Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

le saunda holdings ltd.

利信達集團有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 0738)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2009

The board of Directors of Le Saunda Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 28 February 2009 as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2009

	Note	**2009** *HK$'000*	**2008** *HK$'000*
Continuing operations:			
Revenue	2	910,018	781,993
Cost of sales	5	(431,756)	(391,091)
Gross profit		478,262	390,902
Other income	4	2,419	2,056
Other (losses)/gains, net	4	(9,122)	44,329
Selling and distribution costs	5	(281,270)	(247,946)
General and administrative expenses	5	(112,778)	(105,720)
Operating profit		77,511	83,621
Finance income		4,191	5,318
Finance costs		(20)	(294)
Finance income, net		4,171	5,024
Share of profit of a jointly controlled entity		534	14,509

	Note	2009	2008
		HK$'000	*HK$'000*
Profit before income tax		82,216	103,154
Income tax expense	6	(10,146)	(7,092)
Profit for the year from continuing operations		72,070	96,062
Loss for the year from discontinued operations	3	—	(17,986)
Profit attributable to equity holders of the Company		72,070	78,076
Dividends	7	47,930	47,864
Basic earnings/(losses) per share attributable to the equity holders of the Company			
— continuing operations	8	11.3 cents	15.1 cents
— discontinued operations	8	—	(2.8) cents
		11.3 cents	12.3 cents
Diluted earnings/(losses) per share attributable to the equity holders of the Company			
— continuing operations	8	11.3 cents	15.0 cents
— discontinued operations	8	—	(2.8) cents
		11.3 cents	12.2 cents

CONSOLIDATED BALANCE SHEET
AS AT 28 FEBRUARY 2009

	Note	**2009** *HK$'000*	**2008** *HK$'000*
ASSETS			
Non-current assets			
Investment properties		100,893	72,617
Property, plant and equipment		195,709	99,550
Leasehold land and land use rights		43,023	51,879
Long-term deposits and prepayments		6,534	12,657
Interest in a jointly controlled entity		37,441	56,251
Interest in and amount due from an available-for-sale financial asset		22,381	24,255
Deferred tax assets		32,286	38,680
		438,267	355,889
Current assets			
Inventories		190,670	147,663
Trade and other receivables	9	107,025	90,696
Deposits and prepayments		22,340	19,702
Cash and bank balances		203,510	282,940
		523,545	541,001
Total assets		961,812	896,890

	Note	2009 *HK$'000*	2008 *HK$'000*
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		63,906	63,826
Reserves			
Proposed final dividend		28,758	28,722
Others		740,082	694,256
Total equity		832,746	786,804
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		6,476	5,166
Current liabilities			
Trade payables and accruals	10	118,592	102,585
Amount due to a jointly controlled entity		1,016	767
Current income tax liabilities		2,982	1,568
		122,590	104,920
Total liabilities		129,066	110,086
Total equity and liabilities		961,812	896,890
Net current assets		400,955	436,081
Total assets less current liabilities		839,222	791,970

Notes:

1. **Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties and an available-for-sale financial asset.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The following amendments and interpretations are mandatory for accounting periods beginning on or after 1 March 2008 but are not relevant to the Group:

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

The following new standard, amendments/revisions to standards and interpretations have been issued but are not yet effective and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HKAS 32 and HKAS 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009

		Effective for accounting periods beginning on or after
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement - Eligible Hedged Items	1 July 2009
HKFRS 1 and HKAS 27 (Amendment)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 July 2009
HKFRS 2 (Amendment)	Share-based Payment - Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC)-Int 13	Customer Loyalty Programmes	1 July 2008
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate	1 January 2009
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners	1 July 2009
HK(IFRIC)-Int 18	Transfers of Assets from Customers	Effective for transfers received on or after 1 July 2009

Improvements to HKFRS were published in October 2008 by the Hong Kong Institute of Certified Public Accountants, which set out amendments to a number of HKFRS primarily with a view to removing inconsistencies and clarify wordings.

The Group has already commenced an assessment of the related impact of adopting the above new standard, amendments/revisions to standards and interpretations to the Group. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the financial statements will be resulted.

2 **Revenue and segment information**

Primary reporting format — business segments

The Group is organised into two main business segments:

- Manufacture and sales of shoes (Note (a))
- Property development

There were no sales or transfers between the business segments.

