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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)



LEE & MAN CHEMICAL COMPANY LIMITED

理文化工有限公司

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

Website: www.leemanchemical.com

(Stock Code: 746)

**JOINT ANNOUNCEMENT
CONNECTED TRANSACTIONS
TRANSFER OF LAND USE RIGHTS IN CHANGSHU, THE PRC**

TRANSFER OF LAND USE RIGHTS

On 15 August 2025, Jiangsu Paper and Jiangsu Chemical entered into the Land Transfer Contract, pursuant to which Jiangsu Paper conditionally agreed to transfer, and Jiangsu Chemical conditionally agreed to acquire, the Land Use Rights for the Land in the Changshu Economic and Technological Development Zone, Jiangsu Province, the PRC, for the consideration of approximately RMB67.53 million.

LISTING RULE IMPLICATIONS

As Jiangsu Paper and Jiangsu Chemical is an indirect wholly-owned subsidiary of LMP and LMC, respectively and LMP and LMC are connected persons of each other under Chapter 14A of the Listing Rules, the transactions contemplated under the Land Transfer Contract constitute connected transactions for both LMP and LMC under Chapter 14A of the Listing Rules.

LMP

In respect of LMP, as the relevant percentage ratios under the Listing Rules in respect of the Land Transfer Contract are more than 0.1% but less than 5%, the entering into of the Land Transfer Contract and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempted from circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

LMC

In respect of LMC, as the relevant percentage ratios under the Listing Rules in respect of the Land Transfer Contract are more than 0.1% but less than 5%, the entering into of the Land Transfer Contract and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempted from circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

* For identification purposes only

TRANSFER OF LAND USE RIGHTS

On 15 August 2025, Jiangsu Paper and Jiangsu Chemical entered into the Land Transfer Contract, pursuant to which Jiangsu Paper conditionally agreed to transfer, and Jiangsu Chemical conditionally agreed to acquire, the Land Use Rights for the Land in the Changshu Economic and Technological Development Zone, Jiangsu Province, the PRC.

The principal terms of the Land Transfer Contract are set out below.

Date	15 August 2025
Parties	(i) Jiangsu Paper as the transferor; and (ii) Jiangsu Chemical as the transferee
Asset(s) to be transferred	the Land Use Rights, being state-owned construction land use rights (國有建設用地使用權) with the respective term of use terminating during the period from 12 October 2059 to 20 October 2060, inclusive of various ground attachments including concrete site and pipes, to be transferred on an “as-is” basis
Total site area	approximately 74,937 sq.m.
Permitted usage	Industrial use
Consideration and payment terms	<p>The consideration for the transfer of the Land Use Rights is approximately RMB67.53 million (inclusive of tax and related charges). The Consideration shall be settled in cash by three installments in the following manner by Jiangsu Chemical:</p> <ul style="list-style-type: none">(i) the first installment of approximately RMB27.01 million, representing 40% of the Consideration, is to be paid within five (5) working days from the date of the Land Transfer Contract;(ii) the second installment of approximately RMB27.01 million, representing 40% of the Consideration, is to be paid within five (5) working days upon issuance of VAT invoice by Jiangsu Paper; and(iii) the final installment of approximately RMB13.51 million, representing 20% of the Consideration, is to be paid within five (5) working days upon completion of the registration of the transfer of Land Use Rights.

Payment of relevant taxes and fees Both parties shall, within fifteen (15) working days after payment of the first installment of the Consideration, complete the payment of all relevant taxes and fees required for the registration of the transfer of Land Use Rights.

Transfer of the Land Transfer of the Land takes place upon the registration of the transfer of Land Use Rights with the competent real estate administration authority.

Transfer of the Land is conditional upon the satisfaction or waiver of the following conditions precedent on or before 30 November 2025 (or on such other date as may be agreed by Jiangsu Paper and Jiangsu Chemical):

- (i) Jiangsu Paper shall complete all preparatory work required for the Land Disposal, including the cancellation of other property rights certificates (他項權利證明), if any;
- (ii) there exists no litigation, debt disputes, or other circumstances which may affect the transfer of the Land;
- (iii) the Land shall be transferred on an “as-is” basis; and
- (iv) there shall be no legal or physical obstacles that would prevent Jiangsu Chemical from accepting the transfer of the Land.

As at the date of this joint announcement, all of the above conditions have been fulfilled.

