le saunda holdings ltd.

利 信 達 集 團 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 738)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2007

The board of Directors of Le Saunda Holdings Limited (the "Company") are pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 August 2007. The unaudited condensed consolidated interim results for the six months ended 31 August 2007 have not been audited by the Company's auditors, but were reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 August 2007

(Expressed in Hong Kong dollar thousands)

		Unaudited	
		Six months ended 31 August	
	Note	**2007**	2006
Continuing operations:			
Turnover	2	**353,706**	313,054
Cost of sales		**(180,802)**	(145,647)
Gross profit		**172,904**	167,407
Other gains	3	**12,392**	21,242
Selling and distribution costs		**(114,196)**	(108,913)
General and administrative expenses		**(44,484)**	(39,967)
Operating profit		**26,616**	39,769
Bank interest income		**2,009**	808
Finance costs		**(172)**	(168)
Share of profit of a jointly controlled entity		**11,720**	829
Profit before taxation		**40,173**	41,238
Taxation charge	5	**(4,712)**	(1,334)
Profit for the period from continuing operations		**35,461**	39,904
(Loss)/profit for the period from discontinued operations		**(14,801)**	1,629
Profit attributable to equity holders of the Company		**20,660**	41,533

	Note	Unaudited Six months ended 31 August 2007	2006
Profit for the period earned by:			
Company and subsidiaries		**8,940**	40,704
Jointly controlled equity		**11,720**	829
		20,660	41,533
Interim dividend	6	**19,016**	18,709
Basic earnings/(loss) per share attributable to the equity holders of the Company (expressed in Hong Kong cents per share)			
— continuing operations	7	**5.6**	7.3
— discontinued operations	7	**(2.3)**	0.3
		3.3	7.6
Diluted earnings/(loss) per share attributable to the equity holders of the Company (expressed in Hong Kong cents per share)			
— continuing operations	7	**5.6**	7.2
— discontinued operations	7	**(2.3)**	0.3
		3.3	7.5

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 August 2007
(Expressed in Hong Kong dollar thousands)

	Note	**Unaudited 31 August 2007**	Audited 28 February 2007
ASSETS			
Non-current assets			
Investment properties		**56,132**	56,132
Property, plant and equipment		**77,892**	83,330
Leasehold land and land use rights		**40,190**	40,697
Long term deposits and prepayments		**16,772**	16,734
Interests in a jointly controlled entity		**60,718**	57,829
Available-for-sale financial asset		**7,357**	7,189
Deferred tax assets		**34,313**	36,339
		293,374	298,250
Current assets			
Inventories		**177,554**	188,871
Trade and other receivables	8	**69,463**	81,494
Deposits and prepayments		**23,315**	24,903
Dividend receivable from a jointly controlled entity		**20,653**	10,090
Dividend receivable from available-for-sale financial asset		**15,489**	15,135
Amount due from a jointly controlled entity		**—**	10,311
Cash and cash equivalents		**242,663**	147,853
		549,137	478,657
Non-current assets classified as held for sale		**—**	39,718
		549,137	518,375
Total assets		**842,511**	816,625

	Note	**Unaudited 31 August 2007**	Audited 28 February 2007
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**63,386**	62,406
Reserves			
Proposed dividend		**19,016**	28,083
Others		**653,603**	645,174
Total equity		**736,005**	735,663
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**3,450**	3,450
Current liabilities			
Creditors and accruals	9	**93,633**	68,561
Amount due to a jointly controlled entity		**496**	—
Taxation payable		**1,042**	2,097
Short term bank loans, secured		**7,885**	3,409
		103,056	74,067
Liabilities directly associated with non-current assets classified as held for sale		**—**	3,445
		103,056	77,512
Total liabilities		**106,506**	80,962
Total equity and liabilities		**842,511**	816,625
Net current assets		**446,081**	440,863
Total assets less current liabilities		**739,455**	739,113

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollar thousands unless otherwise indicated)

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements for the six months ended 31 August 2007 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and other relevant HKASs and Interpretations, the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, and the applicable requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 28 February 2007.