(a) The segment results include gross rental income and fair value losses from investment properties of approximately HK$2,419,000 (2008: HK$2,056,000) and HK$3,624,000 (2008: fair value gains of HK$16,485,000) respectively. The segment assets include investment properties amounted to HK$100,893,000 (2008: HK$72,617,000).

Secondary reporting format — geographical segments

The Group's business segments operate in three main geographical areas:

- Mainland China - manufacturing and selling of shoes, property development and holding of investment properties

- Hong Kong - selling of shoes and holding of investment properties

- Macau - selling of shoes and holding of investment property

(i) *Primary reporting format - business segments*

	Manufacture and sales of shoes 2009 *HK$'000*	**Property development 2009** *HK$'000*	**Total 2009** *HK$'000*
Revenue	910,018	—	910,018
Segment results	77,297	214	77,511
Finance income	4,089	102	4,191
Finance costs	(20)	—	(20)
Share of profit of a jointly controlled entity	—	534	534
Profit before income tax	81,366	850	82,216
Income tax expense			(10,146)
Profit for the year			72,070
Segment assets	869,351	22,734	892,085
Interest in a jointly controlled entity	—	37,441	37,441
Unallocated assets			
Deferred tax assets			32,286
Total assets			961,812

	Manufacture and sales of shoes 2009 *HK$'000*	Property development 2009 *HK$'000*	Total 2009 *HK$'000*
Segment liabilities	114,230	4,362	118,592
Amount due to a jointly controlled entity	—	1,016	1,016
Unallocated liabilities			
Current income tax liabilities			2,982
Deferred tax liabilities			6,476
Total liabilities			129,066
Capital expenditure	123,986	—	123,986
Depreciation	21,294	3	21,297
Amortisation	1,252	—	1,252
Impairment provision	—	2,596	2,596

	Manufacture and sales of shoes 2008 *HK$'000*	Property development 2008 *HK$'000*	Others 2008 *HK$'000*	Total 2008 *HK$'000*
Revenue	781,993	—	—	781,993
Segment results	88,078	(4,457)	—	83,621
Finance income	5,289	29	—	5,318
Finance costs	(294)	—	—	(294)
Share of profit of a jointly controlled entity	—	14,509	—	14,509
Profit before income tax	93,073	10,081	—	103,154
Income tax expense				(7,092)
Profit/(loss) for the year from:				
— Continuing operations				96,062
— Discontinued operations *(Note 3)*	—	2,731	(20,717)	(17,986)
				78,076

	Manufacture and sales of shoes 2008 HK$'000	Property development 2008 HK$'000	Others 2008 HK$'000	Total 2008 HK$'000
Segment assets	768,000	32,236	1,723	801,959
Interest in a jointly controlled entity	—	56,251	—	56,251
Unallocated assets				
Deferred tax assets				38,680
Total assets				896,890
Segment liabilities	96,798	4,353	1,434	102,585
Amount due to a jointly controlled entity	—	767	—	767
Unallocated liabilities				
Current income tax liabilities				1,568
Deferred tax liabilities				5,166
Total liabilities				110,086
Capital expenditure	47,220	—	256	47,476
Depreciation	22,143	3	1,383	23,529
Amortisation	1,139	—	—	1,139
Impairment provision	—	—	—	—

(ii) *Secondary reporting format - geographical segments*

	Revenue 2009 HK$'000	Segment results 2009 HK$'000	Total assets 2009 HK$'000	Capital expenditure 2009 HK$'000
Hong Kong *(Note (a))*	170,160	(10,458)	189,403	5,081
Mainland China *(Note (a))*	531,211	62,890	666,078	118,537
Macau *(Note (a))*	17,770	1,193	38,429	368
Others *(Note (b))*	190,877	23,886	35,616	—
	910,018	77,511	929,526	123,986
Unallocated assets				
Deferred tax assets			32,286	
Total assets			961,812	

	Revenue 2008 HK$'000	Segment results 2008 HK$'000	Total assets 2008 HK$'000	Capital expenditure 2008 HK$'000
Hong Kong *(Note (a))*	167,578	8,850	163,719	2,347
Mainland China *(Note (a))*	421,039	23,078	630,422	43,717
Macau *(Note (a))*	16,372	7,377	36,990	1,412
Others *(Note (b))*	177,004	44,316	27,079	—
	781,993	83,621	858,210	47,476
Unallocated assets				
Deferred tax assets			38,680	
Total assets			896,890	

(a) The segment results include the fair value changes on investment properties.