BASIS OF THE CONSIDERATION

The Consideration was determined after arm’s length negotiation between Jiangsu Paper and Jiangsu Chemical on normal commercial terms with reference to the appraised value of the Land Use Rights of approximately RMB67.53 million as at 8 June 2025 based on the simple arithmetic average value of both cost approach and market approach by an independent valuer jointly appointed by both Jiangsu Paper and Jiangsu Chemical. The Consideration is equivalent to the independently appraised value of the Land.

INFORMATION ON THE LAND

The Land is situated at No. 6-8 Xinggang Road, Changshu Economic and Technological Development Zone, Jiangsu Province, the PRC (中國江蘇省常熟經濟技術開發區興港路6-8號) with a total site area of approximately 74,937 sq.m.. The Land is for industrial use and the respective term of use of the Land Use Rights will terminate during the period from 12 October 2059 to 20 October 2060.

The original acquisition costs of the Land Use Rights held by Jiangsu Paper in 2010 was approximately RMB22.7 million.

INFORMATION ON THE PARTIES

The LMP Group is principally engaged in the business of large-scale paper manufacturing and specialises in the production of linerboard, corrugating medium and tissue paper. The principal business of Jiangsu Paper, an indirect wholly-owned subsidiary of LMP, is the manufacturing and trading of paper with production facilities in the Jiangsu province.

The LMC Group is principally engaged in the manufacture and sale of chemical products. The principal business of Jiangsu Chemical, an indirect wholly-owned subsidiary of LMC, is the manufacture and sale of chemical products with the production facilities in the Jiangsu province.

REASONS FOR AND BENEFITS OF THE TRANSFER OF LAND USE RIGHTS

Both of LMP and LMC have production plants located in the Jiangsu province for manufacturing their paper and chemical products respectively, which are at close proximity to each other.

In respect of LMP, the Land represents an idle portion of the land currently occupied by Jiangsu Paper and is not being utilized for its current production operations. The Land Disposal will enable Jiangsu Paper to optimize its asset structure and to enhance the overall efficiency of land use within Jiangsu Paper. The additional income generated from the Land Disposal will also improve the financial position and support the business development of the LMP Group.

In respect of LMC, Jiangsu Chemical intends to expand its existing product line. The Land is adjacent to the existing production plant of Jiangsu Chemical, which is a favourable geographical location and can reduce construction costs of the new plant. In addition, the proximity of the Land to the existing plant is also conducive to unified management, optimizing the layout of safe production, and improving the efficiency of material transportation, thereby enhancing overall operational efficiency and effectiveness resulting in greater economic benefits and long-term development potential for LMC.

The LMP Directors, including the independent non-executive LMP Directors, considered that the Consideration is fair and reasonable having taken into account the location, permitted usage and size of the Land and the current market conditions and the fact that the Consideration is equivalent to the appraised value prepared by an independent property valuer. The LMP Directors, including the independent non-executive LMP Directors, are of the opinion that the terms of the Land Transfer Contract are on normal commercial terms and are fair and reasonable, and notwithstanding that the transactions contemplated under the Land Transfer Contract are not in the ordinary and usual course of business of the LMP Group, they are in the interests of LMP and the LMP Shareholders as a whole.

The LMC Directors, including the independent non-executive LMC Directors, considered that the Consideration is fair and reasonable having taken into account the location, permitted usage and size of the Land and the current market conditions and the fact that the Consideration is equivalent to the appraised value prepared by an independent property valuer. The LMC Directors, including the independent non-executive LMC Directors, are of the opinion that the terms of the Land Transfer Contract are on normal commercial terms and are fair and reasonable, and notwithstanding that the transactions contemplated under the Land Transfer Contract are not in the ordinary and usual course of business of the LMC Group, they are in the interests of LMC and the LMC Shareholders as a whole.

The LMC Group will fund the Consideration by its internal financial resources. The estimated net proceeds from the Land Disposal will be approximately RMB42.9 million, which the LMP Group intends to use for enhancement of production line and products as well as general corporate purposes.

FINANCIAL EFFECTS OF THE LAND DISPOSAL ON LMP

Taking into account (i) the Consideration of approximately RMB67.53 million; (ii) the carrying value of the Land Use Rights of approximately RMB20.2 million as at 31 July 2025; and (iii) related taxes and charges in connection with the Land Disposal, the LMP Directors currently expects to recognise a gain of approximately RMB27.4 million from the Land Disposal.

The aforesaid estimation is for illustrative purposes only and does not purport to represent the financial position of the LMP Group after completion of the Land Disposal.

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 joint announcement, is an associate of Dr. Lee Man Chun Raymond and Mr. Lee Man Bun, both executive Directors of LMP.

