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If you have sold or transferred all your securities in Lee & Man Chemical Company Limited, you should at once hand this circular to the purchaser or the transferee or to the bank manager, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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理文化工有限公司

LEE & MAN CHEMICAL COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 746)

**CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the Independent Board Committee is set out on page 11 of this circular and a letter from Quam, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 21 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 8/F Liven House, 61-63 King Yip Street, Kwun Tong, Kowloon, Hong Kong on 30 April 2015 at 10:30 a.m. (the "Extraordinary General Meeting") is set out on pages 27 to 28 of this circular.

A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular. Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the Extraordinary General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjournment of it, if you so wish.

27 March 2015

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associates”	has the meaning ascribed thereto in the Listing Rules;
“Board”	the board of Directors;
“close associates”	has the meaning ascribed thereto in the Listing Rules;
“Company”	Lee & Man Chemical Company Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange;
“continuing connected transaction”	has the meaning ascribed thereto in the Listing Rules;
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened to approve, among other things, the New Jiangsu Steam and Electricity Agreement, the transactions contemplated hereunder and each of the New Jiangsu Steam and Electricity Annual Caps;
“Existing Jiangsu Agreement”	the agreement dated 25 October 2012 between Jiangsu Paper and Jiangsu Chemical in relation to the supply of steam and electricity by Jiangsu Paper to Jiangsu Chemical, details of which are set out in the joint announcement of LMP and the Company dated 25 October 2012;
“Existing Jiangsu Annual Caps”	the maximum annual consideration for providing steam and electricity by Jiangsu Paper to Jiangsu Chemical under the Existing Jiangsu Agreement for the three years ended 31 December 2012, 2013 and 2014, details of which are set out in the joint announcement of LMP and the Company dated 25 October 2012;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of PRC;

DEFINITIONS

“Independent Board Committee”	a board committee comprising of Mr. Heng Victor Ja Wei, Mr. Wong Kai Tung, Tony and Mr. Wan Chi Keung, Aaron and which will make recommendations to the Independent Shareholders in respect of the New Jiangsu Steam and Electricity Agreement and the New Jiangsu Steam and Electricity Annual Caps;
“Independent Shareholders”	Shareholders other than Mr. Lee Wan Keung Patrick, Mr. Lee Man Yan and their associates;
“Jiangsu Chemical”	Jiangsu Lee & Man Chemical Limited, a wholly foreign-owned enterprise established in the PRC and an indirectly wholly-owned subsidiary of the Company;
“Jiangsu Paper”	Jiangsu Lee & Man Paper Manufacturing Company Limited, a wholly foreign-owned enterprise established in the PRC and an indirectly wholly-owned subsidiary of LMP;
“kWh”	unit of electricity, i.e. kilowatt-hour. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour;
“Latest Practicable Date”	23 March 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LMP”	Lee & Man Paper Manufacturing Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange;
“New Jiangsu Steam and Electricity Agreement”	the agreement dated 9 February 2015 between Jiangsu Paper and Jiangsu Chemical in relation to the supply of steam and electricity by Jiangsu Paper to Jiangsu Chemical, details of which are set out in the joint announcement of the Company dated 9 February 2015;

DEFINITIONS

“New Jiangsu Steam and Electricity Annual Caps”	the maximum annual consideration to be paid or received for providing services to generate electricity and steam by Jiangsu Paper to Jiangsu Chemical under the New Jiangsu Steam and Electricity Agreement for each of the three financial years ending 31 December 2015, 2016 and 2017, details of which are set out in this circular;
“PRC”	the People’s Republic of China;
“Quam”	Quam Capital Limited, being a corporation licensed by the SFC for carrying out Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Jiangsu Steam and Electricity Agreement and the transactions contemplated thereunder and the New Jiangsu Steam and Electricity Annual Caps;
“RMB”	Renminbi, the lawful currency of PRC;
“SFC”	The Securities and Futures Commission of Hong Kong;
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholder(s)”	holder(s) of shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“ton”	a metric ton, a measurement of mass equal to 1,000 kilograms;
“VAT”	value added tax; and
“%”	per cent.

For illustration purposes only the exchange rate of RMB1 = HK\$1.25 has been adopted for translating RMB into HK\$ in this circular.

LETTER FROM THE BOARD



理 文 化 工 有 限 公 司

LEE & MAN CHEMICAL COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 746)

Executive Directors:

Ms. Wai Siu Kee (*Chairman*)

Mr. Lee Man Yan

Mr. Yang Zuo Ning

Ms. Wong Yuet Ming

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Independent Non-executive Directors:

Mr. Heng Victor Ja Wei

Mr. Wong Kai Tung, Tony

Mr. Wan Chi Keung, Aaron *BBS JP*

Principal Place of

Business in Hong Kong:

8th Floor, Liven House

61-63 King Yip Street

Kwun Tong

Kowloon

Hong Kong

27 March 2015

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement made by the Company dated 9 February 2015. On 9 February 2015, Jiangsu Chemical, an indirectly wholly-owned subsidiary of the Company, entered into the New Jiangsu Steam and Electricity Agreement with Jiangsu Paper to replace the Existing Jiangsu Agreement and provide for the continuation of services to generate steam and electricity by Jiangsu Paper for Jiangsu Chemical. Jiangsu Paper is an indirectly wholly-owned subsidiary of LMP, an associate of Mr. Lee Wan Keung Patrick, the ultimate controlling shareholder of the Company. Accordingly, the transactions under the New Jiangsu Steam and Electricity Agreement constitute a continuing connected transaction under the Listing Rules.

