LEE & MAN HOLDING LIMITED
理文集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
Website: http://www.leeman.com.hk
(Stock Code: 746)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

FINANCIAL HIGHLIGHTS

	2008	2007
	HK$'000	*HK$'000*
Revenue	**1,064,077**	784,721
Profit for the year	**81,562**	106,436
Dividends		
Interim	**HK 2.5 cents**	HK 2.5 cents
Proposed final	**HK 1.5 cents**	HK 2.5 cents
Earnings per share	**HK 9.9 cents**	HK12.9 cents

FINANCIAL RESULTS

The board of directors (the "Directors") of Lee & Man Holding Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 together with comparative figures for the year ended 31 December 2007 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008	2007
		HK$'000	*HK$'000*
		(Note 1)	*(Note 1)*
Revenue	*3*	**1,064,077**	784,721
Cost of sales		**(825,855)**	(563,467)
Gross profit		**238,222**	221,254
Other income		**15,542**	12,808
Selling and distribution costs		**(45,418)**	(28,016)
General and administrative expenses		**(107,660)**	(86,750)
Interest on bank borrowings wholly repayable within five years		**(9,086)**	(897)
Profit before taxation		**91,600**	118,399
Income tax expenses	*4*	**(10,038)**	(11,963)
Profit for the year	*5*	**81,562**	106,436
Dividends recognised as distributions during the year	*6*	**41,250**	49,500
Proposed final dividend of HK$0.015 (2007: HK$0.025) per share	*6*	**12,375**	20,625
Earnings per share (HK cents)	*7*	**9.9**	12.9

CONSOLIDATED BALANCE SHEET
At 31 DECEMBER 2008

	Notes	2008	2007
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**984,725**	646,308
Prepaid lease payments		**49,438**	48,234
Investment properties		**21,785**	-
Intangible asset		**5,292**	-
Deposit paid for acquisition of property, plant and equipment		**72,636**	20,900
Defined benefit assets		**3,852**	3,455
		1,137,728	718,897
CURRENT ASSETS			
Inventories		**126,120**	106,315
Prepaid lease payments		**1,036**	997
Trade and other receivables	*8*	**138,137**	136,131
Restricted bank balance		**-**	4,737
Bank balances and cash		**63,469**	49,012
		328,762	297,192
CURRENT LIABILITIES			
Trade and other payables	*9*	**263,218**	205,750
Derivative financial instruments		**508**	-
Amounts due to related companies		**4,131**	1,487
Taxation payable		**1,487**	4,104
Bank borrowings - due within 1 year		**302,303**	67,054
Bank overdrafts		**-**	2,154
		571,647	280,549
NET CURRENT (LIABILITIES) / ASSETS		**(242,885)**	16,643
TOTAL ASSETS LESS CURRENT LIABILITIES		**894,843**	735,540
NON-CURRENT LIABILITIES			
Bank borrowings - due after 1 year		**124,800**	85,800
Other long term payables		**45,631**	-
Deferred taxation		**6,168**	6,868
		176,599	92,668
NET ASSETS		**718,244**	642,872
CAPITAL AND RESERVES			
Share capital		**82,500**	82,500
Reserves		**635,744**	560,372
		718,244	642,872

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

2. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group had applied the following amendments and interpretations ("new HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are or have effective.

HKAS 39 & HKFRS 7(Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27(Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfer of Assets from Customers[7]

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2009
[3] Effective for annual periods beginning on or after 1 July 2009
[4] Effective for annual periods ending on or after 30 June 2009
[5] Effective for annual periods beginning on or after 1 July 2008
[6] Effective for annual periods beginning on or after 1 October 2008
[7] Effective for transfers on or after 1 July 2009

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. Other than as disclosed above and HKAS 23 (Revised), the directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Segment information

(a) Business Segment

In previous years, geographical segment was reported as primary segment as the Group's revenue and contribution to results were solely derived from the manufacture and sales of handbags. Upon commencement of operation in chemical products in 2008, the Group's internal organisational and management structure and its system of internal financial reporting to the board of directors were changed on the basis of above two divisions. As a result of this change, the directors have determined that the business segment was reported as the primary segment since 2008 and that relevant business segment information for 2007 was presented for comparison purpose.