(b) Mainly related to export sales generated in Europe and in other parts of the world, including Russia, Spain, Italy, the Middle East, Japan, Australia and New Zealand.

3 **Discontinued operations**

The results of discontinued operations for the year ended 29 February 2008 were analysed as follows:

	2008 HK$'000
Property development *(Note (a))*	2,731
Apparel retailing *(Note (b))*	(20,717)
	(17,986)

(a) On 17 May 2007, pursuant to a sale and purchase agreement entered into between the Group and Manful Regent Limited, an investment holding company owned as to 80% by Mr. Lee (a substantial shareholder and Director of the Company), the Group's management and shareholders approved the disposal of its entire equity interest in a subsidiary, 佛山市順德區信達房地產開發有限公司 ("信達房地產"), which is engaged in the property development business, for a consideration of HK$31,345,000. The gain on disposal of subsidiary amounted to HK$3,455,000. The transaction was completed on 25 July 2007.

An analysis of the results of the discontinued operation related to 信達房地產 was as follows:

	2008
	HK$'000
Revenue	908
Expenses	(1,632)
Loss for the year	(724)
Gain on disposal of a subsidiary, 信達房地產	3,455
	2,731
Operating cash flows	2,262
Investing cash flows	71
Total cash flows	2,333

(b) During the year ended 29 February 2008, the Group discontinued the operation of the apparel brand, Antinori (classified as "others" in segment information), and the last Antinori shop was closed on 24 February 2008. The operation of this segment is reported in these financial statements as discontinued operation.

An analysis of the results of the discontinued operation related to Antinori was as follows:

	2008
	HK$'000
Revenue	13,276
Expenses	(33,993)
Loss for the year	(20,717)
Operating cash flows	(18,305)
Investing cash flows	(268)
Total cash flows	(18,573)

4 **Other income and other (losses)/gains, net**

	2009	**2008**
	HK$'000	*HK$'000*
Other income		
Gross rental income from investment properties	2,419	2,056
Other (losses)/gains — net		
Fair value (losses)/gains on investment properties	(3,624)	16,485
Net exchange (losses)/gains *(note (a))*	(5,498)	27,844
	(9,122)	44,329
	(6,703)	46,385

(a) Net exchange (losses)/gains arose from the settlement of transactions denominated in foreign currencies and from the translation at year-end exchange rates of monetary assets and liabilities, including inter-company balances, denominated in foreign currencies.

5 **Expenses by nature**

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

	2009	**2008**
	HK$'000	*HK$'000*
Auditor's remuneration	2,323	2,161
Amortisation of leasehold land and land use rights	1,252	1,139
Depreciation of property, plant and equipment	21,297	22,145
Loss on disposal of property, plant and equipment	2,738	393
Cost of inventories sold included in cost of sales	370,004	353,533
Operating lease rentals in respect of land and buildings		
— minimum lease payments	75,889	78,438
— contingent rents	1,919	2,646
Freight charges	8,083	9,638
Advertising and promotional expenses	17,149	6,721
Concessionaire fees	86,107	57,624
Direct operating expenses arising from investment properties that generated rental income	987	550
Employee benefit expenses (including directors' emoluments)	164,871	133,039
Other expenses	73,185	76,730
Total cost of sales, selling and distribution costs, and general and administrative expenses	825,804	744,757

Expenses included in discontinued operations are analysed as follows:

	2009	2008
	HK$'000	*HK$'000*
Auditor's remuneration	—	16
Depreciation of property, plant and equipment	—	1,384
Loss on disposal of property, plant and equipment	—	760
Cost of inventories sold included in cost of sales	—	13,283
Operating lease rentals in respect of land and buildings		
— minimum lease payments	—	8,112
Building management fee and rates	—	2,241
Advertising and promotional expenses	—	757
Concessionaire fees	—	163
Employee benefit expenses		
— wages and salaries	—	5,880
— staff welfare and other benefits	—	170
— pensions costs — defined contribution plans	—	251
Other expenses	—	2,608
	—	35,625

