
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Lee & Man Holding Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

**LEE & MAN HOLDING LIMITED****(理 文 集 團 有 限 公 司 *)***(Incorporated in the Cayman Islands with limited liability)***Stock Code: 746**

**NOTICE OF ANNUAL GENERAL MEETING
PROPOSALS FOR GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES
RE-ELECTION OF DIRECTORS AND
ELECTION OF NEW DIRECTORS
AND
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

This circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

A notice convening the AGM (as defined herein) of Lee & Man Holding Limited to be held on 16 August, 2004 at 10:45 a.m. at Chatham Room, 7/F., Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong is set out on pages 14 to 24 of this circular. If the Shareholders are not able to attend the AGM, they are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's Hong Kong branch share registrar, Secretaries Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM (or any adjournment thereof) should they so desire.

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DEFINITIONS

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

“AGM”	means the annual general meeting of the Company to be convened and held at Chatham Room, 7/F., Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong, on 16 August 2004 at 10:45 a.m.
“Articles”	means the articles of association of the Company adopted pursuant to written resolutions passed on 14 December 2001
“Associates”	bears the same meaning ascribed thereto in the Listing Rules
“Company”	means Lee & Man Holding Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Director(s)”	means directors of the Company or the board of directors of the Company, as the context may require
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong Dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	means 14 July 2004, being the latest practicable date prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice”	means the notice convening the AGM
“Repurchase Mandate”	means a general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Shares on the terms set out in the Notice
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	means share(s) of par value of HK\$0.10 each in the capital of the Company
“Share Option Scheme”	means the Share Option Scheme adopted by the Company on 14 December 2001

DEFINITIONS

“Shareholder(s)”	means holders of the Shares
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Subsidiary”	means a subsidiary within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) for the time being of the Company whether incorporated in Hong Kong or elsewhere and “Subsidiaries” shall be construed accordingly
“Takeovers Code”	means the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD OF DIRECTORS



LEE & MAN HOLDING LIMITED
(理 文 集 團 有 限 公 司 *)

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 746

Executive Directors:

Wai Siu Kee (*Chairman*)
Poon Lai Ming
Lee Marina Man Wai
Lee Lai Chu

Independent Non-executive Directors:

Heng Kwo Seng
Wan Chi Keung, Aaron JP

Registered Office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

Principal Place of Business in

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

To Shareholders of the Company

19 July 2004

Dear Sir or Madam,

NOTICE OF ANNUAL GENERAL MEETING
PROPOSALS FOR GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
RE-ELECTION OF DIRECTORS AND ELECTION OF NEW DIRECTORS
AND
AMENDMENTS TO THE ARTICLES OF ASSOCIATION

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM to be held at Chatham Room, 7/F., Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong, on 16 August 2004 at 10:45 a.m. which, upon approval, would enable the Company to, among other things:—

- (a) repurchase Shares not exceeding 10% of the aggregate nominal value of the Shares in issue as at the date of passing such resolution;
- (b) issue new Shares equivalent to 20% of the Shares in issue on the date of passing the relevant resolution and those Shares repurchased by the Company pursuant to the Repurchase Mandate set out in (a) above;

* *for identification purposes only*

LETTER FROM THE BOARD OF DIRECTORS

- (c) re-elect certain directors of the Company and elect some new directors; and
- (d) amend its Articles in light of, among other things, recent changes to the Listing Rules.

PROPOSED GENERAL MANDATE AND REPURCHASE MANDATE

At the AGM, it will be proposed, by way of ordinary resolutions, that the Directors be given general mandates to (i) repurchase Shares, the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the ordinary resolution; and (ii) allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company on the date of the passing of the ordinary resolution and the nominal amount of any Shares repurchased by the Company (up to a maximum of 10% of the aggregate nominal amount of the Company's issued share capital as at the date of passing the ordinary resolution). Any issue of new Shares is subject to approval from the Stock Exchange for the listing of and permission to deal in such new Shares.

