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LEE & MAN HOLDING LIMITED

理文集團有限公司*

(incorporated in the Cayman Islands with limited liability)

Website: <http://www.leeman.com.hk>

(Stock Code: 746)

POSITIVE PROFIT ALERT AND POSSIBLE SPIN-OFF OF THE HANDBAG BUSINESS OF THE GROUP

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors of the Company that, based on the preliminary review of the management accounts of the Group for the year ended 31 December 2010 and management's estimate, the Group is expected to record a significant increase in profit for the year ended 31 December 2010 as compared with that for the year ended 31 December 2009.

The Board would also like to announce that the Group is considering the feasibility of a proposed spin-off of the handbag business of the Group by way of distribution in specie to the existing Shareholders and the Company submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 to the Listing Rules in relation to the Proposed Spin-off on 5 January 2011. The Proposed Spin-off is still at a preliminary stage and no view has been formed by the Board as to whether the Group will proceed with such plan and no concrete timetable has been fixed at this stage.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Lee & Man Holding Limited (the "Company", together with its subsidiaries, the "Group") pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The board of directors of the Company (the "Board") wishes to inform the shareholders of the Company (the "Shareholders") and potential investors of the Company that, based on the preliminary review of the management accounts of the Group for the year ended 31 December 2010 and management's estimate, the Group is expected to record a significant increase in profit

for the year ended 31 December 2010 as compared with that for the year ended 31 December 2009. Such expected increase was mainly due to the significant increase in revenue of the Group resulting from the increases in both the selling prices of the Group's chloromethane products which consists of Methylene Chloride and Chloroform, and the sales quantities due to the full contribution of its 2nd phase chloromethane production lines of 80,000 annual tons designed capacity for the entire financial year ended 31 December 2010. At 31 December 2010, the Company has operated three chloromethane production lines of 120,000 annual tons designed capacity in aggregate. In the first quarter of 2011, the Company expects to commence the operation of its new fourth chloromethane production line of 40,000 annual tons designed capacity.

The information contained in this announcement is only based on the preliminary review of the management accounts of the Group and the information currently available to the Board and is not based on any figures or information which has been audited or reviewed by the Company's auditors. The audited annual results of the Group for the year ended 31 December 2010 are expected to be published on or before 31 March 2011.

The Board would also like to announce that the Group is considering the feasibility of a spin-off (the "Proposed Spin-Off") of the handbag business of the Group by way of distribution in specie to the existing Shareholders and the Company submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 to the Listing Rules in relation to the Proposed Spin-off on 5 January 2011. The Proposed Spin-Off will ensure a clear delineation between the chemical business of the Company and the handbag business of the proposed new listed company. After the Proposed Spin-Off, it is expected that the major shareholder of the Company will be directly interested in approximately 75% of the Company and the proposed new listed company. The Proposed Spin-Off is still at a preliminary stage and no view has been formed by the Board as to whether the Group will proceed with such plan and no concrete timetable has been fixed at this stage. The Proposed Spin-Off plan may constitute a notifiable transaction under Chapter 14 of the Listing Rules. Further announcement(s) will be made if necessary pursuant to the Listing Rules.

In the meantime, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares of the Company.

By Order of the Board
Lee & Man Holding Limited
Wai Siu Kee
Chairman

Hong Kong, 5 January 2011

As at the date of this announcement, the Board comprises 4 executive directors, namely, Ms. Wai Siu Kee, Ms. Poon Lai Ming, Mr. Lee Man Yan and Mr. Kung Phong, and 3 independent non-executive directors, namely, Mr. Wong Kai Tung, Tony, Mr. Wan Chi Keung, Aaron BBS JP and Mr. Heng Victor Ja Wei.

**For identification purposes only*