The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 28 February 2007 except for the adoption of new standards, amendments to standards and interpretations which are effective for accounting periods beginning on or after 1 March 2007 as set out below:

- HK(IFRIC) — Int 7, Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies;
- HK (IFRIC) — Int 8, Scope of HKFRS 2;
- HK (IFRIC) — Int 9, Reassessment of embedded derivatives;
- HK (IFRIC) — Int 10, Interim Financial Reporting and Impairment;
- HK (IFRIC) — Int 11, HKFRS2 — Group and Treasury Share Transactions;
- HKFRS 7, Financial instruments: Disclosure; and
- HKAS 1 (Amendment), Amendment to capital disclosures

The adoption of the above has no material impact to the Group's condensed consolidated interim balance sheet and income statement.

The following new standards and amendments to standards have been issued but are not yet effective in 2007 and have not been early adopted:

- HKFRS 8, Operating Segments
- HKAS 23 (Revised), Borrowing Costs

The directors anticipate that the adoption of these standards and amendments in future periods will have no material impact on the financial position and the results of the Group.

2 TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in manufacturing and sales of shoes and property development.

(i) Primary reporting format - business segments:

	Unaudited Six months ended 31 August 2007			
	Manufacture and sales of shoes	**Property development**	**Sales of apparel products**	**Total**
Turnover	**353,706**	**—**	**—**	**353,706**
Segment results	**23,101**	**3,515**	**—**	**26,616**
Bank interest income	**2,009**	**—**	**—**	**2,009**
Finance costs	**(172)**	**—**	**—**	**(172)**
Share of profit of a jointly controlled entity	**—**	**11,720**	**—**	**11,720**
Profit before taxation	**24,938**	**15,235**	**—**	**40,173**
Taxation charge	**(4,712)**	**—**	**—**	**(4,712)**
Profit/(loss) for the period from				
- continuing operations	**20,226**	**15,235**	**—**	**35,461**
- discontinued operations	**—**	**(724)**	**(14,077)**	**(14,801)**
	20,226	**14,511**	**(14,077)**	**20,660**

	Unaudited			
	Six months ended 31 August 2006			
	Manufacture and sales of shoes	**Property development**	**Sales of apparel products**	**Total**
Turnover	313,054	—	—	313,054
Segment results	25,120	14,649	—	39,769
Bank interest income	808	—	—	808
Finance costs	(168)	—	—	(168)
Share of profit of a jointly controlled entity	—	829	—	829
Profit before taxation	25,760	15,478	—	41,238
Taxation (charge)/credit	(1,339)	5	—	(1,334)
Profit/(loss) for the period from				
- continuing operations	24,421	15,483	—	39,904
- discontinued operations	—	7,618	(5,989)	1,629
	24,421	23,101	(5,989)	41,533

(ii) Secondary reporting format - geographical segments:

	Unaudited			
	Six months ended 31 August			
	2007		2006	
	Turnover	**Segment results**	Turnover	Segment results
Hong Kong	**77,870**	**(3,514)**	84,809	3,975
Mainland China	**174,614**	**6,043**	160,518	22,582
Others	**101,222**	**24,087**	67,727	13,212
	353,706	**26,616**	313,054	39,769

3. OTHER GAINS

	Unaudited Six months ended 31 August **2007**	2006
Dividend income from available-for-sale financial asset	**—**	14,528
Gross rental income from investment properties	**1,012**	1,155
Net exchange gain	**7,925**	5,559
Net gain on disposal of a subsidiary	**3,455**	—
	12,392	21,242

4. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution costs and general and administrative expenses and the discontinued operations are analysed as follows:

	Unaudited Six months ended 31 August **2007**	2006
Auditors' remuneration	**1,041**	747
Amortization of leasehold land and land use rights	**507**	506
Depreciation of property, plant and equipment	**11,842**	10,051
Loss on disposal of property, plant and equipment	**201**	319
Operating lease rentals in respect of land and buildings		
- minimum lease payments	**44,514**	36,979
- contingent rent	**620**	415
Direct operating expenses arising from investment properties that generated rental income	**327**	333
Staff costs (including directors' emoluments)	**63,947**	53,021

