



LEE & MAN PAPER ANNOUNCES 2008/09 INTERIM RESULTS

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**REVENUE UP 41% TO HK\$5,493 MILLION
THANKS TO EXPANDED CONTAINERBOARD OUTPUT CAPACITY**

Results Highlights (HK\$'000)	Six months ended 30 September	
	2008	2007
Turnover	5,492,286	3,894,469
Gross Profit	1,016,274	993,670
Net Profit	667,829	717,700
Basic Earnings per share	HK58.75 cents	HK63.52 cents
Dividend per share	HK5 cents	HK16 cents

Hong Kong, 15 December 2008 – **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 2008.

For the first half of fiscal year 2008/2009, the Group achieved a turnover of HK\$5,493 million, up by 41%, and net profit of HK\$668 million, down by 6.9%, when compared with the same period last year. The increase in turnover was the result of a notable rise in sales of containerboard, with production line PM 9, PM10 and PM11 in full operation and PM 12 and PM13 starting production. The decrease in net profit was mainly because of risen raw material cost.

Basic earnings per share for the six months ended 30 September 2008 were HK58.75 cents (FY2007/08: HK63.52 cents). The Board of Directors declared payment of an interim dividend of HK5 cents (FY2007/08: HK16 cents).

Mr. Raymond Lee, CEO of Lee & Man Paper, said, “During the period, we added two new paper production lines, PM12 and PM13, which boosted our annual containerboard output capacity to 3.76 million tons. The management believes the two production lines will start making financial contributions to the Group in the near future. On the cost front, to counter rise in raw material costs, the management has resorted to more stringent cost control, and to ensure the Group’s financial health in the volatile market, it has been monitoring account receivables closely and striving to reduce debt levels.”

The Group remains in a strong financial position with sufficient cash and banking facilities available to meet commitments and working capital requirements. Its debtors’ turnover days were lowered to 48 for the six months ended 30 September 2008 as compared to 69 for the year ended 31 March 2008. Its net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders’ equity) also decreased from 0.84 as at 31 March 2008 to 0.81 as at 30 September 2008.

During the period under review, sales of containerboard and market pulp accounted for 95% and 5% respectively of the Group's total turnover. In terms of weight, approximately 1.46 million tons of containerboard and 54,000 tons of pulp were sold.

"With the global economic crisis creating pressure on our operations, we will step up cost control and aim to capture demand by expanding our sales network and product offerings. Furthermore, the Group will dispose of unprofitable non-core businesses so as to control debt level and expansion plans in Vietnam will be postponed. Such moves will strengthen our competitiveness, allowing us to stay strong through the uncertain times and be ready to quickly grasp opportunities when the global economic climate improves," **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 Chongqing. Total annual production capacity of the Group is currently 3.76 million tons of containerboards.

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