LETTER FROM THE BOARD

The relevant percentage ratios under the Listing Rules for the New Jiangsu Steam and Electricity Annual Caps are, on an annual basis, more than 5% and more than HK\$10 million. Accordingly, the New Jiangsu Steam and Electricity Agreement and its annual caps will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The New Jiangsu Steam and Electricity Agreement is conditional upon the approval of the Independent Shareholders at the EGM.

In addition, since LMP is a company listed on the Stock Exchange, the New Jiangsu Steam and Electricity Agreement also constitutes a continuing connected transaction for LMP. However, since the relevant percentage ratios under the Listing Rules for LMP are, on an annual basis, more than 0.1% but less than 5%, the New Jiangsu Steam and Electricity Agreement and its annual caps will be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements of the Listing Rules for LMP.

The purpose of this circular is i) to provide you with further information in relation to the transaction contemplated under the New Jiangsu Steam and Electricity Agreement; ii) to set out the opinions and recommendations of the Independent Board Committee and Quam; and iii) to give you notice of the EGM at which the resolutions set out therein will be proposed. The EGM will be held on 30 April 2015 for the purpose of, among others, obtaining the approval from the Independent Shareholders in respect of the subject transactions by way of poll.

NEW JIANGSU STEAM AND ELECTRICITY AGREEMENT

The principal terms of the New Jiangsu Steam and Electricity Agreement are set out as follows:

Date:	9 February 2015
Parties:	(i) Jiangsu Paper (as supplier) (ii) Jiangsu Chemical (as purchaser)
Nature of Transaction:	Jiangsu Paper will provide services to generate steam and electricity for Jiangsu Chemical.

The supply of services to generate electricity shall be charged at RMB0.0684 (excluding VAT) per kWh. The coal for generating the electricity shall be supplied by Jiangsu Chemical to Jiangsu Paper in advance. The quantity of coal supplied by Jiangsu Chemical would be recorded each month together with the monthly actual consumption of electricity Jiangsu Chemical. Jiangsu Paper and Jiangsu Chemical will work out the amount of any surplus coal that may have been supplied with reference to a coal-to-electricity conversion rate and adjustments will be made periodically.

LETTER FROM THE BOARD

The supply of services to generate steam shall be charged at RMB25.641 (excluding VAT) per ton measured at the Jiangsu Paper's metre. The coal for generating the steam shall be supplied by Jiangsu Chemical to Jiangsu Paper in advance. The quantity of coal supplied by Jiangsu Chemical would be recorded each month together with the monthly actual consumption of steam by Jiangsu Chemical. Jiangsu Chemical and Jiangsu Paper will work out the amount of any surplus coal that may have been supplied with reference to a coal-to-steam conversion rate and adjustments will be made accordingly.

Jiangsu Chemical will provide the steam pipelines, electrical cables and relevant facilities to transfer steam and electricity to its production facilities. Jiangsu Chemical will also bear the VAT for the supply of electricity and steam and be responsible for the maintenance and repairs of such steam pipelines, electrical cables and relevant facilities.

Jiangsu Chemical and Jiangsu Paper keep records of the amount of steam and electricity supplied and received at both facilities which can be checked and compared to ensure measurement systems at both facilities are accurate and effective.

Term of Agreement: 3 years commencing with effect from 1 January 2015 up to and including 31 December 2017.

Payment: Steam and electricity service fees will be paid in cash by Jiangsu Chemical (using its internal resources) within 14 days after the end of each month based on actual consumption of the amount of steam and electricity but subject to the limits of the New Jiangsu Steam and Electricity Annual Caps.

LETTER FROM THE BOARD

Pricing Policy:

Under the New Jiangsu Steam and Electricity Agreement, the steam and electricity service fees were based on the actual supply costs (including overheads and the financing costs of the electricity and steam generating facilities) of Jiangsu Paper, plus a margin of not more than 18% which is included in the determination of the price charged for electricity and steam described above. The New Jiangsu Steam and Electricity Agreement was negotiated and determined on an arm's length basis based on normal commercial terms. The prices for steam and electricity (taking into account the costs incurred by Jiangsu Chemical in supplying the coal and provision of relevant facilities to transfer steam and electricity) have also been compared against those available from government authorities in the Jiangsu province to ensure that such prices are not higher than that available from such government authorities. The Directors are of the opinion that the New Jiangsu Steam and Electricity Agreement and the New Jiangsu Steam and Electricity Annual Caps are fair and reasonable and in the interests of the Company and Shareholders as a whole.