5. TAXATION CHARGE

The amount of taxation (charged)/credited to the condensed consolidated income statements represents :

	Unaudited Six months ended 31 August 2007	2006
Current taxation		
Mainland China enterprise income tax	**(2,686)**	(2,692)
Deferred taxation relating to the origination and reversal of temporary differences	**(2,026)**	1,358
	(4,712)	(1,334)

Hong Kong profits tax has not been provided as the Group has sufficient tax losses brought forward to offset the estimated assessable profit for the period (six months ended 31 August 2006: Nil).

Taxation on profits in Mainland China has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in Mainland China in which certain Group companies operate.

6. INTERIM DIVIDEND

	Unaudited Six months ended 31 August 2007	2006
Interim dividend of HK3.0 cents (six months ended 31 August 2006 : HK3.0 cents) per share	**19,016**	18,709

At the board meeting held on 23 November 2007, the board of Directors has resolved to declare an interim dividend of HK3.0 cents per share. This interim dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of contributed surplus of the Company for the year ending 29 February 2008.

7. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 31 August	
	2007	2006
Profit/(loss) attributable to equity holders		
- continuing operations	**35,461**	39,904
- discontinued operations	**(14,801)**	1,629
	20,660	41,533
Weighted average number of ordinary shares in issue (‘000)	**629,562**	544,029
Basic earnings/(loss) per share (expressed in Hong Kong cents per share)		
- continuing operations	**5.6**	7.3
- discontinued operations	**(2.3)**	0.3
	3.3	7.6

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had share options outstanding during the period which were dilutive potential ordinary shares. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Unaudited Six months ended 31 August	
	2007	2006
Profit/(loss) attributable to equity holders		
— continuing operations	**35,461**	39,904
— discontinued operations	**(14,801)**	1,629
	20,660	41,533
Weighted average number of ordinary shares in issue ('000)	**629,562**	544,029
Adjustments for share options ('000)	**7,827**	13,026
	637,389	557,055
Diluted earnings/(loss) per share (expressed in Hong Kong cents per share)		
- continuing operations	**5.6**	7.2
- discontinued operations	**(2.3)**	0.3
	3.3	7.5

8. TRADE AND OTHER RECEIVABLES

The Group's credit terms on credit sales range from 30 to 60 days. The ageing analysis of trade receivables was as follows:

	Unaudited 31 August 2007	Audited 28 February 2007
Trade receivables		
Current to 30 days	**41,448**	69,924
31 to 60 days	**15,799**	6,793
61 to 90 days	**9,616**	1,130
Over 90 days	**1,895**	2,094
	68,758	79,941
Less : provision	**(868)**	(847)
	67,890	79,094
Other receivables	**1,573**	2,400
Total	**69,463**	81,494

The above amounts approximated their fair values at 31 August 2007.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

9. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors and their ageing analysis was as follows:

	Unaudited 31 August 2007	Audited 28 February 2007
Trade creditors		
Current to 30 days	**28,897**	18,913
31 to 60 days	**6,754**	11,978
61 to 90 days	**4,318**	2,628
91 to 120 days	**3,460**	740
Over 120 days	**871**	529
	44,300	34,788
Accruals	**49,333**	33,773
Total	**93,633**	68,561

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

The board of Directors (the "Board") of Le Saunda Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 31 August 2007. The unaudited condensed consolidated financial statements for the six months ended 31 August 2007 has not been reviewed by the Company's auditor, but was reviewed by the Company's audit committee.

The Group's performance for the first half of the year saw challenges as well as opportunities that propelled the Group to implement various strategies to maintain strong market presence in the footwear industry, while creating new avenues of development for the Group's future business growth. During the six months ended 31 August 2007, the Group embarked on an aggressive stock clearance and business restructuring plans in order to boost its operational efficiency and profitability. In addition, the Group also rationalized its product range and rolled out a brand revamping program as well as a strategic network consolidation and expansion plan in order to better position itself to capture the ever growing market demand for premium footwear products and leather goods in Hong Kong and Mainland China.

