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理文造紙有限公司\*

**Lee & Man Paper Manufacturing Limited**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 2314)

## PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that the Group is expected to record a significant decline in consolidated net profit for the financial year ended 31 March 2009.

**Shareholders and potential investors are advised to exercise caution in dealing in the shares of the Company.**

The announcement is made by Lee & Man Paper Manufacturing Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors (the “Board”) of the Company wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that the Group is expected to record a significant decline in consolidated net profit for the financial year ended 31 March 2009. The Group has been operating in accordance with its normal production procedures and stocking a few months’ worth of raw materials. As a result of the financial tsunami causing a sharp contraction of the market which in turn led to the decline in customer orders and drop in sale prices, the Group recorded unprecedented losses for the financial year ended 31 March 2009 which greatly impacted on the financial results of the Group. As the current market environment and sale prices have gradually stabilised, the Board expects the operations and financial performance of the Group to normalise in the near future. The Directors will continue working towards a reasonable return in the current financial market for the Shareholders.

The Company is in the process of finalising the audited final results of the Group for the financial year ended 31 March 2009. The information contained in this announcement is only a preliminary assessment by the management of the Company. Audited final results of the Group will be disclosed in the 2008-09 annual report which is expected to be published by the Company on or before 31 July 2009.

As a consequence of the above, the Group has engaged in discussions regarding its financial covenants under certain loan facilities and notes issued by the Company with its bankers and noteholders. Pursuant to those discussions, the Company has reached agreements with its bankers and noteholders to waive actual or potential breaches of financial covenants for the year ended 31 March 2009 and to make certain amendments thereto. While the Company has reached a final binding agreement with its bankers, the Company's agreement with noteholders is subject to final documentation. Nevertheless, the Company expects that such final documentation will include an undertaking by the Company not to declare any dividends for the financial year ending 2010 and that, thereafter, the Company continue to make its historical payout of dividend of not more than 40% of consolidated net profits after tax, provided, however, that the Group maintains a ratio of consolidated net profits before interest and taxes (subject to certain adjustments) to interest expenses of no less than 4.0 to 1.0. The Board has, in principle, agreed such requests on the Company's future dividend policy.

**Shareholders and potential investors are advised to exercise caution in dealing in the shares of the Company.**

By order of the Board  
**Lee & Man Paper Manufacturing Limited**  
Lee Wan Keung Patrick  
Chairman

20 May 2009

*As at the date of this announcement, the board of directors of the Company comprises four executive directors, namely Mr Lee Wan Keung, Patrick, Mr Lee Man Chun Raymond, Mr Lee Man Bun and Mr Li King Wai Ross, one non-executive director, namely Professor Poon Chung Kwong and three independent non-executive directors, namely Mr Wong Kai Tung Tony, Mr Peter A Davies and Mr Chau Shing Yim David.*

*\* For identification purposes only*