LETTER FROM THE BOARD

HISTORICAL AMOUNTS AND ANNUAL CAPS

The actual consideration for the services to generate steam and electricity by Jiangsu Paper to Jiangsu Chemical provided under the Existing Jiangsu Agreement compared against the related annual caps for each of the years ended 31 December 2012, 2013 and 2014 were as follows:

Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
	Actual Consideration	
RMB59,780,000 (approximately HK\$74,725,000)	RMB60,635,000 (approximately HK\$75,793,750)	RMB60,098,000 (approximately HK\$75,122,500)
	Annual Cap	
RMB70,789,000 (approximately HK\$88,486,250)	RMB70,789,000 (approximately HK\$88,486,250)	RMB70,789,000 (approximately HK\$88,486,250)

NEW ANNUAL CAPS

The Company proposes that the New Jiangsu Steam and Electricity Annual Caps under the New Jiangsu Steam and Electricity Agreement (in respect of which Independent Shareholders approval is proposed to be sought at the EGM) for each of the three financial years ending 31 December 2015, 2016 and 2017 be as follows:

Year ending 31 December 2015	Year ending 31 December 2016	Year ending 31 December 2017
RMB 70,000,000 (approximately HK\$87,500,000)	RMB 70,000,000 (approximately HK\$87,500,000)	RMB 70,000,000 (approximately HK\$87,500,000)

The New Jiangsu Steam and Electricity Annual Caps have been determined by reference to the amount of historical transactions between Jiangsu Paper and Jiangsu Chemical as set out above, taking into account Jiangsu Paper's own anticipated consumption requirements, the spare steam and electricity capacity of Jiangsu Paper available for Jiangsu Chemical's requirements, the production plans and the related estimated steam and electricity requirements of Jiangsu Chemical and Jiangsu Paper for the period from 1 January 2015 up to and including 31 December 2017, as well as the unit price of steam and electricity services to be provided (including the operational costs for running the power generation station of steam and electricity).

LETTER FROM THE BOARD

The New Jiangsu Steam and Electricity Agreement is conditional upon the approval of the Independent Shareholders at the EGM.

INFORMATION ON LMP AND JIANGSU PAPER

LMP and its subsidiaries are a large-scale paper manufacturer and specialises in the production of linerboard and corrugating medium. The principal business of Jiangsu Paper is manufacturing and trading of paper in Jiangsu province, PRC.

REASONS FOR AND BENEFIT OF THE TRANSACTIONS UNDER THE NEW JIANGSU STEAM AND ELECTRICITY AGREEMENT

The New Jiangsu Steam and Electricity Agreement was negotiated and agreed on an arms' length basis between the parties and based on normal commercial terms.

The Company has a production plant located in the province of Jiangsu which require electricity and steam for manufacturing its chemical products. LMP's power generation station is located in Jiangsu.

The proximity of Jiangsu Paper's power generation station to Jiangsu Chemical's operations in Jiangsu means that Jiangsu Chemical would be able to obtain electricity and steam at a lower price than from other third party suppliers. Supplies of steam and electricity from independent external suppliers (including the PRC governmental bodies) will not be as stable as compared with supplies from the power generation station of Jiangsu Paper. As the production plant of Jiangsu Chemical is operated on a twenty-four hour basis, any power shortage or power failure would adversely affect the production lines and reduce the efficiency of manufacturing, and the New Jiangsu Steam and Electricity Agreement will therefore ensure a consistent and stable supply of steam and electricity to the production plant of Jiangsu Chemical in Jiangsu.

GENERAL

The Group is principally engaged in the manufacture and sale of industrial chemical products. The principal business of Jiangsu Chemical is in the production and sales of industrial chemical products with production facilities in Jiangsu province of PRC.

Jiangsu Paper is an indirectly wholly-owned subsidiary of LMP. Mr. Lee Wan Keung Patrick is also the ultimate controlling shareholder of both LMP and the Company (through his shareholding interest in Fortune Star Tradings Ltd ("Fortune Star"), the controlling shareholder of the Company). As at the Latest Practicable Date, Fortune Star is interested in approximately 75 % of the shares in the Company and Mr. Lee Wan Keung Patrick is interested in 55 % of the shares in Fortune Star. Accordingly, the transactions under the New Jiangsu Steam and Electricity Agreement constitutes continuing connected transactions under the Listing Rules. The Company does not hold any shares in LMP and vice versa as at the Latest Practicable Date.

LETTER FROM THE BOARD

Under the Listing Rules, the New Jiangsu Steam and Electricity Annual Caps are, on an annual basis, more than 5% and more than HK\$10 million for the Company. Accordingly, the New Jiangsu Steam and Electricity Agreement and its annual caps will be subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. As at the Latest Practicable Date, Mr. Lee Wan Keung Patrick and his associates are interested in 618,750,000 shares of the Company, representing approximately 75% of the shares in the Company. Mr. Lee Wan Keung Patrick and his associates will abstain from voting at the EGM of the Company to approve the New Jiangsu Steam and Electricity Agreement.

