



[For Immediate Release]

Lee & Man Paper Reports Record High Interim Net Profit Up by 28% to HK\$1.43 Billion

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Own “Hanky” Brand Tissue Paper Launched to Market Set to Become A New Growth Driver

Vietnam Plant to Begin Production in Fourth Quarter of 2016 Fully Enhances Production Capacity and Strengthens Profitability

(Hong Kong, 1 August 2016) – **Lee & Man Paper Manufacturing Limited** (“Lee & Man Paper” or the “Group”) (HKEx: 2314), one of the largest containerboard manufacturers in China, today announced its interim results for the six months ended 30 June 2016. During the period under review, the Group recorded a total sales volume of 2.67 million tons, total revenue of HK\$8.37 billion, interim net profit of HK\$1.43 billion, and net profit per ton of HK\$536, achieving a notable increase in overall profitability. Earnings per share for the period were HK31.36 cents as compared to HK24.03 cents for the corresponding period last year.

The Board of Directors declared payment of an interim dividend of HK11 cents per share for the six months ended 30 June 2016 (2015: HK8.5 cents per share).

Dr. Raymond Lee, Chairman of Lee & Man Paper, said, “The demand for packaging paper in China is expected to grow steadily in the long run. Although paper consumption per capita in China has been increasing year after year, it is still way behind that of developed countries. Hence, it is obvious that the market still has plenty of room to develop in the future. Latest trends like e-commerce and online shopping have not only completely changed the market and consumption mode, but have also brought boundless business opportunities to the packaging industry. To address the overcapacity problem and environmental issues of the paper industry, the PRC Government has stepped up ousting obsolete production capacities to gradually correct the excessive supply situation, and that has boosted the bargaining power of industry players. The Group is confident about the outlook of the paper industry.”

To expand the scope of its business, the Group has entered the tissue paper market and is producing and selling in the market its own “Hanky” brand tissue paper. Currently, the Group has in full operation four tissue paper production lines of output volume totaling 135,000 tons in Chongqing. Another four new production lines that afford a total production capacity of 220,000 tons also in Chongqing and four other production lines – two in Jiangxi and two in Guangdong – capable of 220,000 tons of output will commence production in the second half of this year and before the end of 2017 respectively. After all the production lines are in operation, the Group’s annual production capacity for tissue paper will reach 575,000 tons and will be able to claim its place among the top five tissue paper manufacturers in mainland China. Tissue paper business is expected to contribute more profit to the Group and become a new growth driver of the Group.

Apart from starting to produce tissue paper, the Group will also venture into the overseas packaging paper

market and invest in building paper factories overseas to match its plan to extend business coverage to Southeast Asian markets. The paper production project in Hau Giang, Vietnam — with an annual production capacity of 400,000 tons — is expected to begin operation in the fourth quarter of 2016. Furthermore, the Group may add packaging paper production capacity of about 400,000 tons in China in the future.

As at 30 June 2016, the Group maintained a strong financial position with bank balances and cash of HK\$1,424 million. The Group's net debt-to-equity ratio maintained a reasonable level of 68%.

Mr. Edmond Lee, Chief Executive Officer of Lee & Man Paper, concluded, "Adhering to its long-held prudent strategies and with debts maintained at a reasonable level, the Group will, heeding the pace of economic development, continue to bolster the output capacity of its existing industrial parks and develop new industrial parks. The management will continue to strictly control costs and strengthen capital operation so as to maintain the Group's competitiveness in the paper industry. The experienced and outstanding management team of the Group will continue to lead the Group and exert its best in raising the Group's profitability."

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About Lee & Man Paper Manufacturing Limited

Lee & Man Paper Manufacturing Limited is one of the leading paper manufacturers in China, specialising in the production of a range of linerboard and corrugating medium used to produce cardboard boxes for packaging purposes, it has also entered the tissue paper market in recent years, producing and selling its own "Hanky" brand tissue paper. Currently, the Group has five paper production plants in China, located at Huangyong in Dongguan, Hongmei in Guangdong, Changshu in Jiangsu, Yongchuan in Chongqing and Jiujiang in Jiangxi. Total annual production capacity of the Group is currently 5.23 million tons of containerboard, 150,000 tons of pulp and 135,000 tons of tissue paper.

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