

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"), which was made up to the end of 2005. As the Group has changed the financial year end date from 31 March to 31 December, this annual report covered only 9 months from 1 April 2005 to 31 December 2005.

RESULTS AND DIVIDENDS

For the nine months ended 31 March 2005, the Group's audited consolidated turnover was HK\$531,965,000 and the audited consolidated profit attributable to shareholders was HK\$87,297,000.

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

The directors resolved to recommend the payment of a final dividend of HK\$0.023 per share for the period under review.

BUSINESS REVIEW

As a result of the change of year end date, turnover of the Group decreased 43.5% to HK\$532 million, profit attributable to equity holder of the Company decreased 34.7% to HK\$87 million. When compared with the same 9 months reporting basis, turnover of the Group decreased 33.4%. The decrease of turnover is mainly due to the disposal of a major subsidiary in October 2004. Profit attributable to equity holder of the Company, by excluding the gain on disposal of subsidiaries in last year, recorded a moderate decrease of 1.7% when compared with same period 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 and Europe accounted for 69.5% and 24.6% respectively of the turnover of the Group.

本人謹代表董事會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」）截至2005年底之業績年報。由於本集團將財政年度年結由3月31日更改至12月31日，本年度之年報僅報告2005年4月1日至2005年12月31日止9個月之業績。

業績及股息

截至2005年12月31日止9個月，本集團經審核之綜合營業額為531,965,000港元，而經審核之綜合股東應佔溢利為87,297,000港元。

中期股息每股3.0港仙已於期內派發。

董事建議派發本期間末期股息每股2.3港仙。

業務回顧

由於本集團更改財政年度年結日，本集團之營業額下跌43.5%至531,965,000港元，股東應佔溢利下跌34.7%至87,297,000港元。若以去年同期9個月作比較，本集團營業額下跌33.4%，營業額下跌主要是由於在2004年10月出售了一間主要附屬公司所致。在撇除了去年出售附屬公司之收益後，股東應佔溢利比去年同期輕微下跌1.7%。

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，銷售往美國及歐洲市場分別佔本集團營業額69.5%及24.6%。

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PROSPECTS

In anticipation of the expected slowdown of the United States economy in the coming year, the handbag industry will continue to face keen competitive environment. The Group will pay special attention on the reduction of production costs and strengthen the product design and development capabilities, to gain a competitive edge in the market. Moreover, as stated in the interim report, the Company is seeking investment opportunities and to diversify the business of the Group in the PRC. The Directors have investigated different potential investments in the PRC and consider there are potential prospects in the chemical business in the PRC. The Group is now planning to invest and develop a chemical production plant in Jiangsu, the PRC, to enter into the chemical production sector, and is confident that it will generate a satisfactory return 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 period under review.

On behalf of the Board

Wai Siu Kee

Chairman

Hong Kong, 10 April 2006

展望

預期美國經濟將會放緩，手袋業競爭仍然激烈。本集團將繼續致力控制成本，加強產品設計及開發，提高競爭能力。此外，誠如中期報告所述，本集團一直物色投資機遇，使集團業務更多元化，董事經研究中國各類具潛力投資，認為化工業務在中國具有發展潛力。因此，現正籌劃在中國江蘇省投資建立一所化工廠，準備進軍化工業務，並有信心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這段期間之忠誠、辛勤與貢獻，深表謝意。

代表董事會

主席

衛少琦

香港，2006年4月10日