

[For Immediate Release]

LEE & MAN PAPER ANNOUNCES 2003/04 INTERIM RESULTS

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NET PROFIT 50% HIGHER AT HK\$137.9 MILLION

Results Highlights	Six months ended 30 September		
	2003 (HK\$'000)	2002 (HK\$'000)	Change (%)
Turnover	798,631	386,995	↑ 106.4
Gross Profit	188,548	114,820	↑ 64.2
Net Profit	137,928	91,618	↑ 50.5
Basic earnings per Share (HK cents)	24.30	16.29	↑ 49.2

(Hong Kong, 1 December 2003) – **Lee & Man Paper Manufacturing Limited** (“Lee & Man Paper” or the “Group”) (stock code: 2314), one of the largest containerboard manufacturers in China today announced its interim results for the six months ended 30 September 2003. This is also the Group’s first set of interim results since its successful listing on the Main Board of The Stock Exchange of Hong Kong Limited in September 2003.

For the period under review, Lee & Man Paper reported turnover of HK\$798,631,000, 106% higher compared to the same period last year. Net profit was HK\$137,928,000, representing a rise of 50.5%. The phenomenal growth in business was mainly attributable to contribution from the Group’s fourth production line, the fastest linerboard machine in the world, which commenced operation in October 2002.

Basic earnings per share were recorded at HK24.30 cents per share (2002 : HK16.29 cents).

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 September 2003 (2002 : nil).

Mr. Raymond Lee, CEO and Managing Director of Lee & Man Paper said, “We are delighted to report these encouraging results despite the negative impact of SARS during the past few months of operations. Given the current business situation, our business is expected to have a continuous high growth and expansion in the future. On top of that, our strategy to broaden the product range and the sales team has also proved to be effective in raising our competitiveness and helping to achieve better performance.”

Linerboard and corrugating medium continued to be Lee & Man Paper’s core products, accounting for 78.5% and 21.5% of turnover during the period. On the back of robust demand in China, the Group’s four production lines at the Dongguan mill operated at close to full capacities during the six months under review. Strong customer demand was also reflected in the Group’s inventory turnover. For the period, its turnover of finished products decreased from 27 days to 4 days.

The Group maintains a diversified base of over 600 customers, the majority of whom are located in the Pearl River Delta and Yangtze River Delta, both are China’s largest export bases.

The Group's balance sheet remained healthy, with its net debt-to-equity ratio at 0.48 (31 March 2003 : 2.45) and cash on hand at HK\$340,909,000 as at 30 September 2003.

Lee & Man Paper's new integrated production facilities at Changshu, with an additional four production lines planned is expected to become the major growth driver. The new plant is located at the heart of Yangtze River Delta, a region rapidly emerging as an important export base for China. The planned capacity of these four new lines amounts to 1,300,000 MT, and is expected to boost the Group's operating scale to new heights.

“Our fifth production line, with a capacity of 200,000 MT per year will commence production in - December 2003. This will bring our total annual capacity from 650,000 MT at present to approximately 850,000 MT.” Mr. Lee continued, “Despite continual rises in our capacity, we make no compromise in product quality and diversity. As such, we also plan to diversify into other high demand paper products.”

Although the fifth production line is not expected to run at full capacity in its first few months of operation, it will have a partial top and bottom line contribution to the Group's performance in the second half of the financial year. Our sixth production line with a capacity of 350,000 MT, is currently under construction and is expected to begin operation within the next financial year.

Mr. Lee concluded, “The persistent demand shortfall for quality containerboard in China will continue to lay a conducive background for our progression. With our established market position in China, I am confident that we will continue to grow satisfactorily.”

About Lee & Man Paper Manufacturing Limited

Lee & Man Paper is one of the largest containerboard producers in China. The Group specializes in the production of a range of linerboard and corrugating medium, 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.

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