



Nine Dragons Paper Announces Its Interim Results for the Fiscal Year 2026

Sales Volume Hit a Record High for the Third Consecutive Comparable Period Profit Surged Threefold *Pulp-Paper Integration Redefines Value as Strategic Payoffs Accelerate*

(Hong Kong, 25 February 2026) Nine Dragons Paper (Holdings) Limited is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group" or "Nine Dragons Paper") for the six months ended 31 December 2025 (the "Period").

- Sales volume of 12.4 million tonnes, up 8.3% YoY;
- Revenue of RMB37.22 billion, up 11.2% YoY;
- Gross profit of RMB5.35 billion, up 67.4% YoY;
- Net profit of RMB2.21 billion, up 225.1% YoY;
- Profit attributable to equity holders of the Company of RMB1.97 billion, up 318.8% YoY.

Establishment of the Core Entities of the Integration Strategy as Scheduled to Drive Leapfrog Growth in Profit

During the Period, China's economy steadily recovered under structural transformation and targeted policies. Against the backdrop of multi-pronged policy shifts, volatile raw material costs and product prices, the paper-making industry gradually recovered from a stage of significant downturn, with signs of marginal improvement in the supply and demand pattern and a trend of structural divergence in the industry's profitability. Amid such circumstances, the Group solidly advanced its integrated pulp and paper production layout and optimization of its product portfolio, completed the establishment of the strategic core entities as scheduled, and entered into the harvest period in which the benefits of integrated pulp and paper production were unleashed, driving a leapfrog growth in operating performance. Leveraging consistent product quality and a diversified product structure, the Group's sales volume amounted to 12.4 million tonnes during the Period, representing an increase of 8.3% as compared with the corresponding period last year and setting a new record high for the third consecutive comparable period. The average selling price rose against the headwinds by 2.7% as compared with the corresponding period last year. Driven by both volume and price growth, the revenue amounted to RMB37.22 billion, representing an increase of 11.2% as compared with the corresponding period last year.

Meanwhile, the Group continuously refined its lean operations, empowered technological innovation, and unlocked talent value, so as to relentlessly enhance the efficiency in operational management, thereby introducing new vibrance into sustainable growth. During the Period, the Group delivered outstanding

performance in profitability, with the gross profit of approximately RMB5.35 billion, representing an increase of 67.4% as compared with the corresponding period last year against headwinds. Net profit amounted to approximately RMB2.21 billion, representing a significant increase of 225.1% as compared with the corresponding period last year, while profit attributable to equity holders of the Company amounted to approximately RMB1.97 billion, representing a substantial increase of 318.8% as compared with the corresponding period last year and outperforming the industry in terms of profitability. In addition, by consistently prioritizing both development and safety, the Group continued to optimize its risk management system and kept working capital, cash flow and exchange rate fluctuation risks to minimum levels, solidly securing the high-quality sustainable development of the Group.

Comprehensively Deepened the Integrated Pulp and Paper Production Layout to Further Strengthen the Foundation for Competitiveness

During the Period, the Group comprehensively deepened its integrated pulp and paper production layout and basically completed the expansion plans for core raw materials, enabling it to effectively hedge against market price volatility risks associated with external purchase of wood pulp, which laid a solid foundation for the upgrade of the Group's product mix towards high-end and differentiated supply. The promising growth in results performance during the Period not only fully showcased the foresight and appropriateness of the Group's strategy to regard raw materials as its top priority, but also further highlighted the urgency and strategic value of continuous optimization of the raw material expansion plans.

In terms of raw materials, currently, an annual design production capacity of approximately 5.4 million tonnes for wood pulp have commenced production. Looking ahead, the Group will, on the one hand, continue to expand the production capacity for high-end raw materials in mature bases, such as Tianjin, Chongqing and Dongguan, and, on the other hand, further accelerate the release of new production capacity from its new bases in Beihai and other places, aiming to maximize the efficiency and profitability of all bases and enhance the flexibility of operation and resilience of profitability on all fronts. Upon the commencement of operation of all new projects in full scale, it is expected that the Group's total design production capacity for fiber raw materials will increase to approximately 10.7 million tpa (including wood pulp of 7.9 million tonnes, recycled pulp of 0.7 million tonnes and wood fibre of 2.1 million tonnes). By then, the strategy of integrated pulp and paper production will hence reach a new level, and a solidified safety margin and competitive moat for the Group's profitability will be secured.

In terms of products, leveraging the advantages in integrated pulp and paper production of its two new bases in Beihai and Hubei, the Group has comprehensively increased the proportion of high-end paper grades, thereby optimizing its profit structure. During the Period, a production capacity of 1.2 million tonnes for bleached folding boxboard and 0.6 million tonnes for printing and writing paper was successfully achieved in Hubei base and Beihai base, respectively, which further increased the proportion of the Group's high-end kraftliner. Through vertical integration of the raw material supply chain of wood pulp, the Group has effectively controlled costs and enhanced quality, supporting the performance upgrades and brand premium for high-end paper categories while boosting the profitability of the Group.