6 **Income tax expense**

The amount of income tax charged to the consolidated income statement represents:

	2009	2008
	HK$'000	*HK$'000*
Current income tax		
People's Republic of China ("PRC") enterprise income tax	(5,898)	(7,717)
Deferred taxation	(4,248)	625
	(10,146)	(7,092)

PRC enterprise income tax is provided on the profits of the Group's subsidiaries in PRC at a range from 18% to 25% (2008: range from 15% to 33%), except for one of the subsidiaries of the Company established in the PRC that is entitled to two years' exemption from the PRC enterprise income tax of 25% followed by three years of a 50% tax reduction, commencing from the first cumulative profit-making year net of losses carried forward (at most five years). Accordingly, the subsidiary was fully exempted from the PRC enterprise income tax in 2007 and 2008, and subject to a reduced tax rate of 12.5% in 2009.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "New CIT Law"), under which all domestic-invested enterprises and foreign investment enterprises will be subject to a standard corporate income tax rate of 25% in a period of 5 years starting from 1 January 2008. According to the New CIT Law, enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires.

Certain companies within the Group are subject to Hong Kong profits tax. The Group did not recognise any current Hong Kong profits tax as the Group had sufficient tax losses brought forward to offset the estimated assessable profit for the year (2008: HK$ Nil).

7 Dividends

	2009 *HK$'000*	**2008** *HK$'000*
Interim, paid, of HK3.0 cents (2008: HK3.0 cents) per ordinary share	19,172	19,142
Final, proposed, of HK4.5 cents (2008: HK4.5 cents) per ordinary share	28,758	28,722
	47,930	47,864

At a meeting held on 1 June 2009, the Directors proposed a final dividend of HK4.5 cents per ordinary share totaling approximately HK$28,758,000. This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of contributed surplus of the Company for the year ending 28 February 2010.

8 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2009 *HK$'000*	**2008** *HK$'000*
Profit/(loss) attributable to equity holders of the Company		
— continuing operations	72,070	96,062
— discontinued operations	—	(17,986)
	72,070	78,076
Weighted average number of ordinary shares in issue ('000)	638,999	633,688
Basic earnings/(losses) per share (HK cents)		
— continuing operations	11.3	15.1
— discontinued operations	—	(2.8)
	11.3	12.3

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.

Diluted earnings per share for the year ended 28 February 2009 is the same as the basic earnings per share as the Company's share options outstanding during the year were anti-dilutive potential ordinary shares.

For the year ended 29 February 2008, 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.

	2008
	HK$'000
Profit/(loss) attributable to equity holders of the Company	
— continuing operations	96,062
— discontinued operations	(17,986)
	78,076
Weighted average number of ordinary shares in issue ('000)	633,688
Adjustments for share options ('000)	4,133
Weighted average number of ordinary shares for diluted earnings per share ('000)	637,821
Diluted earnings/(losses) per share (HK cents)	
— continuing operations	15.0
— discontinued operations	(2.8)
	12.2

9 Trade and other receivables

	2009	**2008**
	HK$'000	*HK$'000*
Trade receivables	105,730	89,284
Less: Provision for impairment of receivables	—	(921)
Trade receivables — net	105,730	88,363
Other receivables	1,295	2,333
	107,025	90,696

The Group's concessionaire sales through department stores are generally collectible within 30 days from the invoice date while the sales to corporate customers are generally on average credit period of 90 days.

The carrying amounts of trade and other receivables approximate their fair values. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

At 28 February 2009, the ageing analysis of the trade receivables based on invoice date, is as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Current to 30 days	71,650	65,023
31 to 60 days	20,722	15,188
61 to 90 days	11,017	6,811
Over 90 days	2,341	2,262
	105,730	89,284

10 **Trade payables and accruals**

	2009	**2008**
	HK$'000	*HK$'000*
Trade payables	44,430	38,895
Accruals	74,162	63,690
	118,592	102,585

The credit periods granted by suppliers are generally ranged from 7 to 60 days. At 28 February 2009, the ageing analysis of the trade creditors is as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Current to 30 days	29,145	19,360
31 to 60 days	8,880	13,082
61 to 90 days	3,162	2,287
91 to 120 days	945	2,261
Over 120 days	2,298	1,905
	44,430	38,895

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

A rapidly changing year full of challenges

During the fiscal year of 2008/09, the Group has lived up to its "Consolidation and Development" theme for the year by strengthening and optimising its business in a prudent manner. The Group is resolved to develop its footwear business with a pragmatic approach. To achieve cost efficiency, the Group has carried out stringent cost control measures and closely monitored the performance of its self-owned and franchised outlets.