None of the Directors have a material interest in the transaction contemplated under the New Jiangsu Steam and Electricity Agreement which required them to abstain from voting on the board resolution to approve the same. Notwithstanding the aforesaid, Ms. Wai Siu Kee and Mr. Lee Man Yan had voluntarily abstained from voting on the relevant board resolutions approving the aforesaid transactions to avoid any impression of there being a conflict of interest in the matters to be resolved.

POLL PROCEDURE

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all the resolutions set out in the notice of the EGM shall be voted by poll. Votes may be given either personally or by proxy.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 11 of this circular which contains its recommendation to the Independent Shareholders in respect of the resolution to approve the transactions contemplated under the New Jiangsu Steam and Electricity Agreement.

The advice of Quam to the Independent Board Committee and the Independent Shareholders as to whether the terms of the New Jiangsu Steam and Electricity Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole are set out on pages 13 to 21 of this Circular.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

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



理 文 化 工 有 限 公 司
LEE & MAN CHEMICAL COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 746)

27 March 2015

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We have been appointed as the members of the Independent Board Committee to advise the Independent Shareholders in respect of the resolutions to approve the transactions contemplated under the New Jiangsu Steam and Electricity Agreement, details of which are set out in the “Letter from the Board” contained in the circular of the Company (the “Circular”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

Your attention is drawn to the “Letter from the Board”, the advice of Quam in its capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of whether the terms of the New Jiangsu Steam and Electricity Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole, as set out in the “Letter from Quam” as well as other additional information set out in other parts of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice of, and the principal factors and reasons considered by Quam in relation thereto as stated in its letter, we consider the terms of the transactions contemplated under the New Jiangsu Steam and Electricity Agreement to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the transactions contemplated under the New Jiangsu Steam and Electricity Agreement and the New Jiangsu Steam and Electricity Annual Caps.

Yours faithfully
Independent Board Committee

Mr. Heng Victor Ja Wei,

*Independent Non-executive
Director*

Mr. Wong Kai Tung, Tony

*Independent Non-executive
Director*

Mr. Wan Chi Keung, Aaron

BBS JP

*Independent Non-executive
Director*

LETTER FROM QUAM

The following is the full text of a letter of advice from Quam, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular.



Quam Capital Limited

A Member of The Quam Group

27 March 2015

To: The Independent Board Committee and the Independent Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the continuing connected transactions contemplated under the New Jiangsu Steam and Electricity Agreement (the “**Continuing Connected Transactions**”). Details of the Continuing Connected Transactions are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular dated 27 March 2015 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular, unless the context otherwise requires.

Mr. Heng Victor Ja Wei, Mr. Wong Kai Tung, Tony and Mr. Wan Chi Keung, Aaron, have been appointed as members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the New Jiangsu Steam and Electricity Agreement and the New Jiangsu Steam and Electricity Annual Caps are fair and reasonable; whether the New Jiangsu Steam and Electricity Agreement is on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole; and whether to vote in favour of the New Jiangsu Steam and Electricity Agreement and the New Jiangsu Steam and Electricity Annual Caps. As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM QUAM

As at the Latest Practicable Date, Quam did not have any relationship with or interest in the Company or LMP that could reasonably be regarded as relevant to the independence of Quam. In the last two years, there was no engagement between the Group and Quam. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser, no arrangements exist whereby we had received any fees or benefits from the Company or LMP. Accordingly, we are qualified to give independent advice in respect of the New Jiangsu Steam and Electricity Agreement and the transactions contemplated thereunder.

BASIS OF OPINION

In formulating our recommendation, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Company; (iii) the opinions expressed by and the representations of the Directors and management of the Group; and (iv) our review of relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects at the date thereof and may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the management of the Group and the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations regarding the Group, the New Jiangsu Steam and Electricity Agreement and the transactions contemplated thereunder provided to us by the Company and/or the Directors and the management of the Group are true, accurate, complete and not misleading in all material respects at the time they were made and continued to be so until the date of the Circular.

In formulating our recommendation, we have relied on (i) the information and facts supplied by the Company; (ii) the opinions expressed by and the representations of the directors and the management of the Company; and (iii) our review of the relevant public information. We have assumed that all the information and representations contained or referred to in the Circular were true, accurate and complete in all respects at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time that they were made and continue to be true until the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, and the Directors have confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any shares or any other securities of the Company.

LETTER FROM QUAM

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have taken into consideration the following principal factors and reasons:

A. Background of and reasons for the Continuing Connected Transactions

(i) *Background of the Continuing Connected Transactions*

The Group is principally engaged in the manufacture and sale of industrial chemical products. The Group has production plants located in both the provinces of Jiangsu and Jiangxi. It has a power station in Jiangxi only.

The Group's chemical production in Jiangsu is carried out by Jiangsu Chemical. Since the commencement of Jiangsu Chemical's production, Jiangsu Paper has been providing service to generate electricity and steam required for its production plant.

The Existing Jiangsu Agreement was entered into between Jiangsu Paper and Jiangsu Chemical in relation to the supply of steam and electricity by Jiangsu Paper to Jiangsu Chemical, details of which are set out in the joint announcement of LMP and the Company dated 25 October 2012. The Existing Jiangsu Agreement expired on 31 December 2014.