An explanatory statement containing information relating to the Repurchase Mandate and as required pursuant to the Listing Rules, in particular Rule 10.06(1)(b), is set out on pages 7 to 9 to this circular. This explanatory statement provides you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution relating to the Repurchase Mandate.

PROPOSED RE-ELECTION OF CERTAIN DIRECTORS AND ELECTION OF SOME NEW DIRECTORS

In accordance with Article 86(3) and Article 87(1) of the Articles, each of Ms. Wai Siu Kee, Ms. Lee Lai Chu, Mr. Heng Kwoo Seng and Mr. Wan Chi Keung, Aaron JP will retire at the AGM and, being eligible, will each offer himself or herself for re-election. The Company also proposes to elect Mr. Lee Man Yan and Mr. Wong Kai Tung, Tony as new directors of the Company. Information on such directors as required to be disclosed under the Listing Rules is set out in Appendix II to this circular.

PROPOSED AMENDMENTS TO THE ARTICLES

At the AGM, it will also be proposed, by way of special resolution, that the Articles be amended in light of recent changes to the Listing Rules which became effective on 31 March 2004 and to update some of its other provisions.

The following is a summary of the relevant changes to the Articles arising out of the Listing Rules:

- (1) A new definition on "associates" is added to conform with the Listing Rules.
- (2) A new Article is added to make it clear that the votes of any Shareholder who is required, by virtue of the Listing Rules, to abstain from voting on any resolution shall not be counted.

LETTER FROM THE BOARD OF DIRECTORS

- (3) The existing Article requiring a Director to declare his interests, directly or indirectly, in any proposed contract or arrangement with the Company, at the meeting of the board of directors is replaced by one which covers additionally the interests of Director's associates as well as such that a Director may not vote on board resolutions in which he or any of his associates has a material interest. Voting is, however, permitted in respect of certain exceptional matters as set out therein.
- (4) The existing Article on rotation of Directors is replaced by one which additionally defines the period within which the notice of intention to propose a person for election to the office of Director at a general meeting and notice by such person of his or her willingness to be elected must be given to the Company. The provision is relevant where a Shareholder wishes to propose a person for election to the board of directors. It does not apply where existing board members retire at the general meeting and seek re-election nor does it apply in a situation where the board of directors itself is recommending the person for election. The relevant period for giving such notices will be at least seven days, commencing on the day after the dispatch of the notice of the general meeting and expiring on the day falling seven days before the date of the general meeting.

There are also some other changes to modernize and update the Articles to take into account modern modes of communication to meet the expectations of the business community and to take into account certain administrative and secretarial procedures relevant to the management of the Company or otherwise incorporate a number of provisions considered reasonably standard to the articles of association of a listed company.

The full text of the proposed changes to the Articles are set out in the Notice.

THE AGM

The following are the details of the AGM:–

Date: 16 August 2004

Time: 10:45 a.m.

Venue: Chatham Road, 7/F., Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong

The Notice is set out on pages 14 and 24 of this circular. A form of proxy for use at the AGM is enclosed. If you do not intend to attend the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's Hong Kong branch share registrar, Secretaries Limited, G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as possible and in any event so as to arrive not less than 48 hours before the time appointed for holding the AGM. The return of a form of proxy will not preclude you from attending and voting in person at the AGM (or any adjournment thereof) should you so desire.

LETTER FROM THE BOARD OF DIRECTORS

POLL PROCEDURE

Where a resolution is put to the vote at the AGM, the resolution shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the AGM; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the AGM; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the AGM; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and holding Shares conferring a right to vote at the AGM being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

On a poll votes may be given either personally or by proxy.

RECOMMENDATION

The Directors consider that the proposals referred to in this circular are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

Yours faithfully,
For and on behalf of
Lee & Man Holding Limited
Ms. Wai Siu Kee
Chairman

This is an explanatory statement given to all Shareholders relating to a resolution to be proposed at the AGM authorizing the Repurchase Mandate.

