



LEE & MAN PAPER DISPOSES OF USA PAPER PULP MANUFACTURING BUSINESS

* * * *

FOCUSES ON MORE PROFITABLE CONTAINERBOARD AND PULP BUSINESSES IN CHINA

Hong Kong, 16 October 2008 – **Lee & Man Paper Manufacturing Limited** (“Lee & Man Paper” or the “Group”) (stock code: 2314), the second largest containerboard manufacturers in China, announced that its indirect wholly-owned subsidiary Deepfaith International Limited has disposed of its entire interest in USLM Acquisition, Inc. and HKLM Acquisition, Inc, (“USLM & HKLM”) at a consideration of HK\$200,000,000. This strategic move has not only created additional financial resources for Lee & Man Paper, but will also allow the Group to focus on pursuing its principle business in China.

The gain from the transaction is estimated at approximately HK\$1,000,000 and the consideration was decided based on the net book value of the assets of USLM & HKLM. The transaction was completed yesterday (15 October).

Mr. Raymond Lee, CEO of Lee & Man Paper, said, “USLM & HKLM are paper pulp manufacturers in the USA. Their profit margins have been dwindling significantly because of the continuing increasingly production cost in USA. With what’s best for long-term development of the Group in mind and the pulp line in Chongqing plant has started production, we decided it is the right time to dispose of the business. The move has freed resources for us to concentrate on growing our containerboard and pulp businesses in China with lower production costs.”

Despite the current volatile market environment, Lee & Man will continue to grow its vertically integrated operation but with prudence. Its first pulp production line in Chongqing, China has already commenced production with annual capacity of 150,000 tons and will make contribution to the Group’s future profits.

“Under the shadow of the sluggish global economy, we will continue to exercise strict cost control, lower the gearing and adopt a conservative approach in managing our business and maintaining enough cash flow. We will also watch closely changes in market condition that we may response promptly to new opportunities. With enhanced operational efficiency, the Group will not only be able

to withstand market uncertainties, but will also be able to grasp new market opportunities when the global economy starts to pick up." **Mr. Lee** concluded.

- End -

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 Chongqing. Total annual production capacity of the Group is currently 3.76 million tons of containerboards.

For Media Enquiries:

Lee & Man Paper Manufacturing Ltd

Ms. Cat Lee Tel: (852) 2319 9889

Email: cat_lee@leeman.com.hk

Strategic Financial Relations Limited

Ms. Iris Lee Tel: (852) 2864 4829

Email: iris.lee@sprg.com.hk

Ms. Brenda Chan Tel: (852) 2864 4833

Email: brenda.chan@sprg.com.hk

Ms. Sherman Yu Tel: (852) 2114 4956

Email: sherman.yu@sprg.com.hk