

[For Immediate Release]

## LEE & MAN PAPER ANNOUNCES 2004/05 INTERIM RESULTS

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### *NET PROFIT UP 41% TO HK\$194 MILLION*

Results Highlights	Six months ended 30 September		
	2004 (HK\$'000)	2003 (HK\$'000)	Change (%)
Turnover	1,257,701	798,631	↑ 57.5
Gross Profit	269,700	188,548	↑ 43.0
Net Profit	194,288	137,928	↑ 40.9

(Hong Kong, 24 November 2004) – **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 2004.

For the period under review, Lee & Man Paper reported turnover of HK\$1,257,701,000, up 57.5% compared with the same period last year. Net profit was HK\$194,288,000, representing a rise of 40.9%. The substantial sales growth was mainly attributable to the contribution from its PM5 at Changshu mill, which commenced operation in January 2004. It is now running at a full annual capacity of 200,000 metric tons (MT).

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 September 2004 (2003 : nil).

**Mr. Raymond Lee, CEO and Managing Director of Lee & Man Paper**, said, “I am very delighted to announce that our net profits maintained sustainable growth, despite the difficult business environment impacted by the rising coal price, transportation costs and wages during the review period. Robust demand in China, however, allowed the Group to continue to enjoy favorable pricing environment for its products in the country. We have been successful in passing the increased cost on to our customers and hence maintained our margins.”

In addition to the Group’s PM5, the second production line at the Changshu mill, the PM6, commenced operation in September 2004. With an annual capacity of 350,000 MT of corrugated medium, PM6 brings the Group’s total containerboard capacity to 1,200,000 MT and makes the Group one of the largest containerboard producers in the world. During the period, linerboard and corrugating medium continued to be Lee & Man Paper’s core products, accounting for 86% and 14% of turnover respectively.

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The Group maintained a healthy balance sheet, with its net debt-to-equity ratio at 0.20 (31 March 2004 : 0.47) and cash on hand at HK\$61,600,000 as at 30 September 2004.

To capture the continued growing demand for quality containerboard in the Pearl River Delta Zone, Lee & Man Paper's next main initiative is to develop a third production plant in Hongmei, Dongguan. The Group committed to purchasing of land and production machinery in early 2004. With an annual capacity of 400,000 MT of linerboard, PM7 at the Group's Hongmei plant is expected to commence operation in the fourth quarter of 2005 and become one of the Group's major growth drivers. It will increase the Group's total production capacity of containerboard to 1,600,000 MT annually. The enhanced production capacity will further strengthen the Group's position in the world containerboard market, thus enable it to generate more satisfactory returns to the Group.

Mr. Lee concluded, "Looking ahead, with supply constantly falling short of the demand for quality containerboard in China, the Group sees numerous opportunities for its business. With our established strengths in the industry and enhanced production capacity, we are confident of achieving better results in the second half of the year."

#### **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 has two mills in Dongguan, located at Zhong Tong and Hong Mei, and one mill in Changshu, Jiangsu. The Zhong Tong plant houses the Group's PM1 to PM4 whilst the Changshu mill houses PM5 to PM6. PM7 to PM10 are being planned at the Hong Mei mill. In addition to boasting large capacity, Lee & Man Paper's Dongguan mill is certified with ISO9001:2000 and ISO14001:2000, reflecting the high standards of paper product and environmentally friendly production facilities.

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