For the six months ended 31 August 2007, the Group's consolidated turnover amounted to HK$353.7 million, an increase of 13% as compared to the corresponding period last year. The modest turnover growth was mainly a direct result of the strong growth of export sales generated from the footwear business in Mainland China. The Group's sales effort to clear inventory has significantly reduced the stock turn day from 159 as at 28 February 2007 to 116 as at 31 August 2007. This, however, resulted in a reduction of the Group's gross profit margin from 53% to 49% during the six months ended 31 August 2007. Consolidated profit attributable to equity holders reached HK$20.7 million, representing a decrease of 50% over the previous corresponding period. The decrease in net profit was mainly due to the inclusion of the loss of the discontinued business operations, and discounted sales from stock clearance during such period. By disregarding the losses from the discontinued business operations, consolidated profit for the six months ended 31 August 2007 would have been HK$35.5 million as compared to the profit of HK$39.9 million in the corresponding period of last year. The Group discontinued its apparel brand, Antinori, and successfully disposed of its entire interest in 佛山市順德區信達房地產開發有限公司 (Fo Shan City Shun De District Xin Da Property Development Company Limited) with a net gain of HK$3.5 million.

The Board resolved to declare an interim dividend of HK3.0 cents (2006: HK3.0 cents) per share.

BUSINESS REVIEW

Footwear

During the six months period ended 31 August 2007, footwear business remained the major contributor to the Group's turnover. As the China retail market continues to grow at a rapid pace, coupled with climbing purchasing power in Mainland China, customers are willing to pay for luxury goods. The Group has thus put more focus in developing high added value products to capitalize on the market opportunities to achieve further expansion and profitability.

The Group started to reallocate its resources to become more customer focused for the purpose of expanding its footwear business to target a broader market segments. During the six months period ended 31 August 2007, the Group reinvigorated *Le Saunda* and *CnE*'s brand positioning as premium, modern European style footwear brands. Emphasis was put on product development to broaden the product range and enhance the product mix. A new product development team has been formed to provide greater focus on development of younger and trendier footwear products. In addition, the Group also strengthened marketing activities in both Hong Kong and Mainland China and in this connection, a new line of luxurious footwear was launched during the period.

Hong Kong

Due to the impact of increased rental costs and discounted sales stemming from intensified market competition, total revenue in Hong Kong recorded a decrease of 8% from the last corresponding period.

During the period under review, the Group owned and operated a total of 23 retail outlets in Hong Kong. The Group has rolled out the stores consolidation plan for our *Le Saunda* and *CnE* outlets, in order to achieve higher sales as well as to offset higher rental and operational costs. Other stores will be consolidated gradually in the near future.

Riding on the success of the Group's in-house brand, the Group launched a new premium brand, Savina C., in October 2007. This new brand offers trendy, elegant and sophisticated luxury footwear and has been positioned by the Group to target the luxurious footwear market, and has gained wide acceptance from the market since its launch, which is in line with the Group's expectation, helping facilitate the Group's planning for future development of the premium footwear market in Hong Kong.

Mainland China

Leveraging China's huge market and fast growing economy, China continued to be the Group's largest market for its footwear business with continuous robust growth in terms of sales volume and operation profit. The Group set to enhance its market share in China through network expansion and proactive retail branding supported by a growing number of marketing activities and promotions. These included advertising in well known magazines, outdoor advertising and joint promotion with shopping malls. These marketing initiatives have received good market responses and effectively helped promoting the brand image and market awareness of the Group.

For the six months ended 31 August 2007, total revenue generated from China indicated an increase of 9% as compared to the corresponding period last year. As at 31 August 2007, the Group had 155 self owned outlets and 109 franchised outlets in Mainland China. During the same period, the Group opened 8 self owned outlets and 20 franchised outlets, and closed down 17 self owned outlets and 19 franchised outlets, which were underperformed and strategically relocated to more desirable locations.