For management purposes, the Group's business is currently organised into two operating divisions – handbags and chemical products. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows :

Handbags	- Manufacture and sales of handbags
Chemical products	- Manufacture and sales of chloromethane products and caustic soda

3. **Segment information - continued**

(a) **Business Segment - continued**

Segment information about the business is presented below.

For the year ended 31 December 2008	Handbags *HK$'000*	Chemical products *HK$'000*	Total *HK$'000*
CONSOLIDATED INCOME STATEMENT			
REVENUE - External sales	901,240	162,837	1,064,077
RESULTS			
Segment results	122,763	(12,924)	109,839
Unallocated income			906
Unallocated expenses			(9,187)
Change in fair value of investment properties			(872)
Interest on bank borrowings wholly repayable within five years			(9,086)
Profit before taxation			91,600
Income tax expense			(10,038)
Profit for the year			81,562

As at 31st December 2008	Handbags *HK$'000*	Chemical products *HK$'000*	Total *HK$'000*
CONSOLIDATED BALANCE SHEET			
ASSETS			
Segment assets	354,776	1,012,869	1,367,645
Unallocated corporate assets			98,845
Consolidated total assets			1,466,490
LIABILITIES			
Segment liabilities	111,429	195,068	306,497
Unallocated corporate liabilities			441,749
Consolidated total liabilities			748,246
OTHER INFORMATION			
Write-down of inventories	2,637	3,866	6,503
Capital expenditure	3,189	417,048	420,237
Depreciation of property, plant & equipment	14,493	20,991	35,484
Impairment loss on trade receivables	1,355	-	1,355
Release of prepaid lease payments	490	546	1,036
Amortisation of intangible assets	-	384	384
Fair value changes on derivative financial instruments	508	-	508

3. Segment information - continued

(a) Business Segment – continued

	Handbags *HK$'000*	Chemical products *HK$'000*	Total *HK$'000*
For the year ended 31 December 2007			
CONSOLIDATED INCOME STATEMENT			
REVENUE - External sales	784,721	-	784,721
RESULTS			
Segment results	135,573	(10,548)	125,025
Unallocated income			2,419
Unallocated expenses			(8,154)
Surplus arising on revaluation of property, plant and equipment			6
Interest on bank borrowings wholly repayable within five years			(897)
Profit before taxation			118,399
Income tax expense			(11,963)
Profit for the year			106,436

	Handbags *HK$'000*	Chemical products *HK$'000*	Total *HK$'000*
As at 31st December 2007			
CONSOLIDATED BALANCE SHEET			
ASSETS			
Segment assets	372,893	542,732	915,625
Unallocated corporate assets			100,464
Consolidated total assets			1,016,089
LIABILITIES			
Segment liabilities	116,849	73,126	189,975
Unallocated corporate liabilities			183,242
Consolidated total liabilities			373,217
OTHER INFORMATION			
Write-down of inventories	2,015	-	2,015
Capital expenditure	3,999	486,584	490,583
Depreciation of property, plant & equipment	11,839	917	12,756
Release of prepaid lease payments	490	496	986
Fair value changes on derivative financial instruments	163	-	163

3. Segment information - continued

(b) Geographical segments

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

	Segment revenue by geographical market	
	2008	2007
	HK$'000	*HK$'000*
United States of America ("USA")	**459,602**	380,611
Europe	**325,742**	326,192
South America	**28,574**	30,985
The People's Republic of China ("PRC")	**163,921**	-
Others	**86,238**	46,933
	1,064,077	784,721

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located :

	Carrying amount of segment assets and reconciliation to total assets		Additions to property, plant and equipment	
	At	At	**Year ended**	
	31.12.2008	31.12.2007	**31.12.2008**	31.12.2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	**2,636**	25,146	**248**	434
The PRC	**1,364,769**	888,539	**347,353**	3,974
USA	**240**	1,940	**-**	88
Unallocated	**-**	-	**-**	472,734
	1,367,645	915,625	**347,601**	477,230

4. Income tax expenses

	2008	2007
	HK$'000	*HK$'000*
The charge comprises:		
Current tax :		
Hong Kong Profits Tax	**9,906**	11,924
Other jurisdictions Profits Tax	**67**	-
	9,973	11,924
Underprovision in prior years :		
Hong Kong	**55**	-
Other jurisdictions	**10**	39
	65	39

On 26 June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in relevant jurisdictions.

