

[For immediate release]

LEE & MAN PAPER ANNOUNCES MAIN BOARD LISTING DETAILS

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GLOBAL OFFERING OF 187,500,000 SHARES

AT HK\$3.33 TO HK\$4.50 PER SHARE

Investment Highlights

- Second largest containerboard producer in China
 - Established integrated production facility allowing significant economies of scale
 - Enormous market potential where demand continues to exceed supply in China
 - Strong technology know-how and expertise
 - Proven track record with stable gross profit margin
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(Hong Kong, 15 September 2003) – **Lee & Man Paper Manufacturing Limited** (“Lee & Man Paper” or the “Group”; HKSE code: 2314), the second largest containerboard manufacturer in China, has today announced the details of its proposed listing on the Main Board of The Stock Exchange of Hong Kong Limited.

The listing is to be made through the global offer of a total of 187,500,000 shares. 168,750,000 shares will be placing shares whilst 18,750,000 shares will be open for subscription to the public. The price range for the offer is between HK\$3.33 to HK\$4.50. Assuming that the over-allotment option is not exercised and based on the offer price of HK\$3.92 per share (mid-point of the indicative offer price range), the net proceeds of the share offer will amount to HK\$704 million. The Group will use approximately HK\$340 million and HK\$60 million for capital expenditure and working capital requirements respectively in relation to the first phase of the Group’s facilities in Changshu, Jiangsu Province; HK\$200 million for the repayment of debts and the balance for general working capital requirements.

CLSA Equity Capital Markets Limited is the sponsor and CLSA Limited is the global coordinator, bookrunner and lead manager of the listing. The public offer will open tomorrow (16 September 2003) and will close this Friday (19 September 2003). The allotment result announcement will be made next Tuesday (23 September 2003). Dealings in shares of Lee & Man Paper will commence on the Main Board of The Hong Kong Stock Exchange Limited on 26 September 2003.

Lee & Man Paper specializes in the production of containerboard, which is used as the major ingredient for cardboard boxes. It specializes in the production of two main product categories – linerboard and corrugating medium, which can be further classified into a range of grades. Lee & Man Paper can manufacture linerboard and corrugating medium to different specifications customized for different industrial and consumer packaging purposes.

Commenting on this significant move for the Group, **Mr. Raymond Lee, Chief Executive Officer and Managing Director of Lee & Man Paper** said, “I am very pleased to witness this important milestone for the Group. Over the years, Lee & Man Paper has built a solid foundation, creating extensive market recognition and specialist technology know-how in production. Just as importantly, Lee & Man Paper possesses various first mover advantages, which provide a solid platform to capture potential and future growth. These factors place us in a leading position in China within a specialized industry where entry barriers are very high.”

Lee & Man Paper currently operates an integrated production facility in Dongguan, at the Pearl River Delta region. With four paper machines producing an annual production capacity of approximately 650,000 metric tonnes, it is one of the most scalable containerboard operations in China. The production complex possesses its own power plant, water supply and wastewater treatment plants, pier and warehousing facilities, and operates on a fully integrated and environmentally friendly model. The significant operating scale, coupled with professional expertise, has allowed Lee & Man Paper to enjoy considerable economies of scale, an important factor behind the satisfactory results achieved last year. For the financial year ended 31 March 2003, the Group recorded revenue of HK\$1,028.4 million and net profit of HK\$213.1 million. The Group has also released a forecast on net profit for the financial year ending 31 March 2004 of not less than HK\$250 million, a 17.3% increase over the last fiscal year.

The containerboard manufacturing industry, in particular in China, is flourishing, driven by increasing industrial consumption. Due to the growing demand, China is still a net importer of containerboard. Industry statistics highlight that this trend will continue in the future. According to a survey conducted by China Paper Manufacturing Association, China's consumption of linerboard is likely to increase at a compound annual growth rate ("CAGR") of 8.5% to reach approximately 1,300,000 metric tonnes in the period 2002 to 2010 while the consumption of corrugating medium will increase at a CAGR of 7.1% to reach approximately 1,300,000 metric tonnes by 2010.

"China's booming GDP is leading to growing domestic consumption and exports of manufactured goods, driving huge demand for manufactured products and thus containerboard for packaging. Leveraging our established market position and expertise in the containerboard industry, we have full confidence that we will capture opportunities arising from this escalating market demand. We see the manufacturing hubs clustering around both the Yangtze River Delta and Pearl River Delta regions as our major growth drivers in the future," Mr. Raymond added.

To capitalize on the growing demand for containerboard from the industrial cities in the Yangtze River Delta region, Lee & Man Paper has identified the Jiangsu Province as a key focus for development. The Group will strengthen its market presence in China by expanding its annual production capacity and establishing its Changshu plant in Jiangsu. The first machine will commence operations in January 2004, with an estimated annual production capacity of 190,000 metric tonnes.

Commenting on Lee & Man Paper's future roadmap, Mr. Raymond Lee said, "Looking ahead, we will seek both vertical as well as lateral expansion with the aim to becoming a premier supplier of quality containerboard. Resources will be dedicated to strengthening our marketing and product development teams to expand our product mix and extend our distribution network in China. The listing will expedite our growth and strengthen our position as a leading containerboard provider in Asia. With a sound business model and high market recognition, our future looks bright and we look forward to witnessing many more successes in the future."

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About Lee & Man Paper Manufacturing Limited

Lee & Man Paper is the second largest containerboard producers in China. The Group specializes in the production of a range of linerboard and corrugating medium, which are used to produce cardboard boxes for packaging purposes. The Group's fully integrated production facilities are strategically located at Dongguan and Jiangsu, two of the most important manufacturing and export hubs in China. The Group is able to customize products according to different needs and is therefore poised to benefit from China's booming manufacturing activities. In addition, Lee & Man Paper adopts the highest environmental standards in its operations, and is committed to setting new examples for the paper manufacturing industry in China.

OFFERING STRUCTURE

Number of Offer Shares	187,500,000 Shares (subject to Over-allotment Option)
Number of Public Offer Shares	18,750,000 Shares (subject to adjustment)
Number of Placing Shares	168,750,000 Shares (subject to adjustment and the Over-allotment Option)
Offer Price	HK\$3.33 to HK\$4.50 per share
Market Capitalization	HK\$2,500 million - HK\$3,375 million
Prospective P/E multiple	
- pro forma fully diluted	10.0 times – 13.5 times
- weighted average	8.8 times – 11.8 times

USE OF NET PROCEEDS

Assuming an Offer Price of HK\$3.92 (the mid-point of the Indicative Offer price range stated in the prospectus) and the Over-allotment Option is not exercised, the net proceeds, after deducting related expenses payable by the Group, are estimated to be approximately HK\$704 million and will be applied as follows:

Capital expenditure in relation to the first phase of the Changshu Project	Approx. HK\$340 million
Working capital in relation to the first phase of the Changshu Project	Approx. HK\$60 million
Repayment of debts	Approx. HK\$200 million
General working capital	Remaining balance

TRADING RECORD

The following is a summary of the consolidated audited results of Lee & Man Paper for the three financial years 2001, 2002 and 2003:

	For the year ended 31 March		
	2001	2002	2003
	(HK\$' 000)	(HK\$' 000)	(HK\$' 000)
Turnover	512,853	738,885	1,028,406
Gross Profit	110,387	208,874	269,535
Net Profit	78,842	175,520	213,076
Gross Profit Margin	21.5%	28.3%	26.2%

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