



Lee & Man Paper Announces 2022 Interim Results

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Continues to Optimize Industrial Chain Realizes Advantages of Economies of Scale to the Full

(Hong Kong, 8 August 2022) – **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 2022. During the period, the Group’s total revenue was HK\$15,276 million (corresponding period in 2021: HK\$15,180 million), while interim profit was HK\$863 million (corresponding period in 2021: HK\$2,000 million). Net profit per ton was HK\$292 (net profit per ton last period: HK\$650). Earnings per share were HK18.46 cents (corresponding period in 2021: HK44.54 cents).

The Board of Directors has declared payment of an interim dividend of HK6.50 cents per share for the six months ended 30 June 2022 (corresponding period in 2021: HK15 cents per share).

Dr Raymond Lee, Chairman of Lee & Man Paper, said, “Since the start of the year 2022, with the latest wave of COVID-19 breaking out, global economic growth continuing to slow down; and the US markedly raising interest rate to curb high inflation, the market has become more and more concerned about economic prospects. For mainland paper manufacturers, their profitability has been under pressure as a result of rising prices of raw materials such as wood pulp, energy, and high logistics and transportation costs, plus lockdown of cities amid the pandemic leading to weakened demand. During the period, in response to changes in the market, the Group continued to consolidate upstream resources and develop a vertical business model covering pulp-making and waste paper recycling, implementing an integrated industrial chain and ensure raw material supply. At the same time, the Group kept seeking development opportunities while controlling costs, striving to realize its advantages of economies of scale to the full and consolidate profitability.”

Looking ahead, China will continue to tighten control over plastic packaging, giving room for using paper packaging as a substitute, which will be in favor of the Group's packaging paper business. In addition, consumption behavior has changed amid the pandemic with more people shopping online, and correspondingly the demand for packaging paper has climbed. The Group is actively expanding its recycled pulp business and enhancing raw material deployment to safeguard its production cost advantage. It plans to add pulp production lines at its plants in Jiangxi province and Chongqing, so as to enhance raw materials supply. The new production lines are expected to start operation in 2023. Moreover, the Group is currently in early stages of coordinating land acquisition and plant construction in Cambodia.

Regarding tissue paper business, the Group has kept improving the quality of consumer tissue paper and boosting relevant production scale. The natural bamboo unbleached tissue it produces can satisfy consumers’ demand for healthy life-style and environmentally-friendly products. The Group’s

total annual tissue paper production capacity is around 1,000,000 tons. It will expand capacity in line with market and customer demand and continue to adopt effective strategy to develop its tissue paper business. It plans to establish a new plant in Guangxi province and expects to add new production line with annual capacity of 300,000 tons of bleached pulp by the end of next year at the earliest.

The Group is in a healthy financial position. As at 30 June 2022, the Group maintained bank balances and cash of HK\$1,832 million (31 December 2021: HK\$1,909 million).

Mr Edmond Lee, Chief Executive Officer of Lee & Man Paper, stated, “With the gradual easing of the pandemic in June and various measures being implemented in the Mainland to stabilize the economy and ensure people's livelihood, consumption sentiment is expected to recover steadily. The Group will continue to optimize its industrial chain to help with diversifying its paper and pulp business, and further improve operational stability and strengthen its profit base. Supporting the ‘Belt and Road’ initiative, the Group has its eye on the Southeast Asian market in expanding its international market presence and, by making good use of local resources, strives to optimize operational efficiency. It has already added production capacity in countries such as Vietnam and Malaysia, in order to enhance the Group’s revenue and production efficiency. The Group is confident of the long-term development of the paper manufacturing industry. We will seize opportunities to expand our market and maintain competitiveness in the paper manufacturing industry to further enhance our profitability and continue to create greater value for our shareholders, employees and society.”

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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. 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 995,000 tons of tissue paper.

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