Dr. Lee Man Chun Raymond and Mr. Lee Man Bun holds 31.64% and 30.35% issued shares of LMP respectively as at the date of this joint announcement.

As Jiangsu Paper and Jiangsu Chemical is an indirect wholly-owned subsidiary of LMP and LMC, respectively and LMP and LMC are connected persons of each other under Chapter 14A of the Listing Rules, the transactions contemplated under the Land Transfer Contract constitute connected transactions for both LMP and LMC under Chapter 14A of the Listing Rules.

LMP does not hold any shares in LMC and vice versa as at the date of this joint announcement. Dr. Lee Man Chun Raymond and Mr. Lee Man Bun (who are LMP Directors and are associates of Mr. Lee Man Yan) had abstained from voting on the board resolutions of LMP in relation to the Land Transfer Contract. Ms. Wai Siu Kee and Mr. Lee Man Yan (who are LMC Directors and are associates of Dr. Lee Man Chun Raymond and Mr. Lee Man Bun) had abstained from voting on the board resolutions of LMC in relation to the Land Transfer Contract.

Save as aforesaid, no other LMP Directors or LMC Directors has any material interest in the Land Transfer Contract or was required to abstain from voting at the board meetings of LMP and LMC in relation to the same.

To avoid the perception of conflict of interest, Mr. Li King Wai Ross (a LMP Director and brother-in-law of Dr. Lee Man Chun Raymond, Mr. Lee Man Bun and Mr. Lee Man Yan) and Mr. Lee Jude Ho Chung (a LMP Director and whose grandfather is the younger brother of the grandfather of Dr. Lee Man Chun Raymond, Mr. Lee Man Bun and Mr. Lee Man Yan), had voluntarily abstained from voting on the board resolutions of LMP in relation to the Land Transfer Contract.

LMP

In respect of LMP, as the relevant percentage ratios under the Listing Rules in respect of the Land Transfer Contract are more than 0.1% but less than 5%, the entering into of the Land Transfer Contract and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempted from circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

LMC

In respect of LMC, as the relevant percentage ratios under the Listing Rules in respect of the Land Transfer Contract are more than 0.1% but less than 5%, the entering into of the Land Transfer Contract and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempted from circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

The following defined terms are used in this joint announcement:

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of approximately RMB67.53 million for the transfer of the Land Use Rights from Jiangsu Paper to Jiangsu Chemical
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Jiangsu Chemical”	Jiangsu Lee & Man Chemical Limited 江蘇理文化工有限公司, a wholly-owned foreign investment enterprise established in the PRC and an indirect wholly-owned subsidiary of LMC
“Jiangsu Paper”	Jiangsu Lee & Man Paper Manufacturing Company Limited 江蘇理文造紙有限公司, a foreign investment enterprise established in the PRC and an indirect wholly-owned subsidiary of LMP
“Land”	has the meaning ascribed to it under the section “Information on the Land” in this joint announcement
“Land Disposal”	the disposal of the Land Use Rights by Jiangsu Paper as transferor

“Land Transfer Contract”	the transfer contract in respect of the Land Use Rights entered into between Jiangsu Paper as the transferor and Jiangsu Chemical as the transferee dated 15 August 2025
“Land Use Rights”	the state-owned construction land use rights (國有建設用地使用權) of the Land for industrial use with the respective term of use terminating during the period from 12 October 2059 to 20 October 2060, inclusive of the ground attachments thereon
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LMC”	Lee & Man Chemical Company Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange (stock code: 746)
“LMC Director(s)”	the directors of LMC
“LMC Group”	LMC and its subsidiaries
“LMC Shareholders”	the shareholders of LMC
“LMP”	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)
“LMP Director(s)”	the directors of LMP
“LMP Group”	LMP and its subsidiaries
“LMP Shareholders”	the shareholders of LMP
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this joint announcement only, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square meters

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VAT”	value-added tax
“%”	per cent.

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

On behalf of the Board
Lee & Man Chemical Company Limited
Wai Siu Kee
Chairman

Hong Kong, 15 August 2025

As at the date of this joint announcement, the board of directors of LMP 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, and the board of directors of LMC comprises three executive directors, namely, Ms. Wai Siu Kee, Mr. Lee Man Yan and Mr. Yang Zuo Ning, one non-executive director, namely Professor Chan Albert Sun Chi JP, and three independent non-executive directors, namely Mr. Wan Chi Keung, Aaron BBS JP, Mr. Heng Victor Ja Wei and Mr. Wong King Wai Kirk.