

## PRESS RELEASE

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

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#### **NET PROFIT UP 47% TO HK\$418 MILLION**

Results Highlights	Year ended 31 March		Change (%)
	2005 (HK\$'000)	2004 (HK\$'000)	
Turnover	2,771,423	1,701,055	↑ 63%
Gross Profit	573,431	378,352	↑ 52%
Net Profit	417,743	284,878	↑ 47%

**Hong Kong, 28 June 2005** – 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 annual results for the year ended 31 March 2005.

For the year under review, Lee & Man Paper reported turnover of HK\$2,771 million, up 63% compared with the same period last year. Net profit was HK\$417,743, representing a rise of 47%. The substantial sales growth was mainly attributable to capacity expansion from its PM5 and PM6 which commenced operation in January 2004 and September 2004 respectively. Both paper machines are in Changshu Mill.

The Board of Directors recommends the payment of final dividend of HK\$0.18 for the year ended 31 March 2005 (2004: HK\$0.10).

**Mr. Raymond Lee, CEO of Lee & Man Paper**, said, “I am very delighted to announce that our turnover and net profit maintained a sustainable growth, despite our production cost was slightly affected by the rising coal price during the review year.”

In addition to the Group’s six existing production lines, the first production line at the Hongmei mill, the PM7, will be started operation in January 2006. With an annual capacity of 400,000 MT of linerboard, PM7 brings the Group’s total containerboard capacity to approx. 1,600,000 MT. The enhanced production capacity will generate more profits to the Group. Linerboard and corrugating medium continued to be Lee & Man Paper’s core products, accounting for 81% and 19% of turnover respectively for the year ended 31 March 2005.

The Group maintained a healthy balance sheet, with its net debt-to-equity ratio at 0.23 (31 March 2004: 0.47) and cash on hand at HK\$82.7 million as at 31 March 2005.

To further reduce the production cost, the Group has acquired a US pulp mill in February 2005. It has an annual capacity of 200,000MT. The acquisition was an important part of the Group's strategy to become a fully vertical integrated company. Mr. Lee concluded, "I am very happy to successfully acquire the pulp mill as it gives us a competitive edge over our competitors in China. I believe the pulp mill can bring extra income and profits to the Group as well as margins improvement. With continued falling short of the demand for quality containerboard in China, we are confident to anticipate a further impressive achievement."

**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.*

*To learn more about Lee & Man Paper, please go to [www.leemanpaper.com](http://www.leemanpaper.com)*

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