This explanatory statement contains all reasonable information required pursuant to Rule 10.06(1)(b) which are set out as follows:

1. EXERCISE OF THE REPURCHASE MANDATE

As at the Latest Practicable Date, the issued ordinary share capital of the Company comprised 825,000,000 Shares.

Subject to the passing of Ordinary Resolution No. 2(ii) at the AGM and on the basis that no further Shares are issued or repurchased prior to the AGM nor outstanding options, if any, granted under the Share Option Scheme being exercised, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 82,500,000 Shares.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and Shareholders as a whole for the Directors to have a general authority from Shareholders to enable the Company to repurchase Shares in the market. Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and Shareholders as a whole. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per share and will only be made when the Directors believe that such repurchases will benefit the Company and Shareholders as a whole.

3. FUNDING OF REPURCHASES

Any repurchases may only be effected out of funds of the Company legally available for the purposes in accordance with the Company's memorandum of association and Articles and the applicable laws of the Cayman Islands. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

It is presently proposed that any repurchase of Shares would be made out of profits of the Company or distribution or out of the proceeds of a fresh issue of Shares made for the purpose or, if so authorized by the Articles and subject to the provisions of the Companies Law (2003 Revision) of the Cayman Islands, out of capital. Any premium payable on such repurchase must be provided for out of the profits of the Company or out of the share premium account of the Company or, if so authorized by the Articles and subject to the provisions of the Companies Law (2003 revision) of the Cayman Islands, out of capital.

4. STATUS OF REPURCHASED SHARES

The Listing Rules provide that the listing of all repurchased shares is automatically cancelled and that the certificates for those shares must be cancelled and destroyed. Under the law of the Cayman Islands, a company's repurchased shares shall be treated as cancelled and its issued share capital (but not the authorized share capital) will be reduced accordingly.

5. EFFECT OF EXERCISE OF THE REPURCHASE MANDATE

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report for the financial year ended 31 March 2004) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

6. DISCLOSURE OF INTERESTS

None of the Directors and, to the best of their knowledge, having made all reasonable enquiries, none of their respective associates, have any present intention, if the Repurchase Mandate is exercised, to sell any Shares to the Company.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company if the Repurchase Mandate is exercised and neither has any of the connected persons undertaken not to sell his Shares to the Company in the event the Repurchase Mandate is exercised.

7. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

8. TAKEOVERS CODE CONSEQUENCES

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interests, may obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and 32 of the Takeovers Code. The Directors are not aware of any consequences which could arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

As at the Latest Practicable Date, Fortune Star Tradings Ltd., which is the controlling shareholder of the Company, held approximately 74.79% of the Shares issued by the Company. As at the Latest Practicable Date, the Directors are not aware of any consequences for Fortune Star Tradings Ltd. under the Takeovers Code as a result, solely, of the Directors exercising the Repurchase Mandate in full.

9. SHARE PURCHASE MADE BY THE COMPANY

No repurchases of securities have been made by the Company in the previous six months, whether on the Stock Exchange or otherwise.

10. SHARE PRICES

The highest and lowest prices of the Shares as quoted by the Stock Exchange in each of the previous twelve months before the Latest Practicable Date were as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
July	1.62	1.27
August	1.58	1.20
September	1.57	1.40
October	1.48	1.37
November	1.51	1.40
December	1.47	1.29
2004		
January	1.50	1.35
February	1.44	1.36
March	1.40	1.30
April	1.36	1.26
May	1.30	1.02
June	1.13	0.92

Pursuant to the Articles, the details of the Directors who are required to retire at the AGM according to the Articles and who, being eligible, offer themselves for re-election at the AGM are as follows:

(1) Ms. Wai Siu Kee – Chairman and Executive Director

Ms. Wai Siu Kee, aged 60, is the Chairman and an executive director. Ms. Wai joined the Group since its establishment in 1976 and has more than 39 years of experience in the handbag business. She is responsible for the development of corporate strategies, corporate planning and overall management of the Group and in particular the marketing and development of the business of the Group. She is the mother of Mr. Lee Man Yan who is proposed to be a Director.

