

Lee & Man Paper Interim Net Profit Continues to Surge 35.9% to HK\$2.98 Billion

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Deepens Market Penetration to Maintain Quality Growth

(Hong Kong, 31 July 2018) – **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 2018. During the period under review, the Group recorded a total sales volume of 2.95 million tons and a total revenue of HK\$16.37 billion (corresponding period in 2017: HK\$11.44 billion). Interim net profit increased significantly by 35.9% to HK\$2.98 billion as compared to the last corresponding period, while its net profit per ton was HK\$1,009. Earnings per share were HK66.52 cents (corresponding period in 2017: HK48.42 cents).

The Board of Directors declared payment of an interim dividend of HK20.0 cents per share for the six months ended 30 June 2018 (corresponding period in 2017: HK17.0 cents per share).

Dr Raymond Lee, Chairman of Lee & Man Paper, said, “The Mainland government has carried out a supply-side reform and tightened the environmental protection policy in recent years, enabling further regulation and consolidation in the paper manufacturing industry. Meanwhile, with the gradual pick-up in the demand for paper products, and the improved demand and supply situation, the Group is expected to be able to benefit from the product price hike. Given this favourable industry environment, it is believed that the Group will be able to further solidify its leading position in the paper manufacturing industry by dint of its robust technology advantage.”

The Group’s current focus lies on the development of various types of linerboard, corrugating medium, coated duplex board and tissue paper, with an intensive effort being devoted to segmental markets to cater to the needs of different customers. For the tissue paper business, the Group has a total annual production volume of 795,000 tons, supported by 12 tissue paper manufacturing machines with a total annual production volume of 575,000 tons in Chongqing Industrial Park, and two that put out in all 110,000 tons a year respectively in the Jiangxi Industrial Park and the Dongguan Hongmei Industrial Park, Guangdong.

As for packaging paper business, the Group currently has 6 packaging paper plants in China and overseas, which are located in Jiangsu, Guangdong, Chongqing, Jiangxi and Vietnam. The new paper manufacturing machine in Vietnam will begin operation in late 2019, and will be able to contribute 500,000 tonnes production capacity annually. By the time, the annual production volume of packaging paper will reach 6.5 million tonnes in aggregate. Moreover, while enlarging its development scale, the Group will not halt its steps to strive for enhancement in product quality. It will stay committed to offering quality products to the public, adhere to a principle that places equal emphasis on production and operation as well as environmental protection, strengthen environmental management, step up the efforts in reducing sewage, and implement energy conservation and emission reduction measures.

As at 30 June 2018, the Group maintained a strong financial position with bank balances and cash of

HK\$1,521 million (30 June 2017: HK\$1,001 million). The Group's net gearing ratio stayed at a healthy level of 58% (30 June 2017: 71%).

Mr Edmond Lee, Chief Executive Officer of Lee & Man Paper, concluded, "Looking ahead, the Group aims to boost the development scale, make proactive effort in diversifying the paper and pulp business and seeking opportunities for overseas expansion, while at the same time maintaining stable production for its plants in China. Leveraging its leading position in the paper manufacturing industry and its consistently solid development advantage, the Group believes that it can maximise the return to shareholders."

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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 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 6.03 million tons of containerboard, 180,000 tons of pulp and 795,000 tons of tissue paper.

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