The Group's core businesses achieved satisfactory performance in the first half as a result of the implementation of a series of restructuring and innovative marketing measures. Less aggressive stock clearance resulted in better profitability in retail operations in Mainland China. Key performance indicators such as revenue and profit margin also saw significant growth as a result of enhanced product mix, higher operational efficiency, effective brand-building activities and an improved management system. However, the global economy was overshadowed by unprecedented challenges in the second half of the year under review. The global financial crisis that began in late 2008 has hurt economies around the world. Its adverse impacts rippled through to the consumer level and had directly impacted on both the retail and export sectors. Despite the marked change in operating environment, the Group continued to formulate strategies to consolidate its business in a prudent manner in the second half of the fiscal year, while making continued improvements in product mix, pricing, and shop image. China's economy has been relatively little affected by the global financial crisis and there have been plenty of business opportunities across the country, allowing the Group to develop its business in the PRC further. The Group has newly opened 84 self-owned outlets and 39 franchise outlets in China and further strengthened its presence in major second-tier cities such as Nanjing, Mianyang and Suzhou in the second half of the year, whilst 12 self-owned outlets and 15 franchise outlets were closed. Despite the challenging business environment, our core retail business operations in Mainland China still managed to achieve strong organic growth. With no debt and a strong cash flow, the Group's healthy balance sheet has equipped us well to weather the global financial crisis.

For the fiscal year ended 28 February 2009, the Group's consolidated revenue reached HK$910.0 million, representing a year-on-year increase of 16.4%. Consolidated gross profit increased by 22.3%, while consolidated gross profit margin climbed a significant 2.6 percentage points to 52.6% mainly due to strong retail performance in Mainland China. As a result of stringent cost control and enhanced operational efficiency throughout the fiscal year, underlying profits from core businesses recorded an outstanding 73.9% year-on-year growth, amounting to HK$74.6 million. After accounting for losses in asset impairment/valuation on investment properties and foreign exchange devaluation on non-Hong Kong dollar deposits, consolidated profit attributable to equity holders of the Company for the fiscal year 2008/09 decreased by 7.7% to HK$72.1 million as compared to the last corresponding period. On a comparable basis, underlying profits from core businesses in the second half of the year were 28.2% above the first half of the year. As the Group has more outlet openings and less slow moving stock for aggressive clearance, stock turnover days slightly increased from 90 days to 121 days as at 28 February 2009.

The Board resolved to declare a final dividend of HK4.5 cents per share. (2007/08: HK4.5 cents). Together with the interim dividend of HK3.0 cents, the total dividend for the fiscal year 2008/09 will be HK7.5 cents per share.

Note: Underlying profit is a performance indicator of the Group's core sale of footwear business. It is arrived at by excluding from continuing operations profit after income tax from share of profit/loss of a jointly controlled entity, rental income, foreign currencies exchange gains/losses, unrealised fair value changes on investment properties and available-for-sale financial assets.

REVIEW OF OPERATIONS

BUSINESS REVIEW

Retail Operations

Le Saunda expands its retail network through the operation of self-owned outlets and franchised outlets. As at 28 February 2009, the Group had a network of 403 retail outlets in Hong Kong, Macau and Mainland China. Capitalising on the strong brand recognition of *Le Saunda* and *CnE*, retail operations continued to be the major contributor in terms of revenue to the Group, accounting for 79.0% of the consolidated revenue during the fiscal year under review.

In line with the theme "Consolidation and Development" for fiscal year 2008/09, retail outlets consolidation continued. Regular evaluations of the performance of self-owned and franchised outlets were carried out. Underperforming retail outlets were closed in order to enhance operational efficiency. On the other hand, the Group focused on upgrading and renovating high-traffic outlets with unified yet innovative store designs to enhance brand awareness and image.