5. Profit for the year

	2008	2007
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Staff costs (including directors' remuneration)	**192,066**	150,869
Amortisation of prepaid lease payments	**1,036**	986
Amortisation of intangible asset	**384**	-
Auditors' remuneration	**1,079**	984
Cost of inventories recognised as expenses	**825,855**	563,467
Depreciation of property, plant and equipment	**35,484**	12,756
Impairment loss recognised in respect of trade receivables (included in selling and distribution costs)	**1,355**	-
Write-down of inventories (included in cost of sales)	**6,503**	2,015
Loss on disposal of property, plant and equipment	**158**	919
Change in fair value of investment properties	**872**	-
Fair value changes on derivative financial instruments	**508**	163
and after crediting:		
Interest income	**679**	2,087
Net exchange gain	**5,623**	5,601
Surplus arising on revaluation of property, plant and equipment	**-**	6

6. Dividends

	2008	2007
	HK$'000	***HK$'000***
Dividends recognised as distributions during the year:		
Final dividend of HK$0.025 per share for the year ended 31.12.2007	**20,625**	-
Interim dividend of HK$0.025 per share for the year ended 31.12.2008	**20,625**	-
Final dividend of HK$0.035 per share for the year ended 31.12.2006	**-**	28,875
Interim dividend of HK$0.025 per share for the year ended 31.12.2007	**-**	20,625
	41,250	49,500

A final dividend of HK$0.015 (2007: HK$0.025) per share for the year ended 31 December 2008 has been proposed by the directors and is subject to approval by the shareholders in annual general meeting.

7. Earnings per share

The calculation of the basic earnings per share is based on the profit for the year of HK$81,562,000 (2007: HK$106,436,000) and 825,000,000 (2007: 825,000,000) shares in issue during the year.

8. Trade and other receivables

The Group generally allows an average credit period ranged from 0 to 90 days to its trade customers.

Included in the balance are trade and bills receivables of HK$125,156,000 (2007: HK$123,893,000). The aged analysis of trade and bills receivables at the balance sheet date is as follows:

	2008	2007
	HK$'000	*HK$'000*
Less than 30 days	**77,696**	85,843
31 – 60 days	**32,162**	22,756
61 – 90 days	**11,278**	8,530
Over 90 days	**4,020**	6,764
	125,156	123,893
Prepayment and deposits	**11,151**	6,233
Other receivables	**1,830**	6,005
	138,137	136,131

9. Trade and other payables

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period obtained for trade purchases is 30 to 90 days.

Included in trade and other payables are trade payables of HK$87,592,000 (2007: HK$94,048,000). The aged analysis of trade payables at the balance sheet date is as follows:

	2008	2007
	HK$'000	*HK$'000*
Less than 30 days	**40,170**	53,621
31 – 60 days	**26,007**	33,425
61 – 90 days	**17,491**	5,781
Over 90 days	**3,924**	1,221
	87,592	94,048
Other payables and accruals	**175,626**	111,702
	263,218	205,750

FINAL DIVIDEND

The Directors have proposed a final dividend of HK1.5 cents per share for the year ended 31 December 2008 to shareholders whose names appear on the Register of Members on 1 June 2009. The final dividend is subject to approval by the shareholders in the forthcoming annual general meeting. It is expected that the final dividend will be paid around 30 June 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 26 May 2009 to 1 June 2009, both days inclusive, during which period no transfer of shares in the Company can be registered. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Tricor Secretaries Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:00 p.m. on 25 May 2009.

BUSINESS REVIEW

For the year ended 31 December 2008, the Group recorded a revenue of HK$1,064 million, representing an increase of 35.6% over last year, and a net profit of HK$82 million, with HK100 million from our handbag business. However, our chemical sector recorded a loss of HK18 million during the year, thus resulted in a decrease of 23.4% in the total net profit of the Group as compared with last year.

Since the Group has always emphasized the enhancement of its design department, the development of various product styles and new clients, together with years of market experience, our handbag sector has suffered only a slight decrease in profit in the face of the financial tsunami.