In addition, the Group has begun searching for new outlet locations in shopping malls in residential and commercial areas with high traffic. The Group has strengthened the foothold in the first tier cities, enabling the Group to enjoy a deeper market penetration and higher brand visibility. All new outlets adopted an unified construction standard nationwide with shop design in strict compliance with the Group's internal codes and manuals - a deliberate measure to enhance brand value and influence that the Group considered important to its sustainable success.

Apparel & Handbag products

To further streamline the business operations, the Group decided to discontinue the apparel products business, and will focus on the footwear and handbag business in the future.

OEM Expansion

The Group has been able to capitalise on business opportunities with its key customers. During the period under review, the Group's manufacturing facilities in China continued to operate at full capacity. Operationally, the Group continued optimising production capacity and took on a number of initiatives to further increase operational efficiency and save costs, such as optimising the Group's production scheduling and strengthening floor controls, yield and waste management.

Leveraging the existing long term clientele, the Group has achieved outstanding results in its OEM operation. Turnover from footwear operations outside Hong Kong and Mainland China rose by 49% as compared to the corresponding period last year. The satisfactory result was mainly attributable to the increase in the number of orders from overseas customers.

The OEM customers of the Group include renowned high-end market brands and the biggest department stores in Europe as well as other parts of the world, covering Russia, Spain, Italy, Germany, Japan, Australia and New Zealand. During the reporting period, we have developed a new OEM/export premium market in the Middle East and Eastern Europe. The Group will continue to enhance its strategic partnership with its customers through design support and product development.

PROSPECTS

The fiscal year 2007/08 will be a year of "Innovation and Change" for the Group. A series of innovative measures and restructuring plan will be carried out with an aim to further enhance market recognition and penetration of the Group's *Le Saunda* and *CnE* brands. The Group strives to strengthen internal management, enrich product design and offering, and to provide an enjoyable shopping experience for its customers.

As opportunities arise from the rapid economy growth in Mainland China as well as the improved local economy, the Group will consolidate its retail space to optimise the performance of existing outlets in both Hong Kong and Mainland China, and the Group strives to gain market share in Mainland China. In view of the challenges facing in the retail operating environment, the Group will adopt a pragmatic expansion approach by adding more factory outlets in Hong Kong and Mainland China. The Group will also expand its retail network in Mainland China by strengthening its presence in first tier cities and further expand into the second tier cities by opening self-owned outlets as well as franchised outlets. The Group is optimistic about the growth of its retail business, especially given the rapid growth of the footwear sector in Mainland China.

The strategic initiatives of the Group aim to strengthen its product competitiveness and further enhance its *Le Saunda* and *CnE* brand images and market awareness as a premium, fashionable and trendy footwear brand through a variety of marketing activities, campaigns and events. The Group has also decided to gradually phase out the remaining *CnE* outlets in Hong Kong while re-directing the focus of the *CnE* brand in Mainland China market through opening more self-owned and franchised outlets. The Group is currently exploring the possibility of having franchising arrangement for *CnE* outlet in 2008 and anticipates that substantial results will be recorded within the next 3 years.

In addition, the Group will roll out a comprehensive brand revamp program by offering a higher-end product line and launching of more in-house luxurious brands to capture the opportunities in the mid to upper market segment in Mainland China, and the improving local economy in general. The Group will invest HK$10.0 million to upgrade and refurbish all *Le Saunda* and *CnE* outlets in Mainland China by the end of 2008. In addition, the Group will also consider expanding its men's shoes counters and lady's handbag products to further capture the target segments.

Improvements in the Group's operational efficiency throughout Hong Kong and Mainland China are progressing. The Group will implement a more efficient and effective way of inventory management, and target at 80% sell through for newly launched products yearly managing its retail stocks.

