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**理文造紙有限公司\***

**Lee & Man Paper Manufacturing Limited**

*(Incorporated in the Cayman Islands and its members' liability is limited)*

**(Stock Code: 2314)**

**CONNECTED TRANSACTION  
FURTHER EXTENSION OF THE MATURITY DATE OF THE LOAN  
TO A JOINT VENTURE IN THE PRC AND REVISION OF  
LOAN TERMS**

Reference is made to the announcements dated 10 February 2017, 28 December 2018 and 28 December 2020 in relation to the Loan Agreement entered into between the Lender, an indirect wholly-owned subsidiary of the Company, and the PRC JV, a joint venture indirectly owned by the Company as to 50%.

The board announces that on 13 December 2022 (after trading hours), the Lender and the PRC JV entered into the Third Supplemental Agreement pursuant to which the parties agreed to adjust the principal amount of the Loan from RMB65 million to RMB60 million (equivalent to approximately HK\$67.5 million) and to further extend the maturity date of the Loan to 31 December 2025. The interest rate will also be adjusted from 3.4% to 3.5%.

**LISTING RULE IMPLICATIONS**

Mr. Lee Man Yan, the ultimate controlling shareholder of LMC holding 65% issued shares of LMC as at the date of this announcement, is an associate of Dr. Lee Man Chun Raymond and Mr. Lee Man Bun (who are executive Directors). As the PRC JV is indirectly owned as to 50% by each of the Company and LMC, the PRC JV is a connected person of the Company under the Listing Rules and the transaction contemplated under the Third Supplemental Agreement constitutes a connected transaction subject to Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) are more than 0.1% but less than 5%, the transaction contemplated under the Third Supplemental Agreement is subject to the reporting and announcement requirements, but is exempted from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

\* For identification purposes only

## BACKGROUND

Reference is made to the announcements of Lee & Man Paper Manufacturing Limited (the “**Company**”) dated 10 February 2017 (the “**2017 Announcement**”), 28 December 2018 and 28 December 2020 (the “**2020 Announcement**”) in relation to the loan agreement (the “**Loan Agreement**”) entered into between Jiangxi Lee & Man Paper Manufacturing Ltd. (the “**Lender**”), an indirect wholly-owned subsidiary of the Company, and 瑞昌理文物流有限公司 (Ruichang Lee & Man Logistics Company Limited\*) (the “**PRC JV**”), a joint venture indirectly owned as to 50% by each of the Company and Lee & Man Chemical Company Limited (“**LMC**”). Pursuant to the terms of the Loan Agreement, the Lender had agreed to lend up to RMB60 million (equivalent to approximately HK\$67.5 million as at the date of the Loan Agreement) (the “**Loan**”) to the PRC JV, which was repayable by 31 December 2018. As per the announcements above, the Loan was subsequently extended to 31 December 2022 with the principal amount adjusted to RMB65 million and interest rate to 3.4%.

Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the 2017 Announcement.

The board announces that at the request of the PRC JV on 13 December 2022 (after the trading hours), the Lender has entered into the third supplemental agreement (the “**Third Supplemental Agreement**”) to the Loan Agreement with the PRC JV pursuant to which the parties agreed to adjust the principal amount of the Loan from RMB65 million to RMB60 million (equivalent to approximately HK\$67.5 million) and to further extend the maturity date of the Loan to 31 December 2025. The interest rate will also be adjusted from 3.4% to 3.5%.

Save and except for the aforesaid amendments, all the terms and conditions of the Loan Agreement remain unchanged and continue in full force and effect.

## TERMS OF THE THIRD SUPPLEMENTAL AGREEMENT

A summary of the principal terms of the Loan Agreement (as amended by the Third Supplemental Agreement) are set out below:

Date:	13 December 2022
Parties:	Lender: Jiangxi Lee & Man Paper Manufacturing Ltd. Borrower: 瑞昌理文物流有限公司 (Ruichang Lee & Man Logistics Company Limited*)
Loan Facility:	RMB60 million (equivalent to approximately HK\$67.5 million)
Interest rate:	3.5% per annum, which was negotiated on an arm’s length basis between the Lender and the PRC JV and was determined based on the cost of funding by the Lender.
Maturity Date:	31 December 2025

## **INFORMATION ON THE GROUP**

The Group is principally engaged in large-scale paper manufacturing and specializes in the production of linerboard, corrugated medium and tissue paper. The LMC Group is principally engaged in the manufacture and sale of chemical products.

