



LEE & MAN CHEMICAL COMPANY LIMITED

理文化工有限公司

(Incorporated in the Cayman Islands with limited liability)

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

(Stock Code : 746)

SHAREHOLDERS' RIGHTS

Set out below are procedures in which shareholders of the Company (the "Shareholders") can: (i) convene an extraordinary general meeting ("EGM"); (ii) put forward enquiries to the board of directors; and (iii) put forward proposals at shareholders' meetings.

1. PROCEDURES FOR CONVENING AN EGM

1.1. Procedures by which Shareholders can convene an EGM are governed by Article 58 of the Company's Articles or Association. Article 58 reads as follows:

58. The Board may whenever it thinks fit call extraordinary general meetings. Any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

1.2. Any one or more Shareholders holding 10% or more of the paid-up capital of the Company which carries the right to vote at general meetings as at the date of the deposit of the requisition, may requisition the board of directors to convene an EGM at all times by written requisition.

1.3. The written requisition must specify the objects of the meeting, signed by the Shareholders concerned and be deposited at the registered office of the Company or the principal office for the time being of the Company in Hong Kong for the attention of the Board or the Company Secretary.

1.4. The signatures and the written requisition will be verified by the Company's Hong Kong share registrars and upon their confirmations that the written requisition is proper and in order, the Board shall proceed to convene an EGM within 21 days of the deposit of such written requisition. If the written requisition has been determined to be invalid, the Shareholders concerned will be informed and an EGM will not be convened.

1.5. Such EGM shall be held within 2 months after the deposit of such written requisition.

1.6. If within 21 days of such deposit of a valid written requisition, the Board fails to proceed to convene such meeting, the requisitionist(s) may convene such EGM themselves. All reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

1.7. Notice of a meeting of the Company must be served on every member in the manner specified in the Company's Articles of Association. The notice period to be given to Shareholders varies according to the nature of the proposal, as follows:

1.7.1. Not less than 14 clear days' notice if the proposal constitutes an ordinary resolution of the Company; and

1.7.2. Not less than 21 clear days' notice if the proposal constitutes a special resolution of the Company.

2. PROCEDURES FOR PUTTING FORWARD ENQUIRIES TO THE BOARD

2.1 Shareholders who have any enquiries or suggestions about the Company may contact the Company, contact details are as follows:

Address: 8th Floor, Liven House, 61-63 King Yip Street, Kwun Tong, Kowloon, Hong Kong

Tel. No.: +852 2319 9888

Fax No.: +852 2319 9333 / 2319 9777

3. PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS MEETING

In general, no resolution may be proposed at a Shareholders' meeting (whether it is an EGM or an annual general meeting) if such resolution is not included in the notice convening the general meeting. However, if the proposal is to amend an existing resolution set out in the notice convening the general meeting and such amendment is within the scope of the notice, such amendment may be made if approved by the Shareholders by ordinary resolution. In addition, where a shareholder proposal relates to the ordinary business of an annual general meeting, then such business may be considered by shareholders at that meeting. The Company's Articles of Association provide that the ordinary business of an annual general meeting means business in respect of the following matters:

- (a) the declaration and sanctioning of dividends;
- (b) consideration and adoption of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet;
- (c) the election of Directors whether by rotation or otherwise in the place of those retiring;
- (d) appointment of Auditors and other officers;
- (e) the fixing of the remuneration of the Auditors, and the voting of remuneration or extra remuneration to the Directors;
- (f) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued shares in the capital of the Company representing not more than twenty per cent. (20%) in nominal value of its existing issued share capital; and
- (g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

Note: In case of inconsistency between the English and Chinese version, the English version shall prevail.