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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 TRANSACTIONS
IN RELATION TO
RENEWAL OF TENANCY AGREEMENT AND LICENCE AGREEMENT**

RENEWAL OF TENANCY AGREEMENT AND LICENCE AGREEMENT

Reference is made to the announcement of the Company dated 21 July 2022. The Board is pleased to announce that on 18 July 2025 (after trading hours), Vantage Dragon, an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreement as tenant with Elite Properties as landlord, for the lease of the Premise for a term of three years commencing from 1 August 2025 and expiring on 31 July 2028 (both days inclusive) and also entered into the Licence Agreement as licensee with Elite Properties as licensor, for the right to use the Carparking Space for a term of 36 months commencing from 1 August 2025 and expiring on 31 July 2028 (both days inclusive).

LISTING RULE IMPLICATIONS

As at the date of this announcement, Elite Properties is beneficially owned as to 50% and 50% by Dr. Lee Man Chun Raymond and Mr. Lee Man Bun, respectively, each an executive Director and a controlling shareholder of the Company. Therefore, Elite Properties is an associate of each of Dr. Lee Man Chun Raymond and Mr. Lee Man Bun and a connected person of the Company and the transactions contemplated under the Agreements constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

The right-of-use assets acquired under the Agreements will be recognized by the Group in its consolidated statement of financial position in accordance with HKFRS 16 "Leases". Accordingly, the entering into of the Agreements and the transactions contemplated thereunder will be deemed as acquisition of right-of-use assets by the Group. As the highest applicable percentage ratio of the estimated value of the right-of-use assets to be recognized by the Group under the Agreements is more than 0.1% but less than 5%, the entering into of the Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

* For identification purposes only

INTRODUCTION

The Board is pleased to announce that on 18 July 2025 (after trading hours), Vantage Dragon, an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreement with Elite Properties in relation to the lease of the Premise and also entered into the Licence Agreement as licensee with Elite Properties as licensor, in relation to the right to use the Carparking Space.

The principal terms of the Tenancy Agreement are set out below.

TENANCY AGREEMENT

Date	:	18 July 2025 (after trading hours)
Parties	:	(1) Vantage Dragon, as tenant (2) Elite Properties, as landlord
Location	:	The whole of 39th Floor, Lee & Man Commercial Center, 169 Electric Road, North Point, Hong Kong
Term	:	Three years commencing from 1 August 2025 to 31 July 2028, both days inclusive
Use	:	For use as office premises only
Rent	:	Monthly rental (exclusive of government rates, management fees and utility charges) of HK\$459,195.20 payable in advance on the 1st day of each month during the term.
Rent-free Period	:	Six (6) months from 1 June 2026 to 31 July 2026, 1 June 2027 to 31 July 2027, and 1 June 2028 to 31 July 2028
Management Fees and Other Fees	:	Vantage Dragon shall pay Elite Properties the monthly management fee at an initial rate of HK\$66,351.60 (subject to revision by Elite Properties or the designated property manager). Vantage Dragon shall also pay the utility charges (including water, electricity and other utilities) based on its actual usage.
Rental and other deposits	:	Vantage Dragon shall pay Elite Properties a rental deposit of HK\$1,622,540.40 (which is equivalent to three months' rent, management fees and government rates and is subject to increment) upon signing of the Tenancy Agreement. Such rental deposit shall be refunded to Vantage Dragon without interest upon expiration of the Tenancy Agreement.

The principal terms of the Licence Agreement are set out below.

LICENCE AGREEMENT

Date	:	18 July 2025 (after trading hours)
Parties	:	(1) Vantage Dragon, as licensee (2) Elite Properties, as licensor
Term	:	36 months commencing from 1 August 2025 and expiring on 31 July 2028 (both days inclusive)
Subject Matter	:	The right to use each of the Carparking Space for parking a private car
Licence fee and other fees	:	Vantage Dragon shall pay Elite Properties the monthly licence fee at an initial rate of HK\$21,500.00. Vantage Dragon shall also pay all rates and outgoings (if any) payable in respect of the Carparking Space.
Deposits	:	Vantage Dragon shall pay Elite Properties a deposit of HK\$64,500.00 (which is equivalent to three months' licence fee) upon signing of the Licence Agreement. Such deposit shall be refunded to Vantage Dragon without interest within 45 days after the expiration or termination of the Licence Agreement.

THE RIGHT-OF-USE ASSETS

The value of the right-of-use assets to be recognized by the Group under the Agreements is estimated to be approximately HK\$13.7 million, which is calculated with reference to the present value of the aggregated lease payments to be made under the Tenancy Agreement and the aggregated licence fee payments under the Licence Agreement in accordance with HKFRS 16 "Leases". A discount rate of 4.3% per annum is adopted in calculating the present value of the aggregated payments under the Agreements.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

Renewing the tenancy rather than relocating would avoid disruption to the Group's business operations and ensures stability generally. Remaining at the current location will also avoid the need to incur unnecessary costs such as relocation and fit-out costs. Further remaining at its current office space is in line with the Group's strategic consolidation with all of its Hong Kong staff across various departments on the same floor, facilitating collaboration between staff members on the one hand and convenience for clients and business partners on the other. The rental under each of the Tenancy Agreement and the Licence Agreement are also in line with the prevailing market rates. As such on the above basis, the Board considers that the entering into of the Agreements is in the interest of the Company and its Shareholders as a whole.