On 9 February 2015, Jiangsu Chemical (as purchaser) and Jiangsu Paper (as supplier) entered into the New Jiangsu Steam and Electricity Agreement to replace the Existing Jiangsu Agreement.

Jiangsu Paper is an indirect wholly-owned subsidiary of LMP, an associate of Mr. Lee Wan Keung Patrick, the ultimate controlling Shareholder (through his shareholding interest in Fortune Star, the controlling Shareholder). Accordingly, the transactions contemplated under the New Jiangsu Steam and Electricity Agreement constitute continuing connected transactions for both LMP and the Company under the Listing Rules. The Continuing Connected Transactions are exempt from the independent shareholders' approval requirements of the Listing Rules for LMP but are subject to the approval of the Independent Shareholders at the EGM for the Company.

(ii) *Reasons for the Continuing Connected Transactions*

Steam and electricity are required for the production plant of Jiangsu Chemical. As such, the Continuing Connected Transactions are conducted in the ordinary and usual course of the business of the Group.

We were advised by the Company that the Group's production facilities in Jiangsu do not have any steam or electricity generating facilities and the Group has no intention to construct any electricity or steam generating facilities to cater for the needs of its operation in Jiangsu.

LETTER FROM QUAM

The Company considers that the proximity of the power generation station of Jiangsu Paper to the operation of Jiangsu Chemical means that Jiangsu Chemical would be able to obtain electricity and steam at a lower price from Jiangsu Paper than from other third party suppliers. Supplies of steam and electricity from independent external suppliers (including the PRC government bodies) will not be as stable as compared with supplies from the power generation station of Jiangsu Paper. As the production plant of Jiangsu Chemical is operated on a twenty-four hour basis, any power shortage or power failure would adversely affect the production lines and reduce the efficiency of manufacturing, and the New Jiangsu Steam and Electricity Agreement will therefore ensure a consistent and stable supply of steam and electricity to the production plant of Jiangsu Chemical.

The production base of Jiangsu Paper, which is principally engaged in the manufacture and trading of paper, is located three kilometres away from the production site of Jiangsu Chemical, and Jiangsu Paper has its own electricity and steam production facilities. Jiangsu Paper is an indirect wholly-owned subsidiary of LMP, a company listed on the Stock Exchange. Jiangsu Paper has been supplying steam and electricity to Jiangsu Chemical since the commencement of Jiangsu Chemical's chemical production. We were advised by the Company that there have been no disruptions (save as the regular maintenance) to the provision of electricity and steam by Jiangsu Paper to Jiangsu Chemical in the past. As such, we concur with the Company's view that the New Jiangsu Steam and Electricity Agreement will ensure a consistent and stable supply of steam and electricity to the production plant of Jiangsu Chemical. Therefore, we are of the view that the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole in this regard.

B. Principal terms of the New Jiangsu Steam and Electricity Agreement

The New Jiangsu Steam and Electricity Agreement is for a term of 3 years with effect from 1 January 2015 to 31 December 2017.

The coal for generating the electricity shall be supplied by Jiangsu Chemical to Jiangsu Paper in advance. The quantity of coal to be supplied by Jiangsu Chemical would be recorded each month together with the monthly actual consumption of Jiangsu Chemical. As advised by the Company, Jiangsu Chemical and Jiangsu Paper keep records of the amount of steam and electricity supplied and received at both facilities and by end of each month, both parties will agree on the figures and sign on the confirmation.

Jiangsu Chemical shall, at its own expenses, provide the steam pipelines, electrical cables and relevant facilities to transfer steam and electricity produced by Jiangsu Paper to its production facilities. As advised by the Company, such facilities have been installed and utilised by Jiangsu Chemical. Jiangsu Chemical shall also be responsible for the maintenance and repairs of such steam pipelines, electrical cables and relevant facilities.

The provision of services to generate steam and electricity by Jiangsu Paper shall be charged at RMB25.641 (excluding VAT) per ton and RMB0.0684 (excluding VAT) per kWh respectively and measured at Jiangsu Paper's meters. The steam and electricity service fees were determined

LETTER FROM QUAM

based on the actual supply costs (including overheads and the financing costs of the electricity and steam generating facilities) of Jiangsu Paper, plus a profit margin. The service fees have also been compared against those available from government authorities in the Jiangsu province to ensure that such prices are not higher than those available from such government authorities.

Service fees for provision of steam and electricity will be paid in cash by Jiangsu Chemical within 14 days after the end of each month based on actual consumption and are subject to limits of the New Jiangsu Steam and Electricity Annual Caps.

(i) *Provision of services to generate steam*

Following the establishment of Jiangsu Chemical, the Group has not purchased any steam from independent third parties. Accordingly, no other similar transactions between the Group and an independent steam supplier are available for comparison to the terms of the transactions contemplated under the New Jiangsu Steam and Electricity Agreement.

As advised by the management of the Group, Jiangsu Paper has not supplied steam to independent third parties after May 2014. As such, no other latest transactions between Jiangsu Paper and independent third parties are available for comparison purpose.

