



## Lee & Man Paper Annual Net Profit Surges 22.7% to HK\$2.86 Billion

\* \* \*

### Tissue Paper Business Records Satisfactory Sales and Set to Become New Growth Driver Through Continuous Development Hau Giang Vietnam Plant and Jiangxi China New PM21 Machine will Commence Operation in 2017

### Enhances Production Capacity to Keep Pace with Expanding Southeast Asian Markets

(Hong Kong, 28 February 2017) – **Lee & Man Paper Manufacturing Limited** (“Lee & Man Paper” or the “Group”) (HKEx: 2314), one of the largest containerboard manufacturers in China, announced today its annual results for the year ended 31 December 2016. During the year, the Group recorded a total sales volume of 5.63 million tons, a total revenue of HK\$18.34 billion (2015: HK\$17.62 billion). Annual net profit increased by 22.7% year-on-year to HK\$2.86 billion, while its net profit per ton was HK\$508. Earnings per share were HK62.64 cents (2015: HK50.43 cents).

The Board of Directors declared payment of a final dividend for the year ended 31 December 2016 of HK11.0 cents per share (2015: HK9.5 cents per share). Together with the interim dividend of HK11.0 cents per share already paid (2015: HK8.5 cents per share), total dividends for the year amounted to HK 22.0 cents per share (2015: HK18 cents per share), representing a payout ratio of about 35% (2015: 35%).

**Dr Raymond Lee, Chairman of Lee & Man Paper**, said, “Despite the slowdown in the economic growth of the Mainland economy, the demand for packaging paper in China is expected to grow steadily in the long run. In addition, the rapid development of e-commerce and online shopping has led to fundamental changes in consumption and logistics models, benefitting the packaging paper industry which is currently undergoing consolidation. Looking ahead, overall paper consumption still possesses considerable room for growth, thus the Group is optimistic about the outlook of both the packaging paper segment and the paper industry as a whole.”

The Group has entered the tissue paper market in recent years. The 8 tissue paper manufacturing machines with a total annual production volume of 355,000 tons located in the Chongqing Industrial Park have commenced full production since last year. The Group will also expand tissue paper business in Jiangxi, Guangdong and Chongqing Provinces. Another 6 new production lines with a combined annual production capacity of 330,000 tons will commence production within this year. After all of the production lines ramp up operation, the Group’s annual production capacity for tissue paper will reach 685,000 tons. The tissue paper business is therefore expected to contribute a considerable profit to the Group as it becomes another new growth driver in the future.

Apart from the tissue business, the Group will expand into overseas packaging paper markets and invest in the construction of overseas paper factories to keep pace with the expansion of the Southeast Asian markets. It is expected that the paper machine project in Hau Giang, Vietnam will begin operation in

March this year, with an annual production capacity of 400,000 tons. The PM21 paper machine with an annual production volume of 400,000 tons at the Jiangxi plant is also under construction and will begin operation in August this year. Upon commencing full production, the annual production capacity of the Group's packaging paper will exceed 6 million tons.

As at 31 December 2016, the Group maintained a strong financial position with bank balances and cash of HK\$1,274 million (31 December 2016: HK\$2,959 million). The Group's net gearing ratio maintained a healthy level of 73% (31 December 2016: 66%).

**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 monitor the pace of economic development while it continues to bolster the production capacity in packaging and tissue paper. The management will proceed with efforts to enhance production efficiencies, strictly control costs and strengthen capital operation in order to maintain the Group's competitiveness in the paper industry. The experienced and capable management team will continue to lead the development of the Group's businesses and exert its best efforts to raise profitability."

- End -

#### **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. 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, 180,000 tons of pulp and 355,000 tons of tissue paper.

#### **For Media Enquiries:**

##### **Strategic Financial Relations Limited**

Ms. Iris Lee	Tel: (852) 2864 4829	Email: iris.lee@sprg.com.hk
Ms. Cindy Lung	Tel: (852) 2864 4867	Email: cindy.lung@sprg.com.hk
Ms. Angel Li	Tel: (852) 2864 4859	Email: angelok.li@sprg.com.hk