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理文造紙有限公司\*

**Lee & Man Paper Manufacturing Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2314)**

**PROPOSED ISSUE of US\$300 MILLION 5.50%  
SENIOR PERPETUAL CAPITAL SECURITIES**

The Board is pleased to announce that on 21 May 2019, the Company, J.P. Morgan Securities plc (“**J.P. Morgan**”), The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”), Mizuho Securities Asia Limited (“**Mizuho Securities**”) and MUFG Securities Asia Limited (“**MUFG**”) entered into a subscription agreement in connection with the issue of 5.50% senior perpetual capital securities in the aggregate principal amount of US\$300 million (the “**Issue**”). J.P. Morgan is the sole global coordinator and J.P. Morgan, HSBC, Mizuho Securities and MUFG are the joint bookrunners and joint lead managers in relation to the Issue.

The estimated net proceeds of the Issue will be approximately US\$295 million. The Company intends to use the net proceeds of the Issue for expansion of both containerboard and tissue businesses as well as general corporate purposes.

Application has been made for the listing of the Securities on The Stock Exchange of Hong Kong Limited.

\* For identification purposes only

## THE SUBSCRIPTION AGREEMENT

**Date:** 21 May 2019

**Parties:** (1) The Company; and  
(2) J.P. Morgan, HSBC, Mizuho Securities and MUFG.

Pursuant to the Subscription Agreement, J.P. Morgan, HSBC, Mizuho Securities and MUFG will subscribe or procure to subscribe and pay for the Securities subject to and in accordance with the terms of the Subscription Agreement.

J.P. Morgan is the sole global coordinator and J.P. Morgan, HSBC, Mizuho Securities and MUFG are the joint bookrunners and the joint lead managers in relation to the Issue. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of J.P. Morgan, HSBC, Mizuho Securities and MUFG is an independent third party not connected with the Company and its connected persons.

The Securities being issued pursuant to the Subscription Agreement have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to registration or in certain transactions exempt from the registration requirements of the Securities Act. They will be offered and sold outside of the United States in reliance on Regulation S under the Securities Act. None of such Securities will be offered to the public in Hong Kong or elsewhere and none of such securities will be placed to any connected person of the Company.

### **Principal terms of the Securities**

#### *Securities to be issued*

Subject to certain conditions to completion, the Company will issue the Securities in the aggregate principal amount of US\$300 million.

#### *Issue price*

100% of the principal amount of the Securities.

#### *Distribution*

Subject to the terms and conditions of the Securities, the Securities confer a right to receive distributions (each a "**Distribution**") from the Issue Date at the applicable Distribution Rate (as defined below). Distributions shall be payable semi-annually in equal installments in arrear.

### *Distribution rate*

The rate of distribution (“**Distribution Rate**”) applicable to the Securities shall be:

- (i) from, and including, the Issue Date to, but excluding, 29 May 2024 (“**First Call Date**”), 5.50% per annum; and
- (ii) thereafter, in respect of the period from, and including the First Call Date and each Reset Date falling thereafter to, but excluding, the immediately following Reset Date, at the relevant Reset Distribution Rate.

Subject to the terms and conditions of the Securities, the Distribution Rate will increase by 3% per annum upon the occurrence of the Change of Control.

### *Optional Deferral of Distributions*

Subject to the terms and conditions of the Securities, the Company may, at its sole discretion, elect to defer Distribution which is otherwise scheduled to be paid on a Distribution payment date to the next Distribution payment date.

If on any Distribution payment date, payment of all Distribution payments scheduled to be made on such date is not made in full by reason of the paragraph above, the Company shall not (a) declare or pay any discretionary dividends, distributions or make any other discretionary payment on, and will procure that no discretionary dividend, distribution or other discretionary payment is made on any of its junior securities or (except on a pro-rata basis) its parity securities provided that such restriction shall not apply to payments declared, paid or made in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants; or (b) at its discretion redeem, reduce, cancel, buy-back or acquire for any consideration any of its junior securities or parity securities provided that such restriction shall not apply to an exchange by the Company of any of its parity securities for junior securities or in relation to parity securities, on a pro-rata basis.