Promote Quality and Efficiency Enhancement through Lean Operations and Empowered Development with Technological Innovation

In the face of challenges presented by the complex changes in the external environment, the Group adhered to high-quality development as the main objective, consolidated its foundational strengths, deepened

refined management, and continuously enhanced its risk resistance capability and profitability resilience through technological empowerment and talent value release.

In terms of operational management and control, the Group has established a full-chain refined benchmarking system, deepened cross-base collaboration and sharing of best practices, and promoted the overall coordination of resources as well as systematic cost reduction and efficiency enhancement. In terms of technological innovation, the Group focused on key technological breakthroughs and the high-end transformation of products, and at the same time leveraged big data, artificial intelligence and other technologies to realize production optimization and intelligent decision-making, driving the enhancement of brand value and value creation through technology. In terms of talent efficiency, the Group thoroughly implemented the "talent empowering enterprise" strategy, strived to cultivate technically versatile talents and management teams, promoted human-machine collaboration and in-depth integration of professional skills, and transformed talent advantages into continuous improvement in equipment efficiency and production performance, laying a solid foundation for high-quality development.

Forge Profitability Resilience to Unleash Growth Potential

Looking ahead, the Chinese government will continue to launch a series of more aggressive policies to expand domestic demand and boost consumption. This, coupled with the environmental trend of “replacing plastic with paper” and the optimization of the supply side driven by “anti-involution” campaign, is expected to drive marginal improvements in both supply and demand in the paper-making industry. The Group has largely completed its expansion plans for integrated pulp and paper production, and adjustments for diversified product mix, embracing favourable conditions for its development. For the second half of the fiscal year, the Group's core strategies are as follows:

1. Exercise stringent control over production costs and further implement measures of cost reduction and efficiency enhancement. We will put all-out efforts to ensure commencement of production of wood pulp projects with production targets and standards met. We will continue to refine the procurement strategy so as to fully optimize the costs of major raw materials such as recovered paper and woodchips. By strengthening all-process precision control during production, we will enhance the formulation ratios and precise commissioning of resources to increase the yield of recovered paper, and to curb the overall cost of wood pulp per tonne;
2. Focus our concerted efforts in development and unlock the value and potential of talents. Adhering to the core principle of unlocking talent value, we will focus on enhancing both their technical and managerial capabilities to promote human-machine collaboration and optimize the matched workforce efficiency. We will continue to enhance inter-departmental and inter-base collaborations to fully motivate the organic vibrance and potential creativity of employees in a bid to maximize the efficiency of manpower resources;
3. Promote high-end differentiation to accelerate the realization of strategic value. By giving full rein to our core advantages of integrated pulp and paper production oriented with technological innovation, we will continue to achieve sustainable supply of exemplary quality paper that embodies the characteristics of Nine Dragons Paper, while raising the proportion of high added-value products and expanding domestic and international sales channels to further increase our share in the high-end markets;
4. Refine lean operations and enhance operating efficiency of systems. Taking into account the characteristic of our business, we will leverage big data and AI-empowered end-to-end operational

management to track the dynamics of raw material market and sales on a real time basis, and to enhance our inventory structure in a scientific manner. Besides, we will strengthen capital management and compliance controls to ensure a balance between the needs for business development and liquidity security;

5. Build a sustainable foundation by upholding our lifeline and bottom lines for development. We value reputation as the lifeline of the Group. We live up to our reputation across all processes and stages of production and operations, thereby building a foundation for our brand with concrete actions. Additionally, upholding security, fire safety, environmental protection and integrity as the bottom lines for development, we will ensure they are fully incorporated into our day-to-day management in order to establish a sound and long-term management mechanism.

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About Nine Dragons Paper (Holdings) Limited

Nine Dragons Paper (Holdings) Limited was established in 1995 and is headquartered in Dongguan City, Guangdong Province. The Company was listed on the Hong Kong Stock Exchange in 2006 and is currently the world's largest paper manufacturing group in terms of production capacity, and the leading enterprise in the integrated production of pulp and paper (its main products include various types of environmentally friendly packaging paper, printing and writing paper, high-end virgin paper, and paper products across its upstream and downstream production chain). Boasting an annual designed production capacity exceeding 25 million tonnes of paper and over 5 million tonnes of wood pulp, the Group employs more than 20,000 staff worldwide. It operates an extensive global production network with bases strategically located across China (including Dongguan, Taicang, Chongqing, Tianjin, Leshan, Quanzhou, Shenyang, Hebei, Hubei, and Beihai), as well as in Vietnam, Malaysia, and the United States.

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

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*Note: * For identification purposes only.*