Ms. Wai entered into a service contract with the Company on 14 December 2001 for 3 years from 1 January 2002 and such contract shall continue thereafter unless and until terminated by either the Company or Ms. Wai giving to the other not less than 3 months' notice in writing to terminate the service contract. Pursuant to the service agreement with Ms. Wai, she is entitled to receive an annual remuneration of HK\$60,000 and a discretionary bonus of an amount to be determined by the majority of the Directors provided that the total amount of bonus payable to all the Directors for such year shall not exceed 10% of the consolidated profit after taxation of the Group for the relevant year. For the year ended 31 March 2004, Ms. Wai received total remuneration of HK\$1,182,000 from the Group. The Company's policy on remuneration for executive directors is based on that Director's experience, responsibility, workload and the time devoted to the Group.

As at the Latest Practicable Date, 617,000,000 Shares were held by Fortune Star Tradings Ltd., a company wholly-owned by Newcourt Trustees Limited as trustee for The Fortune Star 1992 Trust, a discretionary trust the discretionary objects of which include Ms. Wai. As at the Latest Practicable Date and save as disclosed herein, Ms. Wai was not interested or deemed to be interested in the Shares or underlying Shares of the Company in accordance with the meaning of Part XV of the SFO.

(2) Ms. Lee Lai Chu – Executive Director

Ms. Lee Lai Chu, aged 44, is an executive director. Ms. Lee joined the Group in 1977. She has over 26 years of experience in the sales and marketing of handbag products. She is responsible for the sales and marketing of the Group's business in the United States market.

For the year ended 31 March 2004, Ms. Lee received total remuneration in the amount of HK\$546,800 from the Group. If re-elected, it is intended that Ms. Lee will enter into a service contract with the Company for a term of 3 years from 1 September and such contract shall continue thereafter unless and until terminated by either the Company or Ms. Lee giving to the other not less than 3 months' notice in writing to terminate the service contract. It is intended that pursuant to the service agreement with the Company, Ms. Lee is entitled to receive an annual remuneration of HK\$508,600 and a discretionary

bonus to be decided by the majority of the Directors provided that the total amount of bonus payable to all the Directors in respect of any one financial year shall not exceed 10% of the consolidated profit after taxation of the Group for the relevant year. The Company's policy on remuneration for executive directors is based on that Director's experience, responsibility, workload and the time devoted to the Group.

As at the Latest Practicable Date, Ms. Lee beneficially owns 1,000,000 Shares. As at the Latest Practicable Date and save as disclosed herein, Ms. Lee was not interested or deemed to be interested in the Shares or underlying Shares of the Company in accordance with the meaning of Part XV of the SFO.

(3) Mr. Heng Kwo Seng – Independent Non-executive Director

Mr. Heng Kwo Seng, aged 56, is an independent non-executive director. He is the managing partner of Morison Heng, Chartered Accountants and Certified Public Accountants in Hong Kong. He is a fellow member of the Institute of Chartered Accountants in England and Wales, and an associate member of the Hong Kong Society of Accountants. He has worked with a number of companies listed on the Stock Exchange either in the capacity of company secretary or as an independent non-executive director. Prior to joining the Company on 3 November 2003, he was a director of Rockapetta Holdings Limited until 5 March 2002, a director of Greater China Technology Group until 31 December 2002, a director of E-Life International Limited until 30 November 2003 and a director of the Company until 24 December 2002. Apart from the Company, he is currently an independent non-executive Director of Winfair Investment Company Limited, The Thai-Asia Fund Limited, Matrix Holdings Limited, The Thai Asset Fund Limited, REXCAPITAL Financial Holdings Limited, China Fire Safety Enterprise Group Holdings Limited and Lee & Man Paper Manufacturing Limited. Lee & Man Paper Manufacturing Limited is another listed company which is also a subsidiary of Newcourt Trustees Limited, the controlling shareholder of the Company.

