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LEE & MAN HOLDING LIMITED

理文集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 746)

**MAJOR TRANSACTION
DEEMED DISPOSAL OF A SUBSIDIARY IN RELATION TO
THE PROPOSED SPIN-OFF OF
LEE & MAN HANDBAGS HOLDING LIMITED
ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED;**

ADOPTION OF THE NEW LISTCO SHARE OPTION SCHEME;

AND

CLOSURE OF REGISTER OF MEMBERS

PROPOSED SPIN-OFF

Reference is made to the announcement of the Company dated 26 January 2011 in relation to the Proposed Spin-off.

* *for identification purposes only*

On 26 January 2011, the New Listco submitted a listing application form (for equity securities and debt securities) to the Stock Exchange for the separate listing of, and permission to deal in, the New Listco Shares in issue or to be issued under the Proposed Spin-off (including the New Listco Shares to be issued upon the exercise of the options that may be granted under the New Listco Share Option Scheme) on the Main Board of the Stock Exchange.

The Proposed Spin-Off is expected to be effected by way of introduction. Upon completion of the Distribution, the New Listco will cease to be a subsidiary of the Company. It is expected that the New Listco will be beneficially owned as to 75% in aggregate by Mr. Lee Wan Keung and Mr. Norman Lee, an executive Director, through an investment holding company, which was held by them in the proportion of 55% and 45% respectively as at the date of this announcement, immediately following the Proposed Spin-off.

The Proposed Spin-off will be conditional on, among others, the following:

- (i) the Stock Exchange approving the Proposed Spin-off;
- (ii) the Listing Committee granting separate listing of, and permission to deal in, the New Listco Shares in issue and any New Listco Shares which may be issued pursuant to the exercise of the options granted under the New Listco Share Option Scheme, on the Main Board of the Stock Exchange; and
- (iii) the Shareholders passing ordinary resolutions at the EGM approving the Proposed Spin-off and the New Listco Share Option Scheme.

As the Proposed Spin-off (including the Distribution) is subject to, among other things, the approval of the Shareholders and the Listing Committee and the final decision of the Board and the board of directors of the New Listco, the Proposed Spin-off (including the Distribution) may or may not occur. Shareholders and prospective investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

ADOPTION OF THE NEW LISTCO SHARE OPTION SCHEME

In connection with the Proposed Spin-off, it is proposed that the New Listco Share Option Scheme be adopted by the New Listco. As at the date of this announcement, the New Listco is a subsidiary of the Company, the adoption of the New Listco Share Option Scheme is conditional on the approval of the Shareholders.

CIRCULAR

A circular containing, among other things, details of the Proposed Spin-off and the New Listco Share Option Scheme, including the advice of OSK to the Independent Board Committee and the Shareholders relating to the Proposed Spin-off, the recommendation of the Independent Board Committee to the Shareholders relating to the Proposed Spin-off, and other necessary information and documents is expected to be despatched to Shareholders on or about 19 May 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 9 June 2011 to Monday, 13 June 2011 (both dates inclusive) for the purpose of determining the entitlement of the Shareholders to the Distribution and the eligibility of Shareholders to attend and vote at the EGM. During the closure of the register of members of the Company, no transfer of Shares will be effected. In order to qualify for the Distribution and to vote at the EGM, all transfers must be lodged with the Registrar by no later than 4:30 p.m. on Wednesday, 8 June 2011 (or such later date as the Board may determine and announce). The last day of dealing in the Shares on a cum entitlement basis is expected to be on Friday, 3 June 2011.

PROPOSED SPIN-OFF

Reference is made to the announcement of the Company dated 26 January 2011 in relation to the Proposed Spin-off.

On 26 January 2011, the New Listco submitted a listing application form (for equity securities and debt securities) to the Stock Exchange for the separate listing of, and permission to deal in, the New Listco Shares in issue or to be issued under the Proposed Spin-off (including the New Listco Shares to be issued upon the exercise of the options that may be granted under the New Listco Share Option Scheme) on the Main Board of the Stock Exchange.