We noted that the unit price of steam charged by Jiangsu Paper to Jiangsu Chemical is determined with reference to (i) Changshu Price Bureau (常熟市物價局) and (ii) actual supply costs of Jiangsu Paper (taking into account the costs incurred by Jiangsu Chemical in supplying the coal and provision of relevant facilities to transfer steam) plus a profit margin. As unit price of steam charged by Jiangsu Paper to Jiangsu Chemical is at a fixed price but not subject to a floating pricing mechanism, we consider that the assessment of the fixed service fee instead of the basis of determination of the service fee is relevant for forming our opinion.

We were advised by the Company that in the area where Jiangsu Chemical's factory is located, steam price is stipulated by Changshu Price Bureau (常熟市物價局). We noted that the total unit cost of steam of Jiangsu Chemical is not higher than the prescribed price of steam stipulated by Changshu Price Bureau (常熟市物價局). Jiangsu Chemical's unit cost of steam includes the steam service fee of RMB25.641 (excluding VAT) per ton pursuant to the New Jiangsu Steam and Electricity Agreement, the costs of coal for generating steam, and all extra costs borne by Jiangsu Chemical. As such, we are of the view that the unit price of steam charged by Jiangsu Paper to Jiangsu Chemical is fair and reasonable.

(ii) *Provision of services to generate electricity*

As advised by the Company, since the establishment of the chemical business, Jiangsu Chemical has only purchased electricity from the state grid during its construction phase and has only purchased electricity from Jiangsu Paper for its operation. As such, no other similar

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transactions between the Group and an independent electricity supplier are available for comparison to the terms of the transactions contemplated under the New Jiangsu Steam and Electricity Agreement.

We were advised by the Company that Jiangsu Paper has supplied electricity to Jiangsu Chemical only and not to any other party. Accordingly, no similar transactions between Jiangsu Paper and an independent third party are available for comparison in our analysis.

We noted that the unit cost of electricity charged by Jiangsu Paper to Jiangsu Chemical is determined with reference to (i) the State Grid Corporation of China of Jiangsu Province (國網江蘇省電力公司) and (ii) actual supply costs of Jiangsu Paper (taking into account the costs incurred by Jiangsu Chemical in supplying the coal and provision of relevant facilities to transfer electricity) plus a profit margin. As unit cost of electricity charged by Jiangsu Paper to Jiangsu Chemical is at a fixed price but not subject to a floating pricing mechanism, we consider that the assessment of the fixed service fee instead of the basis of determination of the service fee is relevant for forming our opinion.

We were advised by the Company that in the area where Jiangsu Chemical's factory is located, state electricity supply is priced according to the relevant electricity price list issued by the State Grid Corporation of China of Jiangsu Province (國網江蘇省電力公司) and noted that the total unit cost of electricity of Jiangsu Chemical is not higher than the prescribed prices of electricity issued by the State Grid Corporation of China of Jiangsu Province (國網江蘇省電力公司). Jiangsu Chemical's unit cost of electricity includes the electricity service fee of RMB0.0684 (excluding VAT) per kWh pursuant to the New Jiangsu Steam and Electricity Agreement, the costs of coal and other extra costs borne by Jiangsu Chemical. Accordingly, we consider that the unit price of electricity charged by Jiangsu Paper to Jiangsu Chemical is fair and reasonable.

We have also reviewed other major terms of the New Jiangsu Steam and Electricity Agreement and are not aware of any terms which are exceptional to normal market price.

In view of the above, we consider that the terms of the New Jiangsu Steam and Electricity Agreement are fair and reasonable.

C. New Jiangsu Steam and Electricity Annual Caps

The maximum aggregate annual fees payable by Jiangsu Chemical to Jiangsu Paper for the services provided under the New Jiangsu Steam and Electricity Agreement for the three years ending 31 December 2017 must not exceed the New Jiangsu Steam and Electricity Annual Caps.

The New Jiangsu Steam and Electricity Annual Caps have been determined by reference to the amount of historical transactions between Jiangsu Paper and Jiangsu Chemical, taking into account Jiangsu Paper's own anticipated consumption requirements, the spare steam and electricity capacity of Jiangsu Paper available for Jiangsu Chemical's requirements, the production plans and the related estimated steam and electricity requirements of Jiangsu Chemical and Jiangsu Paper for the period

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from 1 January 2015 up to and including 31 December 2017, as well as the unit price of steam and electricity services to be provided (including the operational costs for running the power generation station of steam and electricity). As advised by the Company, the current level of excess capacity at the facilities of Jiangsu Paper ranges from approximately 31.0% to 46.9%.