Mr. Heng Kwo Seng was appointed as an independent non-executive director commencing on 3 November 2003. If he is re-elected, Mr. Heng's appointment with the Company will be formalized by a letter of appointment for 1 year and continue unless and until terminated by either the Company or Mr. Heng giving to the other not less than 3 months' notice in writing to terminate the appointment. It was agreed that Mr. Heng is entitled to receive an annual remuneration of HK\$80,000.

Other than his appointment as an independent non-executive director and save for his directorship of Lee & Man Paper Manufacturing Limited (another listed company which is also a subsidiary of Newcourt Trustees Limited, the controlling shareholder of the Company), Mr. Heng confirms that he does not have any conflict of interest as per the requirements of Rule 3.13 of the Listing Rules which would render him unsuitable as an independent non-executive director.

In accordance with the meaning of Part XV of the SFO, as at the Latest Practicable Date, Mr. Heng was not interested or deemed to be interested in any Shares or underlying Shares.

(4) Mr. Wan Chi Keung, Aaron JP – Independent Non-executive Director

Mr. Wan Chi Keung, Aaron JP, aged 55, is an independent non-executive director. He is an associate of the Institution of Business Agents, a member of the Land Institute (London), an associate of the Chartered Institute of Arbitrators and a fellow of The Institute of Administrative Accounting. He is engaged in the business of property valuation and property auction and has over 17 years of related experience. He joined the Company on 12 December 2001.

Mr. Wan's current appointment as an independent non-executive director commenced on 12 December 2001. If re-elected, Mr. Wan's appointment with the Company will be formalized by a letter of appointment for 1 year and continue unless and until terminated by either the Company or Mr. Wan giving to the other not less than 3 months' notice in writing to terminate the appointment. It was agreed that Mr. Wan is entitled to receive an annual remuneration of HK\$80,000.

Other than his appointment as an independent non-executive director, Mr. Wan confirms that he does not have any conflict of interest as per the requirements of Rule 3.13 of the Listing Rules which would render him unsuitable as an independent non-executive director.

In accordance with the meaning of Part XV of the SFO, as at the Latest Practicable Date, Mr. Wan was not interested or deemed to be interested in any Shares or underlying Shares.

Further the Directors propose that the following persons be elected at the AGM as additional directors of the Company:

(1) Mr. Lee Man Yan – as an Executive Director

Mr. Lee Man Yan, aged 27, is the merchandising manager of the Group and joined the Group in 2000. Mr. Lee graduated from the University of British Columbia, Canada with a bachelor's degree in commerce. Mr. Lee is responsible for the Group's sales and marketing activities in the market of the United States of America and has over 3 years of related experience. Mr. Lee is also the son of Ms. Wai Siu Kee (Chairman of the Company).

As at the Latest Practicable Date, 617,000,000 Shares were held by Fortune Star Tradings Ltd., a company wholly-owned by Newcourt Trustees Limited as trustee for The Fortune Star 1992 Trust, a discretionary trust the discretionary objects of which include Mr. Lee. As at the Latest Practicable Date and since Mr. Lee has not yet been appointed a Director, Mr. Lee was not interested or deemed to be interested in the Shares or underlying Shares of the Company in accordance with the meaning of Part XV of the SFO.

If elected, it is intended that the Company will enter into a service agreement with Mr. Lee for 3 years and will be entitled to receive an annual remuneration of HK\$343,500 and a discretionary bonus to be decided by the majority of the Directors provided that the total

amount of bonus payable to all the Directors in respect of any one financial year shall not exceed 10% of the consolidated profit after taxation of the Group for the relevant year. The Company's policy on remuneration for executive directors is based on that Director's experience, responsibility, workload and the time devoted to the Group. The proposed appointment shall continue thereafter unless and until terminated by either the Company or Mr. Lee giving to the other not less than 3 months' notice in writing to terminate the proposed service contract.