The Proposed Spin-off is expected to be effected by way of introduction. Upon completion of the Distribution, the New Listco will cease to be a subsidiary of the Company. It is expected that the New Listco will be beneficially owned as to 75% in aggregate by Mr. Lee Wan Keung and Mr. Norman Lee, an executive Director, through an investment holding company, which was held by them in the proportion of 55% and 45% respectively as at the date of this announcement, immediately following the Proposed Spin-off.

The Proposed Spin-off is conditional upon the fulfilment the conditions set out in the paragraph headed "Conditions to the Proposed Spin-off" below.

Completion of the Proposed Spin-off will not affect the listing of the Shares on the Main Board of the Stock Exchange. The Shares will continue to be separately listed and traded on the Main Board of the Stock Exchange after completion of the Proposed Spin-off.

At present, it is expected that the Proposed Spin-off will be conducted by way of introduction whereby all issued New Listco Shares will be (i) distributed to the Qualifying Shareholders by way of distribution in specie without raising any new fund; and (ii) as regards those New Listco Shares to which the Excluded Shareholders shall be entitled to under the Distribution, they will be sold to independent third parties who purchased such shares; and will be accompanied by a separate listing of the New Listco Shares on the Main Board of the Stock Exchange. The final structure of the Proposed Spin-off will be decided by the Board and the board of the New Listco. Upon successful conclusion of the Proposed Spin-off, the New Listco Shares will be separately listed on the Main Board of the Stock Exchange.

THE DISTRIBUTION

Pursuant to the Distribution, each Qualifying Shareholder or Excluded Shareholders will be entitled to one New Listco Share or equivalent cash payment (net of expenses) (as appropriate) for each Share held as at the close of business on the Distribution Record Date, as explained below. Based on the issued share capital of the Company as at the date of this announcement and assuming it will remain unchanged on the Distribution Record Date, to effect the Distribution, subject to the Stock Exchange granting approval for the separate listing of, and permission to deal in, the New Listco Shares on the Main Board of the Stock Exchange, a total of 825,000,000 New Listco Shares will be issued representing the entire issued share capital of the New Listco. There will be no dilution of the attributable interests of the Qualifying Shareholders in the Spin-off Group.

Qualifying Shareholders will receive one New Listco Share for each Share held as at the close of business on the Distribution Record Date in accordance with the timetable set out in the section headed “Expected timetable” in this announcement.

If there are any Overseas Shareholders at the close of business on the Distribution Record Date, the Overseas Shareholders may not be eligible to receive the New Listco Shares as explained below.

The Directors will make enquiries, based on legal opinions provided by legal advisers if the Directors consider it necessary, as to whether the transfer of the New Listco Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange. If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to transfer the New Listco Shares to such Overseas Shareholders, the Excluded Shareholders (if any) will be entitled to the Distribution but will not receive the New Listco Shares. Instead, they will receive a cash amount equals to the net proceeds of the sale by the Company on their behalf of the New Listco Shares to which they would otherwise be entitled pursuant to the Distribution after dealings in the New Listco Shares commence on the Stock Exchange at the prevailing market price. The Company will ensure that the purchaser(s) of such New Listco Shares will be independent third party(ies). The proceeds of such sale, net of expenses, will be paid to the relevant Excluded Shareholders in Hong Kong dollars. Cheques for such net proceeds are expected to be despatched within approximately two weeks following the commencement of dealings in the New Listco Shares on the Main Board of the Stock Exchange. As at 13 May 2011, being the latest practicable date prior to the issue of this announcement, there was no Overseas Shareholder for the Company.

Subject to the granting of the separate listing of, and permission to deal in, the New Listco Shares on the Main Board of the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the New Listco Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of Listing or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Further announcement(s) will be made by the Company to update Shareholders and prospective investors of the Company of any significant development relation to the Proposed Spin-off as and when appropriate.

SHAREHOLDING EFFECT UPON COMPLETION OF THE DISTRIBUTION

As at the date of this announcement, the Company directly holds the entire interest of New Listco.

