



Lee & Man Paper Net Profit Surges 53.4% to HK\$2.19 Billion

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Strategically Expands Tissue Paper Business Set to Become the Group's New Growth Driver Expands into Overseas Packaging Paper Markets with Vietnam Plant Commences Production During Period Enhances Production Capacity and Strengthens Profitability

(Hong Kong, 21 August 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 interim results for the six months ended 30 June 2017. During the period under review, the Group recorded a total sales volume of 2.77 million tons and a total revenue of HK\$11.44 billion (2016: HK\$8.37 billion). Interim net profit increased significantly by 53.4% to HK\$2.19 billion as compared to the last corresponding period, while its net profit per ton was HK\$792. Earnings per share were HK48.42 cents (2016: HK31.36 cents).

The Board of Directors declared payment of an interim dividend of HK17.0 cents per share for the six months ended 30 June 2017 (2016: HK11.0 cents per share).

Dr Raymond Lee, Chairman of Lee & Man Paper, said, “Despite the slowdown in economic growth in China, local demand for packaging paper 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 the 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.”

For the tissue paper business, the total annual production volume of the Group at present is 465,000 tons, which includes eight tissue paper manufacturing machines with a total annual production volume of 355,000 tons located in the Chongqing Industrial Park and the two tissue paper manufacturing machines with a total annual production volume of 110,000 tons located in Jiangxi Industrial Park. Another four production lines with a combined annual production capacity of 220,000 tons located in the Chongqing Industrial Park and Hongmei Guangdong, as well as two newly planned production lines with an annual production capacity of 110,000 tons to be added to Chongqing Industrial Park, will commence production respectively by end of this year and mid next year. After all of the production lines ramp up operation, the Group's annual production capacity for tissue paper will reach 795,000 tons. The tissue paper business is therefore expected to contribute considerable profit to the Group as it becomes another new growth driver in the future.

Apart from the tissue paper business, the Group also expanded into the overseas packaging paper markets and invested in the construction of overseas paper factories to keep pace with the expansion of the Southeast Asian markets. The paper manufacturing machine project in Hau Giang, Vietnam, with an annual production capacity of 400,000 tons began operation during the period. The PM21 paper manufacturing machine with an annual production volume of 400,000 tons at the Jiangxi plant is also under construction and will begin operation in September this year. Upon commencement of production, the annual production capacity of the Group's packaging paper operation will exceed 6 million tons.

As at 30 June 2017, the Group maintained a strong financial position with bank balances and cash of HK\$1,001 million. The Group's net gearing ratio maintained a healthy level of 71%.

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 in China and across South East Asia, while it continues to bolster the production capacity of packaging and tissue paper, as well as strengthen its presence in Vietnam. The management will also proceed with efforts to enhance production efficiency, strictly control costs and strengthen capital operation in order to maintain the Group's competitiveness in the paper industry. Furthermore, the experienced and capable management team will continue to lead the development of the Group's businesses and exert efforts to raise 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. The Company has also entered the tissue paper market in recent years, manufacturing and launching its own "Hanky" tissue paper brand. 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. The paper manufacturing machine project in Hau Giang, Vietnam has commenced operation. Total annual production capacity of the Group is currently 5.63 million tons of containerboard, 180,000 tons of pulp and 465,000 tons of tissue paper.

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