(2) Mr. Wong Kai Tung, Tony – as an Independent Non-executive Director

Mr. Wong Kai Tung, Tony, aged 61, has been a practicing lawyer in Hong Kong since 1968 and has also been admitted as a solicitor in England and Wales. He is currently a consultant at Messrs. Hastings & Co., Solicitors and Notaries. Mr. Wong is also an independent non-executive director of Lee & Man Paper Manufacturing Limited (another listed company which is also a subsidiary of Newcourt Trustees Limited, the controlling shareholder of the Company) and has been so since 2003.

If elected, it is intended that Mr. Wong will be appointed for 1 year and which term shall continue unless and until terminated by either the Company or Mr. Wong giving to the other not less than 3 months' notice in writing to terminate the appointment. It is intended that Mr. Wong will be entitled to receive an annual remuneration of HK\$80,000.

Other than his appointment as an independent non-executive director and save for his directorship of Lee & Man Paper Manufacturing Limited (another listed company which is also a subsidiary of Newcourt Trustees Limited, the controlling shareholder of the Company), Mr. Wong confirms that he does not have any conflict of interest as per the requirements of Rule 3.13 of the Listing Rules which would render him unsuitable as an independent non-executive director.

In accordance with the meaning of Part XV of the SFO, as at the Latest Practicable Date, Mr. Wong was not interested or deemed to be interested in any Shares or underlying Shares.

NOTICE OF ANNUAL GENERAL MEETING



LEE & MAN HOLDING LIMITED (理文集團有限公司*)

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 746

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Annual General Meeting (“AGM”) of Lee & Man Holding Limited (the “Company”) will be held at Chatham Road, 7/F., Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong, on 16 August 2004 at 10:45 a.m. to receive and consider the audited financial statements and the reports of the directors and auditors of the Company for the year ended 31 March 2004 and for the following purposes:

As ordinary business, to consider and if thought fit, pass the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. (i) to declare a final dividend for the year ended 31 March 2004;
- (ii) to re-elect Ms. Wai Siu Kee as the chairman and an executive director of the Company;
- (iii) to re-elect Ms. Lee Lai Chu as an executive director of the Company;
- (iv) to re-elect Mr. Heng Kwoo Seng as an independent non-executive director of the Company;
- (v) to re-elect Mr. Wan Chi Keung, Aaron JP, as an independent non-executive director of the Company;
- (vi) to elect Mr. Lee Man Yan as an additional executive director;
- (vii) to elect Mr. Wong Kai Tung, Tony as an independent non-executive director;
- (viii) to authorize the board of directors of the Company to fix the remuneration of all directors of the Company, including those who are newly elected or re-elected at the AGM, provided that the total amount (excluding bonuses in favour of executive directors) shall not exceed the amount of HK\$3,200,000 for the year ending 31 March 2005 and bonuses in favour of executive directors to be decided by the majority of the board of directors of the Company provided that the total amount of bonus payable to all the directors in respect of any one financial year shall not exceed 10% of the consolidated profit after taxation of the Group for the relevant year;

* for identification purposes only

NOTICE OF ANNUAL GENERAL MEETING

- (ix) to re-appoint auditors for the ensuing year and authorize the board of directors of the Company to fix their remuneration; and

As special business, to consider and, if thought fit, pass the following resolutions:

ORDINARY RESOLUTIONS

2. (i) “**THAT:**–

- (a) subject to paragraph (c), the exercise by the board of directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorize the board of directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the board of directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue (as hereinafter defined) or the exercise of the subscription rights under the share option scheme of the Company adopted on 14 December 2001, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:–

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:–

- (I) the conclusion of the next annual general meeting of the Company;
- (II) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law of the Cayman Islands to be held; and
- (III) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in a general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the board of directors of the Company to shareholders of the Company on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the board of directors of the Company

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may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

(ii) **“THAT:–**

(a) the exercise by the board of directors of the Company during the Relevant Period of all powers of the Company to purchase its own shares, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of shares of the Company to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(c) for the purpose of this resolution,

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by any other applicable law of the Cayman Islands or the articles of association of the Company; and

(iii) the revocation or variation of this resolution of the Shareholders in general meeting.”

