



LEE & MAN PAPER ANNOUNCES 2011/12 ANNUAL RESULTS

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Well-positioned for Expansion Favourable to Future Growth

Results Highlights (HK\$'million)	Year Ended 31 March		
	2012	2011	Changes
Revenue	14,716	14,034	4.9%
Net Profit	1,351	1,848	(26.9%)
Basic Earnings per Share	HK28.82 cents	HK40.13 cents	(28.2%)
Final Dividend per Share	HK5.2 cents	HK8.0 cents	(35.0%)

Hong Kong, 12 June 2012 – **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 audited annual results for the year ended 31 March 2012 (“year under review”).

The Group’s revenue slightly increased by 4.9% over last year to HK\$14,716 million. Net profit was HK\$1,351 million as affected by competitive pressures on the average selling price and increase in salaries and production cost during the year under review. Basic earnings per share were HK28.82 cents. The Board of Directors declared payment of a final dividend of HK5.2 cents per share. Together with the interim dividend of HK4.8 cents per share already paid, total dividends for the year amounted to HK10 cents per share, representing a stable payout ratio of about 35% of net profit.

Mr Raymond Lee, Chief Executive Officer of Lee & Man Paper, said, “Despite the impact of the faltering European economy and the sovereign debt crisis and a laggard US economic recovery on the domestic and export market, our containerboard sales volume improved with the average selling price comparable to last year. The substantial increase in waste paper, coal and other raw materials prices has boosted our operating costs and eroded the net margin per tonne. The Group is continuing stringent cost control across our production plants in China and in the expansion of our production capacity”.

Lee & Man Paper has maintained its strong financial position for sustainable development and meeting its financial commitments and working capital requirements. As at 31 March 2012, the Group’s net gearing ratio remained at a healthy and reasonable debt level of 65%. The working capital cycle has been reduced from 86 days in fiscal year 2010/11 to 71 days in the year under review.

The Group's new production lines, paper machine ("PM") 15 and 16 with a combined annual design capacity of 900,000 tons of containerboard, commenced operation in August 2011 and November 2011 respectively, whereas PM17, designed for 600,000 tons of coated duplex board production annually, is to start production in July 2012. To capture the demand for quality containerboard in central and western China, the Group has begun construction of its fifth paper production industrial park at Ruichang, Jiangxi Province, within which PM18 is expected to begin operation in March 2013, and will add 500,000 tons to the Group's total production capacity.

"Guided by the principle to maintain a responsible debt level, we are expanding the Group's production capacity to lay a foundation for our future development. Once the global economy and market situation improve, we believe the Group is well-positioned to capture the opportunities and 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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