



LEE & MAN PAPER ANNOUNCES 2007/08 INTERIM RESULTS

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NET PROFIT UP 75% TO HK\$718 MILLION DRIVEN BY SIGNIFICANT GROWTH IN PRODUCTION CAPACITY

Results Highlights (HK\$'000)	Six months ended 30 September		
	2007	2006	Change (%)
Turnover	3,894,000	2,423,000	↑ 61%
Gross Profit	994,000	603,000	↑ 65%
Net Profit	718,000	411,000	↑ 75%
Basic Earnings per share	HK63.52 cents	HK42.27 cents	↑ 50%
Dividend per share	HK16 cents	HK16 cents	

Hong Kong, 21 November 2007 – **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 2007.

For the first half of fiscal year of 2007/2008, the Group achieved a turnover of HK\$3,894 million and a net profit of HK\$718 million, representing significant growth of 61% and 75% respectively over the same period last year. These increases were mainly attributable to a substantial expansion in the Group’s production capacity and increase in operational efficiency. During the period, the Group started commercial operation of three production lines: PM9, PM10 and PM11, which boost its total containerboard capacity from 2.08 million tons to 3.11 million tons.

Basic earnings per share for the six months ended 30 September 2007 were HK63.52 cents (FY2006/07: HK42.27 cents). The Board of Directors recommends the payment of an interim dividend of HK16 cents (FY2006/07: HK16 cents).

Mr. Raymond Lee, CEO of Lee & Man Paper, said, “Our strong performance during the period ratified the successful implementation of our expansion plans. Our containerboard capacity was expanded by an impressive 50%, bringing us with substantial economies of scale. With enhanced capacity, we are poised to capture the strong demand for containerboard driven by substantial exports and domestic demand from manufacturing in China. Riding on our integrated operation that includes pulp and recovered paper, we will continue to tap the growth potential of the industry.”

With full confidence in market prospects, Lee & Man Paper plans to install five more world-class paper production lines and two bleached hardwood kraft pulp (BHKP) production lines within the next 18 months. Such initiatives are expected to boost the Group’s annual pulp and paper capacity to 5,400,000 tons (500,000 tons of pulp and 4,900,000 tons of containerboard), making it one of the largest pulp and paper producers in the world. Meanwhile, the Group is extending its geographical coverage with two of its paper production lines (PM13 and PM15) and two pulp mills (BHKP1 and BHKP2) which are scheduled to enter production at its new sites in Chongqing in 2008, and Vietnam in 2009, respectively. These facilities are expected to make contributions to the Group’s profit upon start up.

During the period under review, sales of containerboard and market pulp accounted for 93% and 7% respectively of the Group's total turnover. Approximately 1.18 million tons of containerboard and 58,000 tons of pulp were sold.

“Going forward, we will continue to expand our containerboard capacity, both inside and outside China. To fully capture market opportunities, new products including white top liner, 100% recycled liner and light weight corrugating medium have been launched. We will also invest in pulp and establish collection points of recovered paper in China to further integrate our business and to further strengthen our position as a leading player in the pulp and paper industry. Last but not least, as a responsible corporate citizen, we hope to lead the industry to a greener and healthier future by enhancing our technology so to reduce water and energy consumption as well as effluents produced,” 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 five paper production plants located at Hongmei and Huangyong in Dongguan, Changshu in Jiangsu, Chongqing, and Vietnam. The Group also has a pulp mill in California, USA. Total annual production capacity of the Group is currently 3.11 million tons of containerboards and 0.2 million tons of pulp.

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