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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)**

**CONNECTED TRANSACTION  
EXTENSION OF THE MATURITY DATE OF  
THE LOAN TO A JOINT VENTURE IN THE PRC  
EXTENSION OF MATURITY DATE OF THE LOAN**

Reference is made to the Announcement 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%. Pursuant to the Loan Agreement, the Lender had agreed to lend up to RMB60 million (equivalent to approximately HK\$67.5 million) to the PRC JV, which would be repayable by 31 December 2018.

The board announces that at the request of the PRC JV, after the trading hours on 28 December 2018, the Lender has entered into the Supplemental Agreement with the PRC JV, pursuant to which the Lender has agreed that the maturity date of the above loan shall be extended to 31 December 2020.

**LISTING RULES IMPLICATIONS**

Mr. Lee Man Yan, the ultimate controlling shareholder of LMC holding 60% of the total 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, the executive directors of the Company. 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 Supplemental Agreement constitute 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 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

Reference is made to the announcement of Lee & Man Paper Manufacturing Limited (the “**Company**”) dated 10 February 2017 (the “**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 by each of the Company and Lee & Man Chemical Company Limited (“**LMC**”) as to 50%. Pursuant to the Loan Agreement, the Lender had agreed to lend up to RMB60 million (equivalent to approximately HK\$67.5 million) (the “**Loan**”) to the PRC JV, which would be repayable by 31 December 2018.

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

The board announces that at the request of the PRC JV, after the trading hours on 28 December 2018, the Lender has entered into the supplemental agreement (the “**Supplemental Agreement**”) to the Loan Agreement with the PRC JV, pursuant to which the Lender has agreed that the maturity date of the Loan shall be extended to 31 December 2020. Save and except for the extension of the maturity date, all the terms and conditions of the Loan Agreement remain unchanged and continue in full force and effect.

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

Date:	10 February 2017 (as supplemented by the Supplemental Agreement dated 28 December 2018)	
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	
Interest rate:	3.8% 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 2020	

## **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. LMC and its subsidiaries are principally engaged in the manufacture and sale of chemical products.

\* For identification purposes only

## **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 the Group and 50% by the LMC Group. The PRC JV is principally engaged in undertaking certain pier construction projects in Jiangxi, China.

## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE 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. Upon completion of the pier construction, it is expected to provide the Group with exclusive additional logistical support enhancing the distribution and supply network of its raw materials and finished products. Due to the prolonged schedule for the pier construction projects, the PRC JV requires longer time to complete them and repay the Loan.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Supplemental Agreement have been arrived at by the Lender and the PRC JV after arm's length negotiation, having regard to the financial background of the PRC JV, further interest income to be brought to the Group and the benefit to the Group upon the completion of the pier construction as stated in the above paragraph. Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the 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 interest of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Mr. Lee Man Yan, the ultimate controlling shareholder of LMC holding 60% 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, the executive directors of the Company.

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 transactions contemplated under the Supplemental Agreement constitute 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 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, executive Directors who are associates of Mr. Lee Man Yan, have abstained from voting on the relevant board resolution approving the Supplemental Agreement and the transactions contemplated thereunder. Save as aforesaid, no Director has any material interest in the Supplemental Agreement and the transactions contemplated thereunder. However, Mr. Li King Wai Ross, an executive Director of the Company and brother-in-law of Mr. Lee Man Yan, Dr. Lee Man Chun Raymond and Mr. Lee Man Bun, has voluntarily abstained from voting on the relevant board resolution approving the Supplemental Agreement and the transactions 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.*

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

Hong Kong, 28 December 2018

*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.*