### *Status of the Securities*

The Securities constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Company which rank pari passu and without any preference among themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Company, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

## *Redemption*

The Securities are perpetual securities and have no fixed redemption date.

The Securities may be redeemed at the option of the Company under certain circumstances in accordance with, and at the redemption amount provided in, the terms and conditions, including but not limited to:

- (i) the Securities may be redeemed at the option of the Company in whole, but not in part, on giving irrevocable prior notice to the holders of the Securities, the Registrar and the Fiscal Agent on the First Call Date or any Distribution payment date thereafter;
- (ii) the Securities may be redeemed at the option of the Company in whole, but not in part, on giving irrevocable prior notice to the holders of the Securities, the Registrar and the Fiscal Agent in the event of the Company becoming obliged to pay additional amounts as a result of certain changes affecting taxes of the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax;
- (iii) the Securities may be redeemed at the option of the Company in whole, but not in part, on giving irrevocable prior notice to the holders of the Securities, the Registrar and the Fiscal Agent if, as a result of any change or amendments to Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants or any other accounting standards that may replace Hong Kong Financial Reporting Standards for the purposes of the consolidated financial statements of the Company, the Securities must not or must no longer be recorded as “equity” of the Company under such standard;
- (iv) the Securities may be redeemed at the option of the Company on giving irrevocable prior notice to the holders of the Securities, the Registrar and the Fiscal Agent at any time following a Change of Control; and
- (v) the Securities may be redeemed at the option of the Company in whole, but not in part, on giving irrevocable prior notice to the holders of the Securities, the Registrar and the Fiscal Agent if, prior to the date of such notice at least 90% in principal amount of the Securities originally issued has already been redeemed or purchased and cancelled.

## **USE OF PROCEEDS**

The estimated net proceeds of the Issue will be approximately US\$295 million. The Company intends to use the net proceeds of the Issue for expansion of both containerboard and tissue businesses as well as general corporate purposes.

## **APPLICATION FOR LISTING**

Application has been made for the listing of the Securities on the Stock Exchange.

The Securities are expected to be issued on or about 29 May 2019.

**As the conditions precedent to completion of the Subscription Agreement may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events, shareholders of the Company and prospective investors are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise required, the following terms have the following meanings:

“Board”	the board of Directors
“Change of Control”	occurs when: <ul style="list-style-type: none"><li>(i) any person or persons acting together acquires control of the Company if such person or persons does not or do not have, and would not be deemed to have, control of the Company on the Issue Date;</li><li>(ii) the Company consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring control over the Company or the successor entity;</li><li>(iii) one or more persons acquires the beneficial ownership of all or substantially all of the Company’s issued share capital; or</li><li>(iv) Dr. Lee Wan Keung Patrick, Dr. Lee Man Chun Raymond and Mr. Lee Man Bun collectively does not, or ceases to legally and beneficially own, directly or indirectly and free from any security whatsoever, in aggregate at least 51% of the entire issued share capital of and equity interests in the Company or does not, or ceases to, exercise management control over the Company;</li></ul>
“Company”	Lee & Man Paper Manufacturing Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Fiscal Agent”	The Bank of New York Mellon, London Branch
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of People’s Republic of China
“Issue”	proposed issue of the Securities under the Subscription Agreement

“Issue Date”	29 May 2019
“Registrar”	The Bank of New York Mellon SA/NV, Luxembourg Branch
“Reset Date”	the First Call Date and each date that falls five, or a multiple of five, years following the First Call Date
“Reset Distribution Rate”	the sum of (i) the Comparable Treasury Rate in relation to that Reset Period (each as defined in the terms and conditions of the Securities), (ii) the initial spread (i.e. 3.28%) and (iii) the step-up margin
“Securities”	the senior perpetual capital securities in the aggregate principal amount of US\$300 million to be issued by the Company
“Securities Act”	the United States Securities Act of 1933, as amended
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 21 May 2019 entered into between the Company, J.P Morgan, HSBC, Mizuho Securities and MUFG in relation to the Issue
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars
“%”	per cent.

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

Hong Kong, 22 May 2019

*As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely Dr. Lee Man Chun Raymond, Mr. Lee Man Bun and Mr. Li King Wai Ross, 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.*