A series of initiatives were conducted to enhance its product mix and strengthen its product designs. Apart from the existing footwear collection, from high-end European dress shoes, casual comfort, to stylish and trendy, as well as executive classics, the Group has also further expanded ladies' handbag and men's footwear businesses to capture the enormous growth opportunities in the Mainland China market. Despite the challenging operational environment, the Group was still able to see a promising growth in its retail sales as a result of the unfailing dedication to expanding product range and mix as well as strengthening product designs.

In September 2008, the expansion of Shunde production base was completed with one new production line in operation to meet the growing demand from retail operations. The total production capacity of Shunde plant increased from 1.2 million to 1.5 million pairs of shoes per year.

Hong Kong and Macau

Outlets optimisation in enhancing operational efficiency

As of 28 February 2009, the Group owned and operated 19 *Le Saunda* self-owned outlets in Hong Kong and Macau. Total revenue slightly increased by 2.2% to HK$187.9 million year-on-year. Though same-store-sales recorded a year-on-year growth of 12.4%, gross profit margin was under much pressure especially during the second half of the year, resulting in a 1.9% small drop in the full year gross profit margin as a percentage point of sales.

During the year under review, a new retail outlet was opened and 5 underperforming retail outlets were closed in Hong Kong to achieve operational efficiency. Moreover, existing retail outlets had undergone renovations that combined unique aesthetics with trendy elements with a view to attracting more customers and enhancing brand image during the period under review. Despite this, overall operating environment in Hong Kong and Macau was still a challenge to the Group due to weak market sentiments and subdued consumer spending, particularly after the Chinese New Year in 2009.

Mainland China

Strong sales growth on the back of rapid expansion of distribution network and enhanced product range and mix

In order to better capture the arising business opportunities in Mainland China, the Group has been expanding its distribution network in the region at a rapid rate. As of 28 February 2009, the Group operated 384 *Le Saunda* and *CnE* retail outlets in Mainland China, of which 237 were self-owned outlets and 147 were franchised outlets. The Group opened 112 self-owned outlets and 64 franchised outlets, and shut down a total of 49 underperforming retail outlets during the fiscal year under review:

Region	**Self-owned**	**Franchise**	**Total**
Huabei	46	33	79
Huadong	54	50	104
Xibei/Xinan/Huazhong	51	54	105
Huanan	86	10	96
Total No. of Outlets	237	147	384

Thanks to robust economic growth and strong purchasing power of the middle class in China, total revenue generated in the China market recorded a significant growth of 26.2% to HK$531.2 million, while same-store-sales of self-owned outlets reached a year-on-year growth of 7.7%. Less slow moving stock for aggressive clearance helped to boost overall gross profit margin by 7.2% as a percentage point of sales in Mainland China.

The Group continued to increase its presence in first-tier and second-tier cities in China. New self-owned outlets were opened in major second-tier cities including Nanjing, Mianyang and Suzhou. In terms of performance by product categories, ladies' handbags were outstanding during the year under review:

Product Category	**Year-on-Year Growth (%)**	**Sales Mix %**
Ladies' Handbags	53.7	11.4
Ladies' Footwear	33.3	72.5
Men's Footwear	12.4	16.1

The Group has also further expanded its ladies' handbag and men's footwear businesses in the Mainland China market. 7 new outlets of men's footwear and 8 new outlets of ladies' handbag were opened during the second half of the fiscal year.

Same as retail outlets in Hong Kong and Macau, outlets in China were refurbished with new fashion elements to better position the brand image. Moreover, the Group actively participated in various marketing campaigns, including advertising in magazines and joint promotion with high-traffic shopping malls.

OEM Business

OEM achieved business growth despite economic downturn

During the period under review, OEM accounted for approximately 21.0% of the total consolidated revenue. Despite the economic downturn in the second half of the year, the OEM business managed to achieve an 7.8% year-on-year growth in revenue. The average selling price of OEM products was up by 7.8% and the total production volume was almost on par to last year. Overall gross margin was, however, affected by weak Euro currency as most of the OEM invoices were denominated in Euro. Despite this, the Group continued to maintain stable and long-term partnership with its clients, which mainly included high-end market brands from Russia, Spain, Italy, the Middle East, Japan, Australia and New Zealand, etc.

Business Collaboration with Florencia Marco, S.L.