(iii) **“THAT** conditional upon resolution number 2(ii) above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the board of directors of the Company as mentioned in resolution number 2(ii) above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the board of directors of the Company pursuant to resolution number 2(i) above.”

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As special business, to consider and if thought fit, pass the following resolutions as special resolutions:

SPECIAL RESOLUTIONS

3. **“THAT** the articles of association of the Company be and are hereby amended in the following manner:

Article 2

- (i) By inserting the following new definitions in Article 2(1):

“associate” the meaning attributed to it in the rules of the Designated Stock Exchange.

“Company’s website” the website of the Company to which any Member may have access, the address or domain name of which has been notified to the Members at the time the Company seeks the relevant Member’s consent for the purposes of Article 160.”

- (ii) By deleting the following words from the definition of “clearing house”:

“a recognised clearing house within the meaning of Section 2 of the Securities and Futures (Clearing Houses) Ordinance of Hong Kong or”

- (iii) By inserting in Article 2(2)(e) after the words “expressions referring to writing” the words “or printing”; and after the words “photography and other modes of representing words or figures in a visible form” the words “, and including where the representation takes the form of electronic display, provided that the same is available for download onto a user’s computer or for printing through conventional small office equipment or is placed on the Company’s website and, in each case, the Member concerned (where the relevant provision of these Articles requires the delivery at service of any document or notice on him in his capacity as shareholder) has elected for the receipt of the relevant download or notice through electronic means and both the mode of service of the relevant document or notice and the Member’s election comply with all applicable Statutes, rules and regulations”;

- (iv) By replacing the full stop “.” appearing at the end of Article 2(2)(g) with a semi-colon”;

- (v) By inserting the following new Article 2(2)(h) immediately after the existing Article 2(2)(g):–

“(h) references to a document being executed include references to it being executed under hand or under seal or by electronic signature or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not.”

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Article 44

By inserting after the words “any other newspapers in accordance with the requirements of any Designated Stock Exchange” the words “or by any means in such manner as may be accepted by the Designated Stock Exchange”.

Article 51

By inserting after the words “in accordance with the requirements of any Designated Stock Exchange” the words “or by any means in such manner as may be accepted by the Designated Stock Exchange”.

Article 76

- (i) By re-numbering existing Article 76 as Article 76(1);
- (ii) By inserting the following as new Article 76(2):

“(2) Where the Company has knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”

Article 86

By adding the following as a new sub-paragraph (8) to Article 86:

“(8) An alternate Director shall not be, nor be deemed to be, the agent of the Director appointing him and the latter shall not be vicariously liable for any tort committed by the former”.

Article 88

By deleting the words “not less than seven (7) clear days but not more than fourteen (14) clear days before the date of the general meeting” in the last sentence of Article 88 and replacing therewith the following provision:

“, in each case during the period (being a period of at least seven days) commencing on the day after the despatch of the notice of the general meeting at which elections to the office of Director are to be considered and ending on the day that falls seven days before the date of the general meeting (both days inclusive). The notice shall give the particulars of that person which would, if he was so appointed or reappointed, be required to be included in the Company’s register of directors.”

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Article 103

By deleting the existing Article 103 in its entirety and replacing therewith the following new Article 103:

- “103.(1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:
- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
 - (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/ themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
 - (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
 - (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and/or his associate(s) is/are not in aggregate beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or
 - (vi) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

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- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) owns five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associates, (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.
- (3) Where a company in which a Director and/or his associates holds five (5) per cent. or more is/are materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.
- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director and/or his associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”

Article 115

By inserting after the words “The Secretary shall convene a meeting of the Board of which notice may be given in writing or by telephone” the words “or by any electronic means”.