To maintain and ensure the long-term growth of the footwear business, the Group will also spend HK$80.0 million to expand the production facilities for the Group's OEM business segment. The Group anticipates that its production capacity will increase by 50% upon the completion of the new production facilities and production bases in 2009.

Apart from building a close and long-term relationship with its existing customers, the Group will continue to develop its export business in the Middle Eastern and European markets. The Group will continue its prudent cost control measures and focus on targeting high networth overseas customers in order to achieve higher wholesale prices, which will help to increase overall operational efficiency and profitability. To further enrich the Group's product portfolio in order to fulfill the customers' demand, the Group will extend and rationalize its product offerings with new and innovative product designs, thereby building customer loyalty and stimulate purchasing desire.

The Group endeavors to capture the immense business opportunities in Mainland China and create value to its customers. The Group are confident that it will be able to generate encouraging performance in the near future and create solid and consistent returns to its shareholders.

FINANCIAL REVIEW

Liquidity and Gearing Ratio

The Group's cash position remains strong and healthy. Net cash balances as at 31 August 2007 increased to HK$ 234.8 million as compared with HK$144.4 million as at 28 February 2007. Total equity is maintained at HK$736.0 million, along with a low gearing ratio of 0.01 and quick ratio of 3.0 times.

Pledge of Assets

As at 31 August 2007, the Group has pledged certain of its properties and leasehold land with net book value amounting to HK$26.1 million (28 February 2007: HK$ 26.4 million) to secure bank loan facilities of HK$50.0 million (28 February 2007: HK$50.0 million), which has been or will be granted to certain subsidiaries of the Group.

Capital Structure and Financial Resources

During the six months ended 31 August 2007, the Group's cash and bank balances were in Hong Kong dollars, US dollars, Euro and Renminbi and were deposited in leading banks with maturity dates falling within one year. Bank loans and overdrafts of the Group were taken out in Hong Kong dollars, US dollars and Euro. Forward contracts will be used, if necessary, for hedging of purchases from overseas, related debts and bank borrowings. The Group was not exposed to material foreign exchange risk regarding Renminbi currency exposures on revenues generated or asset located in Mainland China. In addition, working capital requirements for business operations in Mainland China will be financed, if necessary, by local bank loans, denominated in Renminbi to the extent possible for hedging purpose.

Based on the Group's steady cash inflow from operations and coupled with its existing cash and bank facilities, the Group has adequate financial resources to fund its future expansion.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 August 2007, the Group had a staff force of 2,998 people. Of this, 221 were based in Hong Kong and 2,777 in Mainland China. The remuneration of employees was in line with the market trend and commensurable to the level of pay in the industry. Remuneration of the Group's employees comprises basic salaries, bonuses and long-term incentives. Total staff costs for the six months ended 31 August 2007, including directors' emoluments and net pension contributions, amounted to HK$63.9 million (2006: HK$53.0 million). The Group has all along organized structured and diversified training programmes for staff of different levels. Outside consultants would be invited to broaden the content of the programmes.

CONTINGENT LIABILITIES

The Company and several subsidiaries have jointly given guarantees in favour of banks for banking facilities granted to certain subsidiaries to the extent of HK$50.0 million (28 February 2007: HK$50.0 million) of which HK$25.5 million (28 February 2007: HK$14.8 million) was utilised as at 31 August 2007.

INTERIM DIVIDEND

The Board of Directors has resolved to declare the payment of an interim dividend of HK3.0 cents per share for the six months ended 31 August 2007 (2006: HK3.0 cents) payable on Monday 24 December 2007 to all shareholders of the Company whose names appear on the Register of Members of the Company on Friday, 14 December 2007.

