



**Lee & Man Paper Achieves Revenue of HK\$7,360 million  
for the First Half of FY2011/12**

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***Profitability Sustained by Sound Management and  
Prudent Expansion Supported by Strong Balance Sheet***

**Results Highlights**

(HK\$ million)	Six Months Ended 30 September		Changes
	2011	2010	
Revenue	<b>7,360</b>	6,899	7%
Gross Profit	<b>1,009</b>	1,239	(19%)
Net Profit	<b>647</b>	839	(23%)
Basic Earnings per Share	<b>HK13.79 cents</b>	HK18.44 cents	(25%)
Interim Dividend per Share	<b>HK4.8 cents</b>	HK6.0 cents	(20%)

Hong Kong, 24 November 2011 – **Lee & Man Paper Manufacturing Limited** (“Lee & Man Paper” or the “Group”) (stock code: 2314), one of the largest containerboard manufacturers in China, announced today its interim results for the six months ended 30 September 2011.

For the first half of fiscal year 2011/12, the Group achieved revenue of HK\$7,360 million (FY2010/11: HK\$6,899 million). Net profit attributable to equity holder of the Company was HK\$647 million (FY2010/11: HK\$839 million). The decrease was mainly due to the rise in operating costs including waste paper and coal costs. Basic earnings per share were HK13.79 cents (FY2010/11: HK 18.44 cents). The Board of Directors declared payment of an interim dividend of HK4.8 cents per share (FY2010/11: HK6.0 cents).

**Mr Raymond Lee, Chief Executive Officer of Lee & Man Paper**, said, “The demand for containerboard in China was affected by the credit tightening measures implemented by the Central Government, softened domestic consumption and faltering export during the period under review. However, thanks to our strength in paper management, stringent cost control and operation efficiency, our profitability was sustained amid tough operating environment.”

The Group has resumed its capacity expansion plan since the global financial crisis in 2008. Paper machine 15 was commissioned in August 2011. Paper machine 16 was also commissioned earlier this month. In addition, the Group has planned to commence production of two more paper machines by June 2013, increasing the total annual design capacity to 6.55 million tons by then. The Group has budgeted capital expenditure of HK\$2.4 billion and HK\$1 billion in FY2011/12 and FY2012/13 respectively for this expansion plan, which will be funded by the Group’s strong operating cash flows and bank borrowings.

While pursuing sustainable growth by expanding production, the Group intends to continue controlling its investment costs and to maintain a healthy and reasonable debt level. As at 30 September 2011, net gearing ratio was 63%.

Looking ahead, despite the slowing growth of China's market with the impact from the volatile global economies and the sovereign debt crisis in Europe, the containerboard market in China is expected to grow at a compound annual growth rate of 6% from 2011 to 2015. Also, imported old corrugated cardboard prices have fallen by more than 20% since the end of September 2011, which is favourable to the Group's operations in the medium term, reducing its working capital requirements and enabling higher flexibility in its pricing strategies for its products.

"While managing debt at a reasonable level, we are expanding in a comfortable and manageable manner with a special focus on producing the suitable products and fine-tuning their positioning. Furthermore, we are maximising the synergies with Nippon Paper which provides technical know-how of coated duplex board production, a higher value-added product with higher profit margins. We will continue our efforts in developing new markets, controlling costs and optimising the Group's capital structure in order to deliver better returns to our shareholders." **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 corrugating 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 design capacity of the Group is currently 5.45 million tons of containerboard.

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