The table below sets out (i) the historical aggregate consideration and the Existing Jiangsu Annual Caps for the provision of services to generate steam and electricity by Jiangsu Paper to Jiangsu Chemical for each of the three years ended 31 December 2014; and (ii) the New Jiangsu Steam and Electricity Annual Caps for each of the three years ending 31 December 2017:

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
Services to generate steam and electricity by Jiangsu Paper to Jiangsu Chemical			
Actual aggregate consideration:	RMB70,270,000 (approximately HK\$87,837,500)	RMB60,635,000 (approximately HK\$75,793,750)	RMB60,098,000 (approximately HK\$75,122,500)
Existing Jiangsu Annual Caps:	RMB70,789,000 (approximately HK\$88,486,250)	RMB70,789,000 (approximately HK\$88,486,250)	RMB70,789,000 (approximately HK\$88,486,250)
	Year ending 31 December 2015	Year ending 31 December 2016	Year ending 31 December 2017
New Jiangsu Steam and Electricity Annual Caps:	RMB70,000,000 (approximately HK\$87,500,000)	RMB70,000,000 (approximately HK\$87,500,000)	RMB70,000,000 (approximately HK\$87,500,000)

In assessing the reasonableness of the New Jiangsu Steam and Electricity Annual Caps, we have reviewed the historical aggregate consideration payable by Jiangsu Chemical for services rendered by Jiangsu Paper to generate steam and electricity to it and discussed with the management of the Company the bases and assumptions underlying the projections of the New Jiangsu Steam and Electricity Annual Caps.

We noted that unit prices of electricity and steam services charged by Jiangsu Paper for the three years ending 31 December 2017 are the same as those applicable for the two years ended 31 December 2014. We also noted that the actual aggregate consideration payable by Jiangsu Chemical to Jiangsu Paper for each of the two years ended 31 December 2014 representing more than 85% of the New Jiangsu Steam and Electricity Annual Caps of RMB70 million.

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We have reviewed the estimation of spare steam and electricity capacity of Jiangsu Paper generating facilities available for Jiangsu Chemical's usage for the three years ending 31 December 2017. Furthermore, we have discussed the future production plan of Jiangsu Chemical with the management of the Company and noted that Jiangsu Chemical's annual consumption will be at a similar level as in the three years ended 31 December 2014. A buffer ranges from approximately 10% to 20% is included in the estimated annual consumption for determination of the New Jiangsu Steam and Electricity Annual Caps to cater for any increase in consumption for the three years ending 31 December 2017.

Based on our work done, we are of the view that the consumption estimations are reasonable and, therefore, the amount of the New Jiangsu Steam and Electricity Annual Caps are reasonable.

D. Annual review of the Continuing Connected Transactions

Pursuant to Rules 14A.55 to 14A.56 of the Listing Rules, the Continuing Connected Transactions are subject to the following requirements:

- (i) the independent non-executive Directors must confirm in the annual reports and accounts that the Continuing Connected Transactions have been entered into:
 - (a) in the ordinary and usual course of business of the Group;
 - (b) on normal commercial terms or better; and
 - (c) according to the New Jiangsu Steam and Electricity Agreement governing the Continuing Connected Transactions on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (ii) the Company must engage its auditors to report on the Continuing Connected Transactions for each financial year of the Company and that the Company's auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Continuing Connected Transactions:
 - (a) have not been approved by the Board;
 - (b) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
 - (c) were not entered into, in all material respects, in accordance with the New Jiangsu Steam and Electricity Agreement; and
 - (d) have exceeded the New Jiangsu Steam and Electricity Annual Caps;

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In view of the Continuing Connected Transactions will be subject to annual review by the independent non-executive Directors and auditors of the Company, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- Jiangsu Chemical does not have any steam or electricity generating facilities;
- the New Jiangsu Steam and Electricity Agreement will provide a stable supply of steam and electricity to the production plant of Jiangsu Chemical;
- Jiangsu Chemical's unit costs of steam and electricity (including the service fee to be charged by Jiangsu Paper) are not higher than the respective prescribed prices stipulated by the local government in the area where its production plant is located;
- the New Jiangsu Steam and Electricity Annual Caps are reasonable; and
- appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions,

we are of the view that the terms of the New Jiangsu Steam and Electricity Agreement and the New Jiangsu Steam and Electricity Annual Caps are fair and reasonable, the New Jiangsu Steam and Electricity Agreement is on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the New Jiangsu Steam and Electricity Agreement and the New Jiangsu Steam and Electricity Annual Caps.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Noelle Hung
Managing Director

Ms. Noelle Hung is a licensed person and a responsible officer of Quam registered with the Securities and Futures Commission of Hong Kong to carry out type 6 (advising on corporate finance) regulated activities under the SFO. She has over 15 years of experience in corporate finance.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

1. DISCLOSURE OF INTERESTS**1. Interests and short positions of Directors and chief executive in the share capital of the Company and its associated corporation**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Listing Rules were as follows:

Directors’ interests in the Shares

Name of Director	Number of Shares interest (Long Position)	Capacity	Approximate % of Shares
Lee Man Yan	618,750,000 (Note)	Held by controlled corporation	75%

Note: These shares are held by Fortune Star.

Directors’ interests in associated corporations of the Company

Name of Director	Capacity	Number of associated company	Number of shares interested	% of the issued share of the associated company
Lee Man Yan	Beneficial owner	Fortune Star	45 (Note)	45%

Note: As Fortune Star owns more than 50% of the Company, Fortune Star is an associated corporation of the Company under the SFO. The entire issued share capital of Fortune Star is owned by Mr. Lee Man Yan, a Director, as to 45% and Mr. Lee Wan Keung as to the remaining 55%. Ms Wai Siu Kee is a director of Fortune Star.

