



LEE & MAN PAPER ANNOUNCES 2009/10 INTERIM RESULTS

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NET PROFIT UP 22% TO HK\$817MILLION BOOSTS CAPACITY TO MEET STRONG DOMESTIC DEMAND

Results Highlights (HK\$'000)	Six months ended 30 September	
	2009	2008
Turnover	5,059,742	5,492,866
Gross Profit	1,246,973	1,016,274
Net Profit	816,662	667,829
Basic Earnings per share	HK71.80 cents	HK58.75 cents
Dividend per share	HK22 cents	HK5 cents

Hong Kong, 9 November 2009 – **Lee & Man Paper Manufacturing Limited** (“Lee & Man Paper” or the “Group”) (stock code: 2314), one of the largest containerboard manufacturers in China, today announced its interim results for the six months ended 30 September 2009.

For the first half of fiscal year 2009/2010, the Group achieved a turnover of HK\$5,060 million, down by 7.9%, and net profit of HK\$817 million, up by 22.3%, when compared with the same period last year.

The drop in turnover was mainly attributable to the decrease in average selling price of the Group’s containerboards although sales volume increased by about 25%. The increase in net profit for the period was from the boosted output made possible by optimised equipments, increased production capacities and PM12 and PM13 starting commercial operation during the review period. The Group was able to control cost by improving cash flow and reducing debts, which also contributed to the encouraging results.

Basic earnings per share for the period under review were HK71.80 cents (FY2008/09: HK58.75 cents). The Board of Directors declared payment of an interim dividend of HK22 cents (FY2007/08: HK5 cents).

Mr. Raymond Lee, CEO of Lee & Man Paper, said, “The Group is in good shape financially as we has been able to improve cash flows and reduce bank debts by HK\$1,800 million. We will continue to reduce debts aiming for a 50% debts ratio. During the period, we also upgraded our paper machines to meet market changes and improved product quality to stimulate sales, and at the same time, strengthened cost control to boost profits.”

The Group’s net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders’ equity) decreased from 0.81 as at 31 March 2009 to 0.66 as at 30 September 2009.

During the period under review, sales of containerboard and market pulp accounted for 96% and 4% respectively of the Group's total turnover. In terms of weight, approximately 1.83 million tons of containerboard and approximately 49,000 tons of pulp were sold.

Looking to the future, the Group plans to have PM15 and PM16 start operation before the end of December 2010, which will add 900,000 tons to its total output capacity. By then, the Group's total production capacity for paper will be lifted to 5.45 million tons and for pulp to 180,000 tons. In addition, plan is being made for the pulp and paper plant in Vietnam to resume construction.

"Although the macro environment was harsh in the past months, with high quality products, market leadership and a strong financial status, we were able to withstand the challenges. The economy is improving and it is our hope that we can emerge a stronger and better containerboard manufacturer in China ready to tap new opportunities. We will adhere to our proven management measures including exercising stringent cost control, growing our sales network and value-added service offers, diversifying our product portfolio, and improving cash flows and reducing debts," **Mr. Lee** concluded.

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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 corrugated medium used to produce cardboard boxes for packaging purposes. Currently, the Group has four paper production plants in China, located at Hongmei and Huangyong in Dongguan, Changshu in Jiangsu and Yongchuan in Chongqing. Total annual production capacity of the Group is currently 4.55 million tons of containerboards.

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