Moreover, the Group's first phase of chemical production plant commenced production in May 2008, representing one third of the total production capacity, and the second phase production line, representing two third of the total production capacity, is expected to commence production in June 2009. To prepare for the production of the second phase, sales and production staff have been trained for the second phase since August 2008. Therefore, though the second phase has not commenced production yet, a major portion of its operation costs has been paid since last year. In addition, 2 months' raw material reserve is necessary for the chemical production plants, but, in the fourth quarter of last year, the global economy slowed down, with significant falling product prices. Based on the abovementioned two factors, a loss in our chemical business was recorded.

PROSPECTS

The current handbag market is still sluggish. The Group will double its effort in its handbag business, in the design of various product styles to meet market needs, and in developing new clients, with the aim of maintaining a stable profit.

It is intended that the second phase of the chemical production plant will commence production in June 2009, to triple our production capacity from the current level. With the stability of the price of raw material and the sale price, and with only a slight increase of the operation costs of the second phase upon its commencement of production, as sufficient sales staff having been made available and sufficient production staff having been trained during the first phase, our chemical sector will bring profits for the Group in 2009. We anticipate such sector will make favourable returns for our shareholders in the coming year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2008, the total equity of the Group was HK$718 million (2007: HK$643 million), the Group's current assets were HK$329 million (2007: HK$297 million) and current liabilities were HK$572 million (2007: HK$281 million).

As at 31 December 2008, the Group had cash of HK$63 million which was placed as short term deposits with major leading banks in Hong Kong and PRC.

The Group generally finances its operations with internally generated cash flows while part of the capital expenditure of the chemical business was financed with credit facilities provided by its principal bankers in Hong Kong and the PRC. As at 31 December 2008, the Group had outstanding bank borrowings of HK$427 million (2007: HK$155 million). Due to capital expenditure in the chemical business, the Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) has increased from 0.16 as at 31 December 2007 to 0.51 as at 31 December 2008.

As per our company policy, the Group only provided corporate guarantee instead of assets as collaterals for all bank borrowings. Hence, the Group chose to finance part of its chemical business's expenditure in the form of one year short term revolving loans. Since these loans could be utilized continuously, with steady and strong cash flows generated from handbag business and also with unutilized bank facilities of 420 million, the Group's financial position is strong enough to meet its capital commitments and working capital requirements.

Capital Commitments

As at 31 December 2008, the Group had capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment and acquisition of land use right in amount of HK$110,331,000 and HK$28,506,000 respectively.

Pledge of assets

As at 31 December 2008, the Group did not have any assets pledged for general facilities.

HUMAN RESOURCES

At 31 December 2008, the Group had a workforce of more than 5,000 people. The Group maintains a good relationship with its employees, and provides them with proper training and competitive compensation and incentives. The staffs are remunerated based on their work performance, professional experience and prevailing market situation. Remuneration packages comprise salary and bonuses based on individual merits.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2008 except where stated and explained below.

The Group has an Executive Chairman. No individual has been appointed as a chief executive officer. The Executive Chairman with the assistance of the Group's senior management team oversees and manages the Group's business. Other functions normally undertaken by a chief executive officer of a company are delegated to members of the Group's senior management team. This structure deviates from the code provision of Code that requires the roles of the chairman and the chief executive officer to be separate and not performed by the same individual. The Directors has considered this matter carefully and decided not to adopt the provision. The Directors believe that the current management structure has been effective in facilitating the operation and development of the Group and its business for a considerable period of time and that the necessary checks and balances consistent with sound corporate governance practices are in place. Accordingly, the Directors do not envisage the Group should change its current management structure. However, the Directors will review the management structure from time to time to ensure it continues to meet these objectives.

AUDIT COMMITTEE

The Audit Committee has reviewed with management and the Group's external auditors, Messrs. Deloitte Touche Tohmatsu, the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of connected transactions and the consolidated financial statements.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Company will be held on 1 June 2009. The Notice of the Annual General Meeting will be published in the company's website and sent to the shareholders of the Company in due course.

On behalf of the Board
Wai Siu Kee
Chairman

Hong Kong, 21 April 2009

As at the date of this announcement, the Board comprises of 4 executive directors, namely, Ms. Wai Siu Kee, Ms. Poon Lai Ming, Mr. Lee Man Yan and Mr. Kung Phong, and 3 independent non-executive directors, namely, Mr. Heng Kwoo Seng, Mr. Wan Chi Keung, Aaron JP and , Mr. Wong Kai Tung, Tony .