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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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement of the Company dated 7 June 2010 in relation to the sale of interest in FSGL and a connected transaction in relation to the acquisition of a company (the “Announcement”). Capitalised terms used herein have the meanings ascribed to them in the Announcement.

Further to the Announcement, the Board would like to clarify that the Purchase Price for the Sale Shares and the assignment of the Shareholders’ Loans shall be payable in cash in United States dollars on Completion at the prevailing exchange rates as quoted on the website of The People’s Bank of China and fixed at 9:15 am daily for the five business days prior to the Completion Date. L&M Industries will receive its share of the Purchase Price upon Completion.

In addition, the consideration of HK\$1 under the Master Agreement shall be payable by the New HK Company or L&M Industries upon completion of the Master Agreement. The New HK Company will ultimately assume the liabilities of the New WOFE upon completion of the Master Agreement and will fund the outstanding payments due to the PRC Company by the New WOFE under the Transfer Agreement. In determining the amount payable under the Transfer Agreement, it is expected that the consideration would reflect the book value of the Land and the fixed assets currently owned by the PRC Company and, for reference, such book value as at 31 March 2010 was approximately RMB73 million (equivalent to approximately HK\$83 million). The amount payable under the Transfer Agreement is payable at such time as agreed between the parties thereto but in any event not later than the Completion Date.

The original purchase costs of the Land and these fixed assets to be transferred to the New WOFE is approximately RMB75.5 million (equivalent to approximately HK\$86.7 million). In addition, the New HK Company will also be assuming the cost of hiring the PRC employees and such costs are estimated to be approximately RMB0.95 million (equivalent to approximately HK\$1.09 million) per annum. The liabilities to be ultimately assumed by L&M Industries under the Master Agreement are in the maximum amount of RMB90 million (equivalent to approximately HK\$102 million).

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

15 June 2010

As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely Mr Lee Wan Keung Patrick, Mr Lee Man Chun Raymond, Mr Lee Man Bun, 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*