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# Lee & Man Paper Manufacturing Limited

理文造紙有限公司\*

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

## EXERCISE OF OVER-ALLOTMENT OPTION AND PRE-IPO SHARE OPTION

The Board would like to announce that CLSA Limited ("CLSA") exercised in full the Over-allotment Option on 15 October 2003 to require the Company to issue 28,124,000 additional new Shares at the Offer Price. Such additional Shares will be returned to Gold Best pursuant to the stock borrowing arrangements between Gold Best and CLSA to cover over-allocations in the Placing.

By way of information and as the Company has, on the same day, received notice from Gold Best that it has exercised in full the option granted to it under the Pre-IPO Share Option Scheme, the Company will also issue 61,000,000 new Shares to Gold Best at the Offer Price. All other options granted under the Pre-IPO Share Option Scheme may not be exercised until the period commencing after the expiry of 6 months from the Listing Date.

The Company will receive, in aggregate, net proceeds of approximately HK\$368.70 million from the Additional Issue of Shares.

Unless otherwise defined herein, the use of capitalised terms herein shall have the same meanings as defined in the prospectus (the "Prospectus") of Lee & Man Paper Manufacturing Limited (the "Company") dated 16 September 2003.

The Board would like to announce that CLSA exercised in full the Over-allotment Option on 15 October 2003 to require the Company to issue 28,124,000 additional new Shares at the Offer Price. As mentioned in the Prospectus, the Over-allotment Shares will be issued in connection with over-allocations in the Placing. CLSA, as also mentioned in the Prospectus, has borrowed 28,124,000 Shares from Gold Best pursuant to the Stock Borrowing Agreement. The Over-allotment Shares will be returned and redelivered to Gold Best following the allotment and issue of the Over-allotment Shares.

The Over-allotment Shares represent approximately 3.75 per cent. of the existing issued share capital of the Company. The new Shares to be issued to Gold Best pursuant to its exercise of the option granted to it under the Pre-IPO Share Option Scheme represent approximately 8.13 per cent. of the existing issued share capital of the Company. The Over-allotment Shares and the Shares to be issued to Gold Best (together the "Additional Issue of Shares") represent approximately 10.62 per cent. of the issued share capital of the Company as enlarged by the Additional Issue of Shares. The share certificates in relation to the Over-allotment Shares and the Shares to be issued to Gold Best pursuant to the Pre-IPO Share Option Scheme will be delivered to Gold Best on 16 October 2003. The Stock Exchange had granted the listing of and permission to deal in the Additional Issue of Shares when it gave listing permission for the Company's listing on the Stock Exchange.

Immediately after the Additional Issue of Shares, the total number of Shares in issue (including the Over-allotment Shares and the Shares to be issued to Gold Best) will be 839,124,000, of which an aggregate of 215,624,000 Shares will be in public hands, representing approximately 25.70 per cent. of the total number of Shares in issue (including the Over-allotment Shares and the Shares to be issued to Gold Best).

Details of the shareholding structure of the Company before and after the issue of the Additional Issue of Shares are as follows:

| Shareholder         | Before the Additional<br>Issue of Shares |                                | Immediately after the<br>Additional Issue of Shares |   |
|---------------------|--|--------------------------------|---|---|
|                     | Number of Shares<br>held                 | Percentage of<br>issued Shares | Number of Shares<br>held                            | Approximate<br>percentage of<br>issued Shares |
| Gold Best<br>Public | 562,500,000                              | 75%                            | 623,500,000   | 74.30%  |
|                     | 187,500,000                              | 25%                            | 215,624,000   | 25.70%  |
|                     | <u>750,000,000</u>                       | <u>100.00%</u>                 | <u>839,124,000</u>                                  | <u>100.00%</u>                                |

*Note:* As Gold Best had only lent 28,124,000 Shares to CLSA, it is still interested in such Shares as it has a right for them to be returned. Consequently when the Over-allotment Shares are returned to Gold Best, it is still only interested in 562,500,000 Shares.

After the exercise by Gold Best of its option under the Pre-IPO Share Option Scheme, there remain outstanding options over an aggregate of 14,000,000 Shares under the Pre-IPO Share Option Scheme and these will vest during a period commencing after the expiry of 6 months from the Listing Date and on the third anniversary of the Listing Date. The Company will receive additional net proceeds of approximately HK\$368.70 million from the issue of the Additional Issue of Shares and such additional net proceeds will be used as general working capital of the Group as set out in the Prospectus.

By order of the Board  
**Lee & Man Paper Manufacturing Limited**  
**Lee Wan Keung**  
Chairman

Hong Kong, 16 October 2003

\* For identification purposes only