (the “FY2024” or the “Year”).

- Sales volume was approximately 19.595 million tonnes, representing a year-on-year increase of 18.3%;
- Revenue was approximately RMB59.5 billion, representing a year-on-year increase of 4.9%;
- Gross profit was approximately RMB5.71 billion, 2.7 times of that in the last financial year;
- Turning losses into profits with profit attributable to equity holders of the Company of approximately RMB750 million

Impressive sales growth with significantly improved profitability

In FY2024, the Chinese economy faced the triple pressure of shrinking demand, supply shocks and weakening expectations with a sustained weakness in consumer confidence, which restrained the rebound of sales in the packaging paper industry to a certain extent. Meanwhile, continued expansion of production capacity by the peers and the continued increase in imported paper further added pressure on supply, putting the packaging paper industry under constant stress. Leveraging its excellent product quality and diverse product portfolio, the Group has a large, stable and diversified customer base, which contributed to the Group’s significant year-on-year growth of 18.3% in sales volume and its year-on-year increase of 4.9% in revenue to approximately RMB59.5 billion for the Year. The Group optimized the raw material structure, kept a close tab on the supply and prices of raw materials, and implemented refined production and sales management, inventory management and a range of cost reduction and efficiency enhancement measures to effectively strengthen the operating efficiency and cost control capabilities, thereby significantly improving the profitability of the Group. Recording a substantial year-on-year growth of 273.2% in the gross profit and significant year-on-year growth of 6.9 percentage points in the gross profit margin, the Group successfully navigated across the cycle and registered a turnaround from losses to profits during the Year. In addition, the Group further improved the risk management system and kept working capital, cash flow and exchange rate fluctuation risks to minimum levels, solidifying the high-quality sustainable development of the Group.

Successfully putting multiple new projects into operation, continuous expansion of production capacity

During the Year, a number of the Group's capacity expansion projects for paper production and raw materials were put into operation as scheduled. Among which, the new base in Beihai, Guangxi Zhuang Autonomous Region was also officially put into operation, which further expanded the Group's market coverage. As of 30 June 2024, the Group's total design production capacity for fibre raw materials amounted to 5.14 million tpa, and the total design production capacity for paper amounted to 21.67 million tpa, while the total annual design production capacity for downstream packaging plants amounted to 2.86 billion sq.m.

Continuous optimization of product structure to explore new profit growth points

The quality of packaging paper is closely related to the that of raw materials, and good control at the source gives core impetus to precisely control costs and enhance product competitiveness. The Group continued to promote the deployment of high-quality wood pulp production lines to improve resource security, ensure the quality of high-end products, and strive for premium pricing of products. The Group promoted the capacity expansion projects of a total of 3.05 million tonnes of wood pulp, and 3.70 million tonnes of bleached folding boxboard and printing and writing paper in Beihai, Guangxi Province and Jingzhou, Hubei Province. Upon completion of the above projects, the Group's total design production capacity for fibre raw materials will reach 8.19 million tpa, and the total design production capacity for paper will reach 25.37 million tpa. These projects would lay a solid foundation for further strengthening the Group's market competitiveness as well as improving its structural profitability in the future, reinforcing steady growth of the Group amidst the complex and volatile market.

Concentrated efforts to promote high-quality and sustainable development

Looking ahead to the next fiscal year, with the intensive implementation of the relevant favorable policies of China, consumer confidence will be further boosted by the combined efforts of all parties and the internal impetus of consumption, which will in turn promote the growth of demand in the packaging paper industry. Nonetheless, the competitive pressure of zero tariff on imported paper, the increased supply of new capacity from the peers, the necessarily gradual recovery of economic and consumer confidence, and the complex and volatile international situation have all added uncertainties to the current business environment. However, we firmly believe that the external factors such as the environmental trend of "replacing plastic with paper", the change in market demand arising from consumption upgrade of "replacing the old with the new", and fluctuations in raw material supply will further strengthen the Group's competitive advantages of the integrated pulp and paper production. In the future, the Group will strive to strike a proper balance between production and sales, complete the domestic and overseas raw material expansion plans in an orderly manner, and endeavor to increase the proportion of high value-added products in order to achieve high-quality and sustainable development and maintain its robust profitability by:

- (1) Optimizing the raw material structures — We will push ahead with the production capacity projects for wood pulp and alternative raw materials in full steam. While minimizing the procurement cost of recycled paper, we will ensure stable production quality;
- (2) Strengthening the core competitiveness of products — Putting efforts in effective and intensive product differentiation for higher premium pricing of products, we will continue to increase our market share by tapping high-end markets and precise positioning with excellent quality, so as to consolidate and enhance our position in the industry;
- (3) Increasing the operating efficiency and effectiveness — We will adopt measures of cost reduction and efficiency enhancement in all aspects, streamline and optimize staffing structure. By closely monitoring the market price movements of raw materials, we will precisely control costs and

maintain our competitiveness. We will maintain low-inventory operations in the long run and strengthen working capital management to ensure a robust cash flow; and

- (4) Pursuing high-quality and sustainable development — We will develop a comprehensive management system, implementing green and low-carbon development, and ensuring safe, compliant and efficient operations.

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About Nine Dragons Paper (Holdings) Limited

Founded in 1995 and headquartered in Dongguan, Guangdong Province, Nine Dragons Paper (Holdings) Limited was listed on the Hong Kong Stock Exchange in 2006. It is a leading pulp and paper producer in the world (major products include a wide range of environmentally-friendly packaging paper, high-end virgin paper, and upstream and downstream production chain products). The Group currently has a design production capacity of over 20 million tpa and approximately 20,000 employees. At present, Nine Dragons Paper has production bases in Dongguan, Taicang, Chongqing, Tianjin, Leshan, Quanzhou, Shenyang, Hebei, Hubei, Beihai, Vietnam, Malaysia, the United States, etc.

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

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