Article 152

By inserting the words “Subject to Article 152A,” before the words “A printed copy of the Directors’ report” and replacing the word “A” with “a”.

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By adding the following new Articles 152A and 152B immediately after Article 152:

“152A To the extent permitted by and subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the rules of Designated Stock Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article 152 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, a summary financial statement derived from the Company’s annual accounts and the Directors’ report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the annual financial statements of the Company and the Directors’ report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company’s annual financial statement and the Directors’ report thereon.

152B The requirement to send to a person referred to in Article 152 the documents referred to in that Article or a summary financial report in accordance with Article 152A shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, the Company publishes copies of the documents referred to in Article 152 and, if applicable, a summary financial report complying with Article 152A, on the Company’s computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company’s obligation to send to him a copy of such documents.”

Article 153

By deleting the existing Article 153(2) in its entirety and re-numbering the existing Article 153(3) as Article 153(2).

Article 156

By deleting the words “as soon as practicable convene on extraordinary general meeting” on the fourth and fifth lines of the existing Article 156 and by inserting the words “and fix the remuneration of the Auditor so appointed” after the words “to fill the vacancy” at the end of the existing Article 156.

Article 159

By replacing the existing Article 159 with the following new Article 159:–

“159. Any Notice or document (including any “corporate communication” within the meaning ascribed thereto under the rules of the Designated Stock Exchange), whether or not, to be given or issued under these Articles from the Company to a Member shall be in writing or by cable, telex or facsimile transmission message or

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other form of electronic transmission or communication and any such Notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or may also be served by advertisement in newspapers published daily and circulating generally in the territory of and in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company's website or the website of the Designated Stock Exchange and giving to the member a notice stating that the notice or other document is available there (a "notice of availability"). The notice of availability may be given to the Member by any of the means set out above. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.";

Article 160

- (i) By deleting the existing Article 160(b) and inserting the following new Article 160(b) in its place:-

“(b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A notice placed on the Company's website or the website of the Designated Stock Exchange is deemed given by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member; and”

- (ii) By inserting the following new Article 160(c) immediately after the new Article 160(b):

“(c) if served or delivered in any other manner contemplated by these Articles, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant dispatch, transmission or publication; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the fact and time of such service, delivery, dispatch, transmission or publication shall be conclusive evidence thereof; and”;

- (iii) By inserting the following new Article 160(d) immediately after the new Article 160(c):-

“(d) may be given to a Member either in the English language or the Chinese language, subject to due compliance with all applicable Statutes, rules and regulations.”.

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4. **THAT** the new articles of association of the Company, consolidating all of the changes referred to above and in the form produced to the meeting, be and are hereby adopted with immediate effect in replacement of the existing articles of association of the Company.”

By Order of the Board
Mr. Cheung Kwok Keung
Company Secretary

Hong Kong, 19 July 2004

Principal place of business:

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

Registered Office :

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

As at the date of this notice, the board of directors of the Company comprises four executive directors, namely Ms. Wai Siu Kee, Ms. Poon Lai Ming, Ms. Lee Marina Man Wai and Ms. Lee Lai Chu, and two independent non-executive directors, namely Mr. Heng Kwoo Seng and Mr. Wan Chi Keung, Aaron JP.

Notes:

1. Any member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote in his stead in accordance with the articles of association of the Company. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders shall be present at the meeting personally or by proxy, that one of the holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. 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, Secretaries Limited, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time for holding the AGM, and in default the form of proxy shall not be treated as valid. The completion and return of the form of proxy shall not preclude members from attending and voting in person at the AGM (or any adjourned meeting thereof) should they so wish.

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4. In accordance with the Company's articles of association, the following categories of members may demand that the vote in respect of any resolution to be put to the general meeting should be taken on a poll:
- (a) at least three members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
 - (b) any member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
 - (c) any member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or
 - (d) the chairman of such meeting.

A poll may be so demanded before or on the declaration of the result of the show of hands.