



LEE & MAN PAPER ANNOUNCES 2008/09 ANNUAL RESULTS

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TURNOVER INCREASED 7.3% TO HK\$9,649 MILLION STRONG FINANCIAL POSITION TO CAPITALISE ON MARKET RECOVERY

Results Highlights (HK\$'000)	Year ended 31 March	
	2009	2008
Turnover	9,649,000	8,996,000
Gross Profit	1,043,000	2,153,000
Net Profit	300,000	1,431,000
Basic Earnings per share	HK 26.56 cents	HK 127.22cents
Final Dividend per share	HK 0 cents	HK 10 cents

Hong Kong, 20 July 2009 – **Lee & Man Paper Manufacturing Limited** (“Lee & Man Paper” or the “Group”) (stock code: 2314), the second largest containerboard manufacturers in China, today announced its annual results for the year ended 31 March 2009.

For the fiscal year 2008/09, the Group achieved turnover of HK\$9,649 million, up 7.3% compared with last year, attributable to increased containerboard sales. Net profit dropped 79.0% to HK\$300million, due to unprecedented losses in the third quarter caused by the global financial tsunami that resulted in a sharp contraction of the market and drop in the Group’s selling prices. Basic earnings per share for the year ended 31 March 2009 were HK 26.56 cents. To preserve the Group’s cash flow, the Board of Directors did not recommend payment of a final dividend. With the interim dividend of HK 5 cents per share paid, total dividend for the year amounted to HK 5 cents per share.

During the year, containerboard production line PM12 with annual capacity of 350,000 tons and PM13 with annual capacity of 300,000 tons at the Hongmei and Chongqing plant respectively commenced production, helping boost the Group’s total annual containerboard capacity to 3.76 million tons. Other containerboard production lines with annual capacity of 1.03 million tons in aggregate, namely PM9 and PM11 in Guangdong Hongmei and PM10 in Jiangsu Changshu, engaged in full year commercial operation.

The Group’s net debt-to-equity ratio decreased from 0.84 as at 31 March 2008 to 0.81 and is expected to decrease further in the coming two years. The inventory turnover of the Group’s raw materials significantly improved from 105 days to 66 days because of reduced raw material costs and stock up period. With tighter controls and better receivables management, the Group’s

receivables' turnover days decreased from 69 days to 41 days. As a result of improved working capital metrics, the Group increased additional HK\$1 billion cash flow to be used for daily operations.

Mr. Raymond Lee, CEO of Lee & Man Paper, said, "The significant decrease in net profit can mainly be attributable to poor performance in the third quarter. However, as the global economic situation slowly improved, our performance in the fourth quarter was back to within normal in terms of sales volume and profitability. The pulp production line in Chongqing, with annual production capacity of 165,000 tons, has now entered into the trial production phase. We are also planning to set up a new containerboard production line PM16 with annual capacity of 300,000 tons in Hongmei, which will meet the potential growing demand for containerboard without increasing our net gearing ratio."

During the year under review, approximately 3 million tons of containerboard was sold with sales accounted for most of the Group's turnover.

"We believe that the worst is behind us. Efforts will be spent on cost control, sales network expansion, strengthening value-added services to customers and product diversification for long-term growth. Being optimistic about the future, the Group will start to explore recycled paper-based fine paper production taking advantage of our own resources. Guided by prudent business strategies, the Group will prepare itself for capturing market opportunities when the global economy recovers as well as to achieve sustainable business performance, with the aim to generate higher profits and better returns for our shareholders and potential investors." 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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