

## Lee & Man Paper Announces 2021 Interim Results

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### Profit for the Period Surged 42.8% to HK\$2.0 Billion Expanding Business in Southeast Asia Optimizing Industrial Chain to Diversify Paper and Pulp Business

(Hong Kong, 4 August 2021) – **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 2021. During the period under review, the Group’s total revenue increased by 37.1% to HK\$15.2 billion (corresponding period in 2020: HK\$11.1 billion), while Interim profit climbed 42.8% to HK\$2.0 billion (corresponding period in 2020: HK\$1.4 billion) and net profit per ton was HK\$650. Earnings per share were HK44.54 cents (corresponding period in 2020: HK30.68 cents).

The Board of Directors has declared payment of an interim dividend of HK15 cents per share for the six months ended 30 June 2021 (corresponding period in 2020: HK12 cents per share).

**Dr Raymond Lee, Chairman of Lee & Man Paper**, said, “With China starting her ‘waste ban’ in January 2021, solid waste, including waste paper, can no longer be imported. Because of the limited supply of waste paper in the Mainland, the prices of raw materials have risen. In addition, as international shipping has been restricted due to the pandemic, transportation costs have skyrocketed, which further squeezed the industrial margin. On the demand side, the ‘Plastic Restriction Order’ has fueled the ‘replacing plastic with paper’ trend, which along with the recovery of consumer market demand and accelerating industrial production, has pushed up demand for paper products. Under relatively tight supply, the paper manufacturing industry has faced rising prices. In response to changes in the market, the Group has continued to consolidate upstream resources and develop a business model with a vertically integrated industrial chain that covers pulp-making and waste paper recycling to ensure it has access to stable raw material supply. At the same time, we have continued to expand the scale of our operation, to control costs and bolster production capacity, giving the Group what it takes to deliver yet better performance.”

The Group focuses currently on developing various types of linerboard, corrugating medium, coated duplex board and tissue paper, putting intensive effort on catering to the needs of customers in different market segments. For its major focus tissue paper business, the Group has established an integrated product chain that can help improve the quality of consumer tissue paper and has also boosted the scale of tissue paper production. The Group produces natural bamboo unbleached tissue to satisfy the need for health and to protect the environment of the society as well as consumption requirement. The Group’s tissue paper business has maintained steady growth and can put out about 900,000 tons of tissue paper annually. The Group will watch closely the needs of the market and customer demand and continue to adopt effective development strategies for the business.

Packaging paper business is the core business of the Group. With the boom of online consumption prevailing in China and overseas, market demand for quality packaging paper has also been surging. That, coupled with the plastic restriction order effective in China, is favorable for the Group's packaging paper business. The Group will actively expand its recycled pulp business in Southeast Asia to replace imported waste paper and also strengthen raw material allocation to maintain its production cost advantage. The second paper-making machine with an annual production capacity of 350,000 tons in the Malaysian plant started production in April this year. In addition, the Group invested in expanding its paper-making business in Cambodia during the period .

The Group is in a healthy financial position and has sufficient cash and available banking facilities to meet its commitments and working capital requirements. As at 30 June 2021, the Group maintained bank balances and cash of HK\$1,572 million (31 December 2020: HK\$1,185 million).

**Mr Edmond Lee, Chief Executive Officer of Lee & Man Paper**, concluded, "Looking ahead, the Group will continue to optimize its industrial chain as well as diversify its paper and pulp business actively, strive to enhance operational stability and strengthen its profit base. The Group will also support the 'Belt and Road' initiative, targeting Southeast Asian markets to realize international development, and ensure local resources are used well to optimize operational efficiency. In the future, the Group will continue to explore business opportunities in countries and cities along the Belt and Road. We are confident of the long-term development of the paper manufacturing industry in the region, thus we will seize new opportunities going forward to expand our markets and sharpen our competitive edges in the paper manufacturing industry."

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#### **About Lee & Man Paper Manufacturing Limited**

Lee & Man Paper Manufacturing Limited is one of the leading paper manufacturers in China, and was included into the MSCI China Index in 2017. The Group specialises in the production of a range of linerboard, corrugating medium and coated duplex board used to produce cardboard boxes for packaging purposes. The Company has also entered the tissue paper market, 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; And two production plants in Southeast Asia, one in Hau Giang, Vietnam and one in Selangor, Malaysia. Total annual production capacity of the Group is currently 6.88 million tons of containerboard, 180,000 tons of pulp and 895,000 tons of tissue paper.

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