In April 2008, the Group entered into JV Agreements with Mr. José Juan Sanchis Busquier, the existing shareholder and Chairman of Florencia Marco, S.L. to form a joint venture. As not all the conditions of the JV Agreements would be satisfied or waived before 31 July 2008, the Group announced on 28 July 2008 that the JV Agreements have lapsed and would not complete. The Group believes that there is no material adverse impact arising from the lapse of the JV Agreements.

Prospect

2009/10 will be a year full of uncertainties, yet we are seeing ample growth in the China market in the long run

Though the uncertainties and challenges that are likely to persist going forward, the Group will continue to look for long-term growth through executing its organic growth strategies. Mainland China will be the core market. The Group will continue to boost its presence in Mainland China by looking for attractive locations with reasonable rents. The Group plans to open 150 to 200 outlets in the fiscal year 2009/10 and continue to further enhance its brand image in store. The expansion plan will be implemented in phases depending on the actual market environment. The Group will further expand its geographical reach to more first-tier and second-tier cities such as Taiyuan, Shenyang and Kunming in the second quarter of 2009. In spite of the global economic downturn, the purchasing power of consumers in China has been little affected.

The Group is committed to providing customers with innovative and quality products at the most affordable prices. On the product front, the Group has developed a new "essential" product line to cater the needs of various consumers. While continuing to explore men's shoes and accessories markets, the Group will, at the same time, review ladies' handbag products and enrich existing ladies' footwear portfolios.

With regard to the OEM business, the Group expects the overall growth in this segment to slow down in 2009. With major markets in recession, client demand remains sluggish. Nevertheless, the Group will keep on exploring new sales channels and business models through strategic cooperation with existing OEM partners to widen revenue source for instance.

To capture the increasing demand for footwear products in China, the Group will prudently plan to add more production lines to further raise the annual production capacity before end of 2010.

The Group will strive to implement further stringent cost control measures to minimize expenses and closely monitor market circumstances in order to make timely adjustments on its strategies. The Group endeavors to streamline existing operations and structures to effectively control back-office expenses. Retail outlet consolidation will continue with regular evaluation on sales performance of all self-owned and franchised outlets.

With a strong cash position and an experienced management team, the Group is well positioned to tackle the challenges ahead. Although the macro environment remains challenging, the Group will continue to step up its efforts on creating more growth drivers and strengthening its retail operations with an aim to deliver better results and enhance shareholders' returns in the coming years.

FINANCIAL REVIEW

Liquidity and Gearing Ratio

During the year under review, total capital expenditure of the Group increased from HK$47.5 million to HK$124.0 million, mainly for the expansion of existing Shunde production base and retail networks in Mainland China, and for the construction of a new production base in Gaoming, Foshan. As at 28 February 2009, the Group's cash position remains strong and healthy with net cash balances of HK$203.5 million (29 February 2008: HK$282.9 million). Total equity is maintained at HK$832.7 million, along with a quick ratio of 2.5 times (29 February 2008: 3.6 times).

Pledge of Assets

As at 28 February 2009, the Group pledged certain of its properties and leasehold land with net book value amounting to HK$25.0 million (29 February 2008: HK$25.7 million) to secure Letters of Credit and bank loan facilities of HK$30.0 million (29 February 2008: HK$30.0 million), which has been granted to certain subsidiaries of the Group.

Capital Structure and Financial Resources of the Group

During the year ended 28 February 2009, 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 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 did not enter into any forward contract to hedge its foreign exchange risk during the year. 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.

DIVIDEND

The Directors declared an interim dividend of HK3.0 cents (2008: HK3.0 cents) per ordinary share in respect of the year ended 28 February 2009.

The Directors recommend the payment of a final dividend of HK4.5 cents (2008: HK4.5 cents) per ordinary share for the year ended 28 February 2009.

BANK GUARANTEES

The Company and several subsidiaries have jointly given corporate guarantees in favour of banks for banking facilities granted to certain subsidiaries on Letters of Credit and bank loan to the extent of HK$30.0 million (2008: HK$30.0 million) of which HK$12.9 million (2008: HK$8.0 million) was utilised as at 28 February 2009.