Upon completion of the Distribution, taking no account of any New Listco Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the New Listco Share Option Scheme, the Company will no longer be interested in the then issued share capital of the New Listco and the New Listco will cease to be a subsidiary of the Company. On the assumption that the share options which may be granted under the New Listco Share Option Scheme is not exercised, it is currently expected that immediately after completion of the Distribution: (i) 75% of the enlarged issued share capital of the New Listco will be ultimately held, in aggregate, by Mr. Lee Wan Keung and Mr. Norman Lee (the two beneficial controlling Shareholders as at the date of this announcement) immediately upon the Distribution takes place. Mr. Norman Lee is also an executive Director. Mr. Lee Wan Keung and Mr. Norman Lee will hold their 75% shareholding interest in the New Listco through an investment holding company in the proportion of 55% and 45% respectively; and (ii) 25% of the enlarged issued share capital the New Listco will be held by public shareholders, comprising the Qualifying Shareholders and the independent third parties who purchased the New Listco Shares which the Excluded Shareholders shall be entitled to under the Distribution.

The above percentage equity interests in the New Listco are indicative only and the final percentages of relevant shareholdings will be published in the Listing Document.

BUSINESSES OF THE GROUP AND THE SPIN-OFF GROUP

The New Listco was incorporated as an exempted company in the Cayman Islands on 4 January 2011 and as at the date of this announcement was wholly-owned by the Company. On 22 March 2011, the name of the New Listco changed from Heng Sing Holdings Limited to Lee & Man Handbags Holding Limited. Before the Distribution, the major businesses of the Group are (i) the manufacture and sale of handbags; and (ii) the manufacture and sale of chloro-alkali chemical products which consist of dichloromethane, chloroform and other ancillary products such as hydrogen peroxide and sodium hydroxide. Both businesses in the Group continued to develop stably with clear delineation.

Immediately following completion of the Distribution, the Remaining Group will be principally engaged in the manufacture and sale of chloro-alkali chemical products which consist of dichloromethane, chloroform and other ancillary products such as hydrogen peroxide and sodium hydroxide. On the other hand, the Spin-off Group, which is the subject of the Proposed Spin-off, will focus on the manufacture and sale of handbags. The core businesses of the Remaining Group and Spin-off Group, by their very nature, are separate and distinct businesses which are independently operated in distinct markets.

By the nature of the products and services provided by the Remaining Group and the Spin-off Group, there is a clear delineation between the business retained by the Remaining Group and the business of the Spin-off Group and there will not be any overlapping of the business of the Remaining Group and that of the Spin-off Group.

FINANCIAL EFFECT OF THE DISTRIBUTION ON THE GROUP

Effect on net assets value

Upon completion of the Distribution, the New Listco will no longer be a subsidiary of the Company and the financial information of the Spin-off Group will cease to be consolidated into the financial statements of the Company. The consolidated total assets, total liabilities and net assets of the Company immediately after the Distribution will be reduced by the amount of the total assets, total liabilities and net assets of the Spin-off Group, respectively. As at 31 December 2010, the audited consolidated total assets, total liabilities and net assets of the Company were approximately HK\$2,256.6 million, HK\$879.2 million and HK\$1,377.4 million respectively. As at 31 December 2010, the Spin-off Group had total assets of HK\$471.3 million, total liabilities of HK\$259.3 million and net assets of HK\$212.0 million.

Effect on earnings

Upon completion of the Distribution, the New Listco will no longer be a subsidiary of the Company and the financial information of the Spin-off Group will no longer be consolidated into the financial statements of the Company. For each of the two years ended 31 December 2010, the consolidated profits before taxation and extraordinary items of the Company amounted to approximately HK\$244.3 million and HK\$529.5 million respectively while the Spin-off Group recorded consolidated profit before taxation and extraordinary items of approximately HK\$117.5 million and HK\$111.1 million for the respective year. For each of the two years ended 31 December 2010, the consolidated net profit of the Company amounted to approximately HK\$233.8 million and HK\$457.5 million respectively while the Spin-off Group recorded consolidated net profit of approximately HK\$106.9 million and HK\$102.2 million for the respective year. On the assumption that the Distribution had taken place at the beginning of the year ended 31 December 2010, the consolidated profit of the Company for the year then ended would have been reduced by the amount of consolidated profit of the Spin-off Group.