## **INFORMATION ON THE PRC JV**

The PRC JV is a company established in the PRC with limited liability which is indirectly owned as to 50% by each of the Company and LMC. The PRC JV is principally engaged in undertaking certain pier construction projects in Jiangxi, China. As stated in the 2020 Announcement, the construction of the pier for paper and pulp loading and unloading had been completed and was in its preliminary phase of operations where revenue generation had only just commenced and substantial cashflow is required. As at the date of this announcement, the PRC JV has commenced full operations and received rental income from the operations of the pier.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE THIRD SUPPLEMENTAL AGREEMENT**

The PRC JV was established as a joint venture by the Company and LMC to undertake certain pier construction projects in Jiangxi, China. Since the commencement of operations of the pier in December 2020, the PRC JV (by virtue of the close proximity of the pier with the factory building of the Group) has provided the Group with exclusive logistical support enhancing the distribution and supply network of its raw materials and finished products, including temporary storage support services and also bad weather safety alert services. As at the date of this announcement, the PRC JV has repaid over RMB5.0 million (equivalent to approximately HK\$5.6 million) to the Company. In light of the benefits brought by exclusive logistical support and the operational performance of the PRC JV, the Group has therefore agreed to extend the maturity date of the Loan in support of the PRC JV's operations.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Third Supplemental Agreement have been arrived at by the Lender and the PRC JV after arm's length negotiation, having regard to the financial background and the operational performance of the PRC JV, further interest income to be brought to the Group and the benefit to the Group in terms of exclusive logistical support and various services as stated in the above paragraph. Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the Third Supplemental Agreement are, whilst not in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## LISTING RULE IMPLICATIONS

Mr. Lee Man Yan, a director of LMC and the ultimate controlling shareholder of LMC holding 65% issued shares of LMC as at the date of this announcement, is an associate of Dr. Lee Man Chun Raymond and Mr. Lee Man Bun (who are executive Directors).

Dr. Lee Man Chun Raymond and Mr. Lee Man Bun each holds 31.53% of the issued shares of the Company as at the date of this announcement.

As the PRC JV is indirectly owned as to 50% by each of the Company and LMC, the PRC JV is a connected person of the Company under the Listing Rules and the transaction contemplated under the Third Supplemental Agreement constitutes a connected transaction subject to Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) are more than 0.1% but less than 5%, the transaction contemplated under the Third Supplemental Agreement is subject to the reporting and announcement requirements, but is exempted from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Dr. Lee Man Chun Raymond and Mr. Lee Man Bun, who are executive Directors and are associates of Mr. Lee Man Yan, had abstained from voting on the relevant board resolution approving the Third Supplemental Agreement and the transaction contemplated thereunder. Save as aforesaid, no Director has any material interest in the Third Supplemental Agreement and the transaction contemplated thereunder. However, Mr. Li King Wai Ross, an executive Director and brother-in-law of Mr. Lee Man Yan, and Mr. Lee Jude Ho Chung (whose grandfather is the younger brother of the grandfather of Dr. Lee Man Chun Raymond and Mr. Lee Man Bun), had voluntarily abstained from voting on the relevant board resolution approving the Third Supplemental Agreement and the transaction contemplated thereunder to avoid the perception of conflict of interest.

*For illustration purposes only, the exchange rate of RMB1 = HK\$1.125 has been adopted for translating RMB into HK\$ in this announcement. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at such a rate.*

By order of the Board  
**Lee & Man Paper Manufacturing Limited**  
**Lee Man Chun Raymond**  
Chairman

Hong Kong, 13 December 2022

*As at the date of this announcement, the board of directors of the Company comprises five executive directors, namely Dr. Lee Man Chun Raymond, Mr. Lee Man Bun, Mr. Li King Wai Ross, Mr. Lee Jude Ho Chung and Mr. Yip Heong Kan, 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.*