EMPLOYEES AND REMUNERATION POLICIES

As at 28 February 2009, the Group had a staff force of 3,555 people. Of this, 185 were based in Hong Kong and 3,370 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 comprised basic salaries, bonuses and long-term incentives. Total staff costs for the year ended 28 February 2009, including directors' emoluments and net pension contributions, amounted to HK$164.9 million (2008: HK$139.3 million). The Group has all along organised structured and diversified training programmes for staff of different levels. Outside consultants would be invited to broaden the content of the programmes.

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

The Company has not redeemed, and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year under review.

AUDIT COMMITTEE

During the year, the audit committee was constituted by three independent non-executive Directors, the current members are Mr. Lam Siu Lun, Simon, who presided as the chairman, Mr. Leung Wai Ki, George and Mr. Hui Chi Kwan. 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.

The primary responsibilities of the audit committee include overseeing the relationship with the Company's external auditors, review of financial information of the Group, including a review of the financial statements for the year ended 28 February 2009, overseeing 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 year, the remuneration committee was constituted by three independent non-executive Directors, the current members are Mr. Lam Siu Lun, Simon, who presided as the chairman, Mr. Leung Wai Ki, George and Mr. Hui Chi Kwan, and one executive Directors, Mr. Lee Tze Bun, Marces.

The primary function of the Remuneration Committee is to make recommendations to the Board on the Group's policy and structure for all remuneration of the Directors and senior management and to ensure that executive Directors and senior management could be retained and motivated by being fairly rewarded for their individual contribution to the Group's overall performance as measured against corporate objectives, having regard to the interests of shareholders. The principal duties include the revision of the terms of the remuneration packages of all Directors and senior management as well as reviewing and approving performance-based remuneration on the basis of their merit, qualification and competence by reference to corporate goals and objectives resolved by the Board from time to time.

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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 16 July 2009 to Monday, 20 July 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend which, if approved, will be payable on Monday, 27 July 2009, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with Computershare Hong Kong Investor Services Limited, Unit 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 15 July 2009.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Group continues to commit itself to maintaining a high standard of corporate governance with an emphasis on enhancing transparency and accountability and ensuring the application of these principles within the Group and thereby, enhancing shareholder value and benefiting our stakeholders at large.

During the year under review, the Company has complied with most of the provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange except for the deviation as expressly set out below :

A.2.1 — Code provision A.2.1 stipulates that the roles of chairman of the board and chief executive officer ("CEO") should be separate and should not be performed by the same individual and that the division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

Mr. Lee Tze Bun, Marces held both the offices of the Chairman and CEO of the Company between 1 October 2007 and 1 March 2009. That arrangement was considered by the Board as conducive to the execution of the Group's business strategies and maximizing the effectiveness of the Company's operation at that time. When Mr. Lee Tze Bun, Marces resigned from the office of the CEO of the Company effective on 1 March 2009, the Board reviewed the structure of governance of the Company and appointed Ms. Lau Shun Wai, the Executive Director, as the CEO of the Company on 1 March 2009. The Board considers Ms. Lau Shun Wai to be an appropriate individual for the future development of the Company's operations and business and that the appointment is in the interest of the Company. Mr. Lee Tze Bun, Marces continues to act as Chairman of the Board and executive Director of the Company after his resignation from the office of the CEO. The roles of the Chairman and CEO of the Company are therefore currently vested in separate persons and the Code provision A.2.1 is now fully complied with.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as 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 since 4 October 2005. 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 of the Company have confirmed their compliance with the required standard set out in the Model Code throughout the year.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The Annual Report of the Company containing all the information required by paragraph 45(1) to 45(3) inclusive of Appendix 16 to the Listing Rules will be published on the website 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 June 2009.

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.

By Order of the Board
Lee Tze Bun, Marces
Chairman

Hong Kong, 1 June 2009

As at the date of this announcement, the Company's executive Directors are Mr. Lee Tze Bun, Marces, Ms. Lau Shun Wai, Chui Kwan Ho, Jacky, Ms. Tsui Oi Kuen, Ms. Wong Sau Han, Mr. Wong Tai Chung, Kenneth and Ms. Chu Tsui Lan; independent non-executive Directors are Mr. Lam Siu Lun, Simon, Mr. Leung Wai Ki, George and Mr. Hui Chi Kwan.

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

* *For identification purposes only*