As the Distribution will be accounted for by the Company as a distribution in specie at carrying value, neither gain nor loss will be recognised by the Company as a result of the Distribution.

CONDITIONS TO THE PROPOSED SPIN-OFF

The Proposed Spin-off will be conditional on, among others, the following:

- (i) the Stock Exchange approving the Proposed Spin-off;
- (ii) the Listing Committee granting separate listing of, and permission to deal in, the New Listco Shares in issue and any New Listco Shares which may be issued pursuant to the exercise of the options granted under the New Listco Share Option Scheme, on the Main Board of the Stock Exchange; and
- (iii) the Shareholders passing ordinary resolutions at the EGM approving the implementation of the Proposed Spin-off and the New Listco Share Option Scheme.

If any of these and other applicable conditions are not fulfilled or waived, if applicable, prior to the dates and times to be specified, the Proposed Spin-off (including the Distribution) will not proceed and the Stock Exchange will be notified immediately and an announcement will be published by the Company as soon as practicable thereafter.

NO PROCEEDS FROM THE PROPOSED SPIN-OFF

The Proposed Spin-off does not involve an offering of new Shares or any other securities and no new proceeds will be raised pursuant to the Proposed Spin-off.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Board believes that the separate listing of the Spin-off Group will be beneficial to both the Company and the New Listco based on the following reasons:

- (i) the Company and the New Listco are believed to have different growth paths and different business strategies and the Proposed Spin-off will allow separate platforms for the businesses of the two groups;
- (ii) the Proposed Spin-off will create two groups of companies and will offer investors with an opportunity to participate in the future development of both the Remaining Group as well as the Spin-off Group and flexibility to invest in both or either of the groups;
- (iii) the Proposed Spin-off will be by way of a distribution in specie whereby upon listing of the New Listco Shares, all such shares will be held by the Qualifying Shareholders and the independent third parties who purchased the New Listco Shares which the Excluded Shareholders shall be entitled to under the Distribution. Excluded Shareholders will be entitled to receive the net proceeds from the disposal of such New Listco Shares to which they are entitled under the Distribution. The Company will thus be able to return value to the Shareholders in the form of liquid securities or cash;
- (iv) the Proposed Spin-off will enable the management team of the Company to continue to focus on building the core businesses of the Remaining Group (i.e. the manufacture and sale of chloro-alkali chemical products including dichloromethane, chloroform, and other by-products such as hydrogen peroxide and sodium hydroxide), thereby enhancing the decision-making process and its responsiveness to market changes;
- (v) the Proposed Spin-off will provide a mechanism to attract and motivate the Spin-off Group's management directly in line with the financial performance of the Spin-off Group on a standalone basis;
- (vi) the Proposed Spin-off is expected to improve the operational and financial transparency of the Spin-off Group and provide investors, the market and rating agencies with greater clarity on the businesses as well as the respective financial status of the Spin-off Group and the Remaining Group; and

(vii) the Proposed Spin-off will provide separate fundraising platforms for the Remaining Group and the Spin-off Group with respect to their respective operations and future expansion.

The Directors consider that the Proposed Spin-off and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company directly holds the entire equity interest of the New Listco. Under the current structure of the Proposed Spin-off, immediately upon completion of the Distribution, the Company will no longer be interested in the then issued share capital of the New Listco and it is expected that the New Listco will be beneficially owned as to 75% in aggregate by Mr. Lee Wan Keung and Mr. Norman Lee, an executive Director, through an investment holding company which was held by them in the proportion of 55% and 45% respectively as at the date of this announcement. The Proposed Spin-off will constitute a deemed disposal of the Company's equity interest in its subsidiary under Rule 14.29 of the Listing Rules. Given that one of the applicable percentage ratios calculated in accordance with Rule 14.06 of the Listing Rules is more than 25% but less than 75%, the Proposed Spin-off, if proceeds, will constitute a major transaction for the Company under Chapter 14 of the Listing Rules and be subject to the reporting, announcement and shareholder's approval requirements under the Listing Rules.