The terms of the Tenancy Agreement (including the monthly rent) were arrived at after arm's length negotiations between Vantage Dragon and Elite Properties. The monthly rent for the Premise under the Tenancy Agreement is HK\$459,195.20. After taking into account rent-free period of six (6) months, the effective average monthly rent is approximately HK\$382,663 and was determined with reference to the valuation of the monthly market rental of the Premise per the Valuation Report by reference to comparable properties available in Hong Kong with similar age, size, use and other attributes. According to the Valuation Report, the market value of the monthly rental of the Premise as at 30 June 2025 was approximately HK\$384,000. The valuation was valued based solely on market approach.

The terms of the Licence Agreement (including the monthly licence fee) were arrived at after arm's length negotiations between Vantage Dragon and Elite Properties. The monthly licence fee for the right to use the Carparking Space under the Licence Agreement is HK\$21,500.00, which was determined with reference to the valuation of the monthly market licence fee of the right to use the Carparking Space per the Valuation Report by reference to comparable carparking spaces available in the neighbouring districts. According to the Valuation Report, the market value of the monthly rental of the right to use the Carparking Space as at 30 June 2025 was approximately HK\$21,500. The valuation was valued based solely on market approach.

The Directors, including the independent non-executive Directors, are of the opinion that the terms of the Agreements are on normal commercial terms and are fair and reasonable, and the transactions contemplated under the Agreements are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

INFORMATION RELATING TO THE GROUP, VANTAGE DRAGON, ELITE PROPERTIES AND CONNECTED RELATIONSHIP BETWEEN THE PARTIES

The Group

The Group (including Vantage Dragon) is principally engaged in the business of large-scale paper manufacturing and specialises in the production of linerboard, corrugating medium and tissue paper. Vantage Dragon is an indirect wholly-owned subsidiary of the Company and is an investment holding company.

Elite Properties

Elite Properties is beneficially owned as to 50% and 50% by Dr. Lee Man Chun Raymond and Mr. Lee Man Bun, respectively. Elite Properties is the registered owner of the whole of the Building and is principally engaging in the leasing business of the premises and carparking spaces within the Building.

LISTING RULE IMPLICATIONS

As at the date of this announcement, Elite Properties is beneficially owned as to 50% and 50% by Dr. Lee Man Chun Raymond and Mr. Lee Man Bun, respectively, each an executive Director and a controlling shareholder of the Company. Therefore, Elite Properties is an associate of each of Dr. Lee Man Chun Raymond and Mr. Lee Man Bun and a connected person of the Company and the transaction contemplated under the Agreements constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

In accordance with HKFRS 16 “Leases”, the Group if entering into lease transaction as lessee will recognise additional assets representing its right to use the Premises and the Carparking Space in the total amount of approximately HK\$13.7 million calculated with reference to the present value of the aggregated payments to be made under the Agreements. As such, the transactions contemplated under the Agreements will be recognised as acquisition of right-of-use assets which will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the estimated value of the right-of-use assets to be recognized by the Group under the Agreements is more than 0.1% but less than 5%, the entering into of the Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Each of Dr. Lee Man Chun Raymond and Mr. Lee Man Bun, an executive Director and a controlling shareholder of the Company, is the beneficial owner of Elite Properties and therefore considered as having a material interest in the Agreements and accordingly abstained from voting on the board resolutions for the approval of the Agreements.

To avoid the perception of conflict of interest, Mr. Li King Wai Ross (brother-in-law of Dr. Lee Man Chun Raymond and Mr. Lee Man Bun) 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 board resolutions for the approval of the Agreements.

Save as disclosed above, no other Director has any material interest in the Agreements and is required to abstain from voting on the resolutions of the Board approving the transactions contemplated thereunder.

DEFINITIONS

“Agreements”	namely the Tenancy Agreement and the Licence Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Building”	Lee & Man Commercial Center, which is situated at 169 Electric Road, North Point, Hong Kong
“Carparking Space”	five carparking spaces numbered 317, 318, 319, 320 and 321, 3rd Floor, Lee & Man Commercial Center, which are situated at 169 Electric Road, North Point, Hong Kong
“Company”	Lee & Man Paper Manufacturing Limited, a company incorporated in the Cayman Islands, the Shares of which are listed on the Stock Exchange (stock code: 2314)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Elite Properties”	Elite Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, and is beneficially owned as to 50% and 50% by Dr. Lee Man Chun Raymond and Mr. Lee Man Bun, respectively
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS 16 “Leases”	Hong Kong Financial Reporting Standards 16 “Leases” which includes standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Property Valuer”	Jones Lang LaSalle Limited
“Licence Agreement”	the licence agreement for the right to use the Carparking Space entered into between Elite Properties as licensor and Vantage Dragon as licensee on 18 July 2025 for a term of 36 months commencing from 1 August 2025 and expiring on 31 July 2028 (both days inclusive)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules

“Premise”	the whole of 39th Floor, Lee & Man Commercial Center, which is situated at 169 Electric Road, North Point, Hong Kong
“Share(s)”	ordinary share of HK\$0.025 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement for the Premise entered into between Elite Properties as landlord and Vantage Dragon as tenant on 18 July 2025 for a term of three years commencing from 1 August 2025 to 31 July 2028 (both days inclusive)
“Valuation Report”	the valuation report dated 4 July 2025 prepared by the Independent Property Valuer for the valuations of the monthly market rental of the Premise and the right to use the Carparking Space
“Vantage Dragon”	Vantage Dragon Limited, a company incorporated in Hong Kong with limited liability, and is an indirect wholly-owned subsidiary of the Company

By order of the Board
Lee & Man Paper Manufacturing Limited
Law Kit Yu
Company Secretary

Hong Kong, 18 July 2025

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. Yip Heong Kan, Mr. Lee Jude Ho Chung and Mr. Li King Wai Ross and three independent non-executive directors, namely Mr. Chau Shing Yim David, Ms. Lo Wing Sze and Mr. Chan Wai Yan Ronald.