

Chairman's Statement

主席報告

On behalf of the Board of Directors, I am pleased to present to the shareholders the annual report for Lee & Man Holding Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2005.

RESULTS AND DIVIDENDS

The Group's audited consolidated turnover for the year was HK\$942,045,000 and the audited consolidated profit attributable to shareholders was HK\$133,586,000.

An interim dividend of HK\$0.03 per share was paid during the year.

The directors resolved to recommend the payment of a final dividend of HK\$0.05 per share for the year under review.

BUSINESS REVIEW

During the year, the Group disposed of a major subsidiary for a consideration of approximately US\$7 million. As a result, for the year ended 31 March 2005, the Group's turnover recorded a moderate decrease of 1.4% to HK\$942 million. The profit attributable to shareholders increased by 30.8% to HK\$134 million which includes a gain of HK\$31 million arising from the disposal of the said subsidiary. By excluding the gain on disposal of subsidiaries, the profit attributable to shareholders increased by 1.8% to HK\$102 million as compared to HK\$101 million for last year.

The Group manufactures and sells a wide range of handbag products to a broad base of various customers that are mainly located in the United States and Europe. The United States market continues to be the largest market for the Group's products. Sales to the United States accounted for 77.8% of the turnover of the Group and recorded a drop of 1.9% as compared to last year. Sales to Europe recorded an increase of 3.1% above last year and it accounted for 18.9% of the turnover of the Group.

本人謹代表董事會全仁欣然向各位股東提呈理文集團有限公司(「本公司」)及其附屬公司(「本集團」)就截至二零零五年三月三十一日止年度之年報。

業績及股息

本集團本年度經審核之綜合營業額為942,045,000港元，而經審核之綜合股東應佔溢利為133,586,000港元。

中期股息每股3港仙已於年內派發。

董事建議派發本年度末期股息每股5港仙。

業務回顧

年內，本集團以代價約700萬美元出售了一間主要附屬公司。因此，本集團截至二零零五年三月三十一日止年度之營業額輕微下跌1.4%至942,045,000港元，而股東應佔溢利則增長30.8%至133,586,000港元，當中包括出售附屬公司之收益31,199,000港元。若撇除出售附屬公司之收益，本年度股東應佔溢利則增長1.8%，為102,387,000港元，上年度為100,613,000港元。

本集團製造一系列手袋產品銷售予廣泛及各類型客戶，主要分佈在美國及歐洲。美國仍然為本集團產品之最大市場，銷售往美國市場佔本集團營業額77.8%，比去年同期微跌1.9%；銷售往歐洲市場則上升3.1%，佔本集團營業額18.9%。

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PROSPECTS

In view of the slowdown of the United States economy, the handbag industry will face a more competitive environment. As part of the Group's raw materials are produced by petroleum by-products, the rising price of petroleum during the year increased the cost of materials. This factor along with the rising labour cost in the PRC has increased the overall operating costs. The Group will focus on the reduction of production costs and continue to strengthen the product design and development capabilities in order to produce and sell more originally designed and fashionable handbag products to gain a competitive edge in the market. With the Group's sufficient liquidities and reputation established throughout the past twenty years of business experience in the PRC, the Group will be in a good position to seek investment opportunities and to diversify the business in the PRC, to achieve satisfactory returns for the shareholders.

APPRECIATION

We thank all our customers, suppliers and all members of our management team and staff for their loyalty, dedication, and contribution during the year under review.

On behalf of the Board

Wai Siu Kee

Chairman

Hong Kong, 28 June 2005

展望

鑑於美國經濟放緩，手袋業競爭將更趨激烈。由於本集團部份原材料乃由石油副產品所製，年內石油價格上漲，加重了原料成本，加上中國內地勞工成本上升，令整體經營成本上升。本集團將致力控制生產成本，並繼續投放資源在產品設計及開發方面，以生產及銷售更多原創設計之時款手袋產品，提高競爭能力。同時，本集團手頭資金充裕，憑藉在中國內地運作業務二十多年的經驗及所建立的良好聲譽，將有利於本集團在中國內地尋找商機，將業務多元化，為股東帶來理想的回報。

鳴謝

本人謹代表董事會向各客戶、供應商、集團所有管理層成員及員工在過去一年之忠誠、辛勤與貢獻，深表謝意。

代表董事會

主席

衛少琦

香港，二零零五年六月二十八日