ADOPTION OF THE NEW LISTCO SHARE OPTION SCHEME

In connection with the Proposed Spin-off, it is proposed that the New Listco Share Option Scheme be adopted by the New Listco. The purpose of the New Listco Share Option Scheme is to enable the Spin-off Group to grant options to selected participants as incentives or rewards for their contribution to the Spin-off Group. It will thus enable the Spin-off Group to reward its employees, its directors and other selected participants for their contributions to the Spin-off Group and to motivate them to contribute to the development of the Spin-off Group. The New Listco Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules and will be subject to approval of the Shareholders under Chapter 17 of the Listing Rules.

The adoption of the New Listco Share Option Scheme will become effective upon: (i) the Shareholders passing an ordinary resolution at the EGM to approve the New Listco Share Option Scheme and the shareholders of New Listco passing an ordinary resolution to approve and adopt the New Listco Share Option Scheme; (ii) the Listing Committee granting the listing of, and permission to deal in, such number of New Listco Shares to be issued pursuant to the exercise of any options which may be granted under the New Listco Share Option Scheme; and (iii) the commencement of dealings in the New Listco Shares on the Main Board of the Stock Exchange.

Further information on the terms of the New Listco Share Option Scheme will be set out in the circular to be despatched to the Shareholders.

EGM

The EGM shall be convened for the purposes of allowing the Shareholders to consider and, if thought fit, approve, among other things, the Proposed Spin-off and the New Listco Share Option Scheme. As required under the Listing Rules, votes at the EGM shall be taken by way of a poll.

As no Shareholder has a material interest in the Proposed Spin-off and the New Listco Share Option Scheme which is different from that of the other Shareholders, all Shareholders are entitled to vote on the ordinary resolutions to approve the Proposed Spin-off and the adoption of the New Listco Share Option Scheme.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee will be formed to consider the Proposed Spin-off and to advise the Shareholders on whether the terms and conditions of the Proposed Spin-off are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Shareholders how to vote at the EGM.

INDEPENDENT FINANCIAL ADVISER

OSK has been appointed to advise the Independent Board Committee and the Shareholders on whether the terms of the Proposed Spin-off are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Shareholders how to vote at the EGM.

CIRCULAR

A circular containing, among other things, details of the Proposed Spin-off and the New Listco Share Option Scheme, including the advice of OSK to the Independent Board Committee and the Shareholders relating to the Proposed Spin-off, the recommendation of the Independent Board Committee to the Shareholders relating to the Proposed Spin-off, and other necessary information and documents is expected to be despatched to the Shareholders on or about 19 May 2011.

GENERAL

There is no assurance that the Proposed Spin-off (including the Distribution) will take place or as to when it will take place. As of the date of this announcement, the Board and the board of directors of the New Listco have not made a final decision as to whether and when the Proposed Spin-off will be launched. The decisions of the Board and the board of directors of the New Listco to proceed with the Proposed Spin-off are also dependent on a number of factors, including but not limited to, the approval of the Shareholders and the Listing Committee.

As the Proposed Spin-off (including the Distribution) is subject to, among other things, the approval of the Shareholders and the Listing Committee and the final decision of the Board and the board of directors of the New Listco, the Proposed Spin-off may or may not occur. Shareholders and prospective investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 9 June 2011 to Monday, 13 June 2011 (both dates inclusive) (or such other date(s) as the Board may determine and announce) for the purpose of determining the entitlement of the Shareholders to the Distribution and the eligibility of Shareholders to attend and vote at the EGM. During the closure of the register of members of the Company, no transfer of Shares will be effected. In order to qualify for the Distribution and to vote at the EGM, all transfers must be lodged with the Registrar by no later than 4:30 p.m. on Wednesday, 8 June 2011 (or such later date as the Board may determine and announce). The last day of dealing in the Shares on a cum entitlement basis is expected to be on Friday, 3 June 2011.

EXPECTED TIMETABLE

Set out below is the expected timetable for ascertaining entitlements to participate in the Distribution, rights of Shareholders to vote at the EGM and the last day for dealing in Shares cum-entitlement to the Distribution.