Details of share options held by a Director

Name of Director	Date of grant of share options	Exercise price (HK\$)	Exercise period	Number of share options
Lee Man Yan	23.04.2010	6.69	23.04.2011–22.04.2015	27,500,000
	23.04.2010	6.69	23.04.2012–22.04.2015	27,500,000
	23.04.2010	6.69	23.04.2013–22.04.2015	27,500,000
Total				82,500,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short position which he was taken or deemed to have under such provisions of the SFO) or the Model Code.

2. Interests and short position of Shareholders (of which a Director or a proposed Director is a director or employee) in the Shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, so far as was known to the Directors, the interests and short position of a company (of which a Director or a proposed Director is a director or employee) in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, were as follows:

Notifiable interests in Shares

Name of Director	Name of Shareholder	Capacity of Director in Shareholder	Number of Shares held	Approximate % of interest in the issued share capital of the Company
Lee Man Yan	Fortune Star	Director	618,750,000	75%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or a proposed Director is a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or arbitration of material importance is pending or threatened against the Group.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2014, the date to which the latest published audited consolidated financial statements of the Group were made up.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which will not expire or may not be terminated by the Group within one (1) year without the payment of compensation other than statutory compensation.

6. COMPETING INTERESTS

None of the Directors and their respective close associates were interested in any business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the business of the Group as at the Latest Practicable Date.

7. EXPERT

- (a) The following is the qualification of Quam, which has given its opinion or advice which is contained in this circular:

Name	Qualification
Quam	a corporation licensed by the SFC for carrying out Type 6 (advising on corporate finance) regulated activity under the SFO

- (b) As at the Latest Practicable Date, Quam did not have any shareholding, direct or indirect, in the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Group, nor did it have any interest, direct or indirect, in any assets which had, since 31 December 2014, being the date up to

which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group.

- (c) Quam has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.

8. DIRECTOR'S INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

- (a) None of the Directors has any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2014, being the date up to which the latest published audited financial statements of the Group were made.
- (b) None of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular which is significant in relation to the business of the Group.

9. MISCELLANEOUS

- (a) The company secretary and the qualified accountant of the Company is Ms. Wong Yuet Ming who is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principle place of business of the Company in Hong Kong is located at 8th Floor, Liven House, 61-63 King Yip Street, Kwun Tong, Kowloon, Hong Kong.
- (c) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (except public holidays) at 8th Floor, Liven House, 61-63 King Yip Street, Kwun Tong, Kowloon, Hong Kong, from 8 April 2015 for a period of 14 days up to 21 April 2015:

- (a) this circular;
- (b) the Articles of Association of the Company;
- (c) the letter from the Independent Board Committee, the text of which is set out on page 11 of this circular;

- (d) the letter from Quam, the text of which is set out on pages 13 to 21 of this circular;
- (e) the written consent of Quam referred to in the section headed “Expert” in this Appendix;
- (f) the New Jiangsu Steam and Electricity Agreement; and
- (g) the Existing Jiangsu Agreement.

NOTICE OF EXTRAORDINARY GENERAL MEETING



理 文 化 工 有 限 公 司

LEE & MAN CHEMICAL COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 746)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Lee & Man Chemical Company Limited (the “Company”) will be held at 8th Floor, Liven House, 61-63 King Yip Street, Kwun Tong, Kowloon, Hong Kong on 30 April 2015 at 10:30 a.m. for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolutions of the Company:

ORDINARY RESOLUTION

“**THAT** the steam and electricity services agreement (the “New Jiangsu Steam and Electricity Agreement”) dated 9 February 2015 between Jiangsu Lee & Man Chemical Limited (“Jiangsu Chemical”) and Jiangsu Lee & Man Paper Manufacturing Company Limited (“Jiangsu Paper”) pursuant to which Jiangsu Paper provides services to generate steam and electricity for Jiangsu Chemical and the annual caps and the transactions contemplated thereunder be and are hereby approved and any one director be and are hereby authorised to exercise all the powers of the Company and take all other steps as they may in their opinion to be desirable or necessary in connection with the New Jiangsu Steam and Electricity Agreement and generally to exercise all the powers of the Company as they deem desirable or necessary in connection with the foregoing.”

By order of the Board of
Lee & Man Chemical Company Limited
Ms. Wong Yuet Ming
Company Secretary

Hong Kong, 27 March 2015

Notes:

1. Any member entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. Where there are joint registered holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding. Several executors or administrators of a deceased member in whose name any share stands shall be deemed joint holders thereof.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
4. The form of proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of such power of attorney or authority must be deposited at the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the EGM, and in default the form of proxy shall not be treated as valid.
5. The completion and return of the form of proxy shall not preclude members from attending and voting in person at the EGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. A form of proxy for use at the EGM is enclosed.

At the date hereof this notice, the Board comprises four executive directors, namely, Ms. Wai Siu Kee, Mr. Lee Man Yan, Mr. Yang Zuo Ning and Ms. Wong Yuet Ming, 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.