CLOSURE OF REGISTER OF MEMBERS - INTERIM DIVIDEND PAYMENT

For the payment of interim dividend, the Register of Members of the Company will be closed from Friday, 14 December 2007 to Tuesday, 18 December 2007, both days inclusive, during such period no transfer of shares will be effected. In order to qualify for the interim dividend which will be payable on Monday, 24 December 2007, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Unit 1712-1716, 17/F Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:00 p.m. on Thursday, 13 December 2007.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 August 2007.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of the Code Provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("the Listing Rules") during the six months ended 31 August 2007, save for the deviation from the Code Provision A2.1 set out below:

The Code Provision A2.1 stipulates that the role of chairman and CEO should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

Upon the resignation of Mr. Wan Tat Wah as the CEO of the Company effective on 1 October 2007, Mr. Lee Tze Bun, Marces, the chairman of the Company, has been appointed as the CEO of the Company. The Board considers that, given the current state of development of the Group, vesting the roles of chairman and CEO in the same person would facilitate the execution of the Group's business strategies and maximize effectiveness of the Group's operations. The Board will nevertheless review the structure from time to time and take any appropriate action should circumstance require.

AUDIT COMMITTEE

During the six months ended 31 August 2007, the audit committee was constituted by three independent non-executive Directors, Mr. Lam Siu Lun, Simon, who presided as the chairman, Mr. Law King Wan and Mr. Leung Wai Ki, George. No member of the audit committee is a member of the former or external auditors of the Company. One of the members possesses recognized professional qualifications in accounting and has wide experience in audit, accounting and financial management. Mr. Hui Chi Kwan was appointed as a member of the audit committee vice Mr. Law upon his resignation to be effective on 26 November 2007.

The primary responsibilities of the audit committee include overseeing the relationship with the Company's external auditors, review of financial information of the Group, oversight of the Group's financial reporting system, internal control procedures and risk management and making relevant recommendations to the Board.

The role and authorities of the audit committee were clearly set out in its terms of reference which are available on request to shareholders of the Company and are posted on the Company's website: http://www.lesaunda.com.hk.

REMUNERATION COMMITTEE

During the six months ended 31 August 2007, the remuneration committee was constituted by three independent non-executive Directors, Mr. Lam Siu Lun, Simon, who presided as the chairman, Mr. Law King Wan and Mr. Leung Wai Ki, George, and two executive Directors, Mr. Lee Tze Bun, Marces and Mr. Wan Tat Wah. Mr. Hui Chi Kwan was appointed as a member of the remuneration committee vice Mr. Law upon his resignation to be effective on 26 November 2007.

The role and authorities of the remuneration committee were clearly set out in its terms of reference which are available on request to shareholders of the Company and are posted on the Company's website: http://www.lesaunda.com.hk.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct (the "Code of Conduct") regarding securities transactions by the Directors. The terms of the Code of Conduct are no less exacting than the standards in the Model Code, and the Code of Conduct applies to all the relevant persons as defined in the Code, including the Directors, any employee of the Company, or a director or employee of a subsidiary or holding company of the Company, who, by reason of such office or employment, are likely to be in possession of unpublished price sensitive information in relation to the Company or its securities.

Having made specific enquiry of all Directors, all Directors have confirmed their compliance with the required standard set out in the Model Code during the six months ended 31 August 2007.

PUBLICATION OF DETAILED INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The interim report of the Company containing all the information required by the Listing Rules will be published on the websites of The Stock Exchange of Hong Kong Limited *(http://www.hkex.com.hk)* and the Company (http://www.lesaunda.com.hk) on or before 30 November 2007.

ACKNOWLEDGEMENT

On behalf of the Board, I would also like to take this opportunity to express my gratitude to all our staff for their dedication and hard work, plus my sincere appreciation to all customers, business partners and shareholders for their continuing supports.

BOARD OF DIRECTORS

As at the date of this announcement, the Company's executive Directors are Mr. Lee Tze Bun, Marces, Ms. Chui Kwan Ho, Jacky, Ms. Tsui Oi Kuen and Ms. Lau Shun Wai; independent non-executive Directors are Mr. Lam Siu Lun, Simon, Mr. Leung Wai Ki, George and Mr. Law King Wan.

By Order of the Board
Lee Tze Bun Marces
Chairman

Hong Kong, 23 November 2007

(All monetary values in this announcement are expressed in Hong Kong Dollars unless stated otherwise).

* *For identification purpose only*