2011

Last day for dealing in Shares cum-entitlement basis	Friday, 3 June
First day for dealing in Shares ex-entitlement basis.	Tuesday, 7 June
Latest time for lodging transfers of Shares cum entitlement to the New Listco Shares pursuant to the Distribution at ^(Note2)	4:30 p.m. on Wednesday, 8 June
Latest time for return of proxy forms in respect of the EGM	10:30 a.m. on Saturday, 11 June
Register of members of the Company closes (both dates inclusive) ^(Note2)	Thursday, 9 June to Monday, 13 June
Distribution Record Date and the record date for determining the eligibility of Shareholders to attend and vote at the EGM ^(Note 2)	Monday, 13 June
EGM	10:30 a.m. on Monday, 13 June
Register of members of the Company re-opens	Tuesday, 14 June

Notes:

- (1) All time refers to Hong Kong local time.
- (2) The Board may determine another date for closure of the register of members of the Company and for determination of entitlements to the Distribution and the eligibility of Shareholders to attend and vote at the EGM, in which case a further announcement will be made by the Company.

The above timetable is tentative only and is subject to change depending on the final timetable of the Proposed Spin-off. Further announcements will be made by the Company as and when necessary.

DEFINITIONS

“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Lee & Man Holding Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or modified from time to time
“Directors”	directors of the Company
“Distribution”	<p>the payment of a special interim dividend by the Company to the Shareholders to be satisfied:</p> <ol style="list-style-type: none">(a) by way of distribution in specie of such number of New Listco Shares to the Qualifying Shareholders in the proportion of one New Listco Share for every one Share held by them as at the close of business on the Distribution Record Date;(b) by way of cash payment (after deducting expenses) to the Excluded Shareholders which equals to the net proceeds of the sale by the Company on their behalf the New Listco Shares to which the Excluded Shareholders would otherwise be entitled to receive, <p>in either case, on the terms and conditions contained in this announcement and the circular to be despatched to the Shareholders</p>

“Distribution Record Date”	13 June 2011, being the record date for ascertaining entitlements to the Distribution
“EGM”	the extraordinary general meeting to be held on 13 June 2011 by the Company for the purpose of approving the Proposed Spin-off and the adoption of the New Listco Share Option Scheme
“Excluded Shareholder(s)”	the Overseas Shareholder(s) whom the Board, after making enquiries and based on the legal opinion provided by legal advisers, considers it necessary or expedient not to transfer the New Listco Shares to, on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee formed by the independent non-executive Directors to advise the Shareholders on the Proposed Spin-off
“Listing”	the listing of the New Listco Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Document”	the listing document to be issued by the New Listco in relation to the Proposed Spin-off
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Norman Lee”	Mr. Lee Man Yan, an executive Director
“New Listco”	Lee & Man Handbags Holding Limited (formerly known as Heng Sing Holdings Limited), an exempted company incorporated in the Cayman Islands on 4 January 2011 under the Companies Law with limited liability

“New Listco Shares”	ordinary shares of nominal value of HK\$0.10 each in the capital of New Listco
“New Listco Share Option Scheme”	the share option scheme proposed to be adopted by the New Listco which will take effect subject to, among others things, the commencement of dealings in the New Listco Shares on the Main Board of the Stock Exchange
“OSK”	OSK Capital Hong Kong Limited, a corporation licensed to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and is the independent financial adviser to the Independent Board Committee and the Shareholders in connection with the Proposed Spin-off
“Overseas Shareholder(s)”	the Shareholders whose addresses appear on the register of members of the Company at the close of business on the Distribution Record Date and are in jurisdictions outside Hong Kong
“PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only, does not include Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Proposed Spin-off”	the proposed separate listing of the New Listco Shares on the Main Board of the Stock Exchange, which is expected to be effected by way of introduction, together with the Distribution
“Qualifying Shareholder(s)”	the Shareholder(s) at the close of business on the Distribution Record Date other than the Excluded Shareholders
“Registrar”	the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited, of 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Remaining Group”	the Group excluding the Spin-off Group
“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Spin-off Group”	New Listco and its subsidiaries

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

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

Hong Kong, 16 May 2011

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