le saunda holdings ltd.

利信達集團有限公司*

(incorporated in Bermuda with limited liability)

(股份代號：**0738**)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2009

The board of Directors of Le Saunda Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 August 2009. The unaudited condensed consolidated interim results for the six months ended 31 August 2009 have not been audited by the Company's auditors, but were reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
For the six months ended 31 August 2009

		Unaudited Six months ended 31 August	
	Note	**2009**	**2008**
		HK$'000	*HK$'000*
Revenue	3	412,400	408,144
Cost of sales		(174,899)	(194,599)
Gross profit		237,501	213,545
Other income	4	1,695	1,028
Other gains	4	4,448	6,529
Selling and distribution costs		(138,584)	(121,460)
General and administrative expenses		(60,000)	(57,260)
Operating profit	5	45,060	42,382
Finance income		533	2,474

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (Continued)
For the six months ended 31 August 2009

	Note	**Unaudited Six months ended 31 August 2009** *HK$'000*	**2008** *HK$'000*
Profit before income tax		45,593	44,856
Income tax expense	6	(9,311)	(4,655)
Profit for the period, attributable to equity holders of the Company		36,282	40,201
Interim dividend	7	19,172	19,172
Earnings per share attributable to the equity holders of the Company			
– Basic (HK cents)	8	5.7	6.3
– Diluted (HK cents)	8	5.7	6.3

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 August 2009

	Unaudited Six months ended 31 August	
	2009	**2008**
	HK$'000	*HK$'000*
Profit for the period	36,282	40,201
Other comprehensive income		
Currency translation differences	2,632	9,070
Other comprehensive income for the period, net of tax	2,632	9,070
Total comprehensive income for the period, attributable to equity holders of the Company	38,914	49,271

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
As at 31 August 2009

	Note	**Unaudited 31 August 2009** *HK$'000*	**Audited 28 February 2009** *HK$'000*
ASSETS			
Non-current assets			
Investment properties		100,893	100,893
Property, plant and equipment		203,407	195,709
Leasehold land and land use rights		42,860	43,023
Long-term deposits and prepayments		9,103	6,534
Interest in a jointly controlled entity		37,623	37,441
Interest in and amount due from an available-for-sale financial asset		17,261	22,381
Deferred tax assets		29,933	32,286
		441,080	438,267
Current assets			
Inventories		229,345	190,670
Trade and other receivables	9	100,127	107,025
Deposits and prepayments		21,351	22,340
Cash and bank balances		200,353	203,510
		551,176	523,545
Total assets		992,256	961,812

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (Continued)
As at 31 August 2009

	Note	**Unaudited 31 August 2009** *HK$'000*	**Audited 28 February 2009** *HK$'000*
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		63,906	63,906
Reserves			
Proposed dividend		19,172	28,758
Others		759,824	740,082
Total equity		842,902	832,746
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		6,477	6,476
Current liabilities			
Trade payables and accruals	10	136,354	118,592
Amount due to a jointly controlled entity		1,022	1,016
Current income tax liabilities		5,501	2,982
		142,877	122,590
Total liabilities		149,354	129,066
Total equity and liabilities		992,256	961,812
Net current assets		408,299	400,955
Total assets less current liabilities		849,379	839,222

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 31 August 2009 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountant. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 28 February 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 28 February 2009, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 March 2009 :

- HKAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- HKFRS 8, 'Operating segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who makes strategic decisions.

- Amendment to HKFRS 7, 'Financial instruments: disclosures'. The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The Group will make additional relevant disclosures in its financial statements for the year ending 28 February 2010.

  The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 March 2009:

  - HKAS 23 (amendment) — Borrowing costs
  - HKFRS 2 (amendment) — Share-based payment
  - HKAS 32 (amendment) — Financial instruments: presentation
  - HK(IFRIC) 9 (amendment) — Reassessment of embedded derivatives
  - HKAS 39 (amendment) — Financial instruments: Recognition and measurement
  - HK(IFRIC) 13 — Customer loyalty programmes
  - HK(IFRIC) 15 — Agreements for the construction of real estate
  - HK(IFRIC) 16 — Hedges of a net investment in a foreign operation

  The adoption of the above standards, amendments to standards and interpretations, if relevant, did not have significant impact on the Company's consolidated accounts.

  The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 March 2009 and have not been early adopted:

  - HKAS 39 (amendment) — Financial instruments: Recognition and measurement
  - HKFRS 3 (revised) — Business combinations
  - HK(IFRIC) 17 — Distributions of non-cash assets to owners
  - HK(IFRIC) 18 — Transfers of assets from customers
  - HKFRS 2 (amendment) — Share-based payments
  - HKFRS 5 (amendment) — Non-current assets held for sale and discontinued operations
  - HKFRS 8 (amendment) — Operating segments
  - HKAS 1 (amendment) — Presentation of financial statements
  - HKAS 7 (amendment) — Statement of cash flows
  - HKAS 17(amendment) — Leases
  - HKAS 36 (amendment) — Impairment of assets
  - HKAS 38 (amendment) — Intangible assets
  - HK(IFRIC) 9 (amendment) — Reassessment of embedded derivatives
  - HK(IFRIC) 16 (amendment) — Hedges of a net investment in a foreign operation

3 REVENUE AND SEGMENT INFORMATION

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

The chief operating decision-makers have been identified as the executive directors. The executive directors review the Group's financial information mainly from retail and export perspective. From a retail perspective, the executive directors further assess the performance of operations on a geographic basis (Hong Kong, Macau and Mainland China). The reportable segments are classified in a manner consistent with the information reviewed by the executive directors.

Sales between operating segments are carried out on terms equivalent to those prevailing in arm's length transactions. The executive directors assess the performance of the operating segments based on a measure of reportable segment profit. This measurement basis excludes other income, finance income, net exchange gains and unallocated expenses.

Segment assets mainly exclude interest in a jointly controlled entity, interest in and amount due from an available-for-sale financial asset, deferred tax assets and other assets that are managed on a central basis.

Segment liabilities mainly exclude amount due to a jointly controlled entity, current income tax liabilities, deferred tax liabilities and other liabilities that are managed on a central basis.

An analysis of the Group's revenue and operating results for the six months ended 31 August 2009 by reportable segment is as follows:

	Unaudited Six months ended 31 August 2009			
	Retail		Export	Total
	HK & Macau	Mainland China	(Note (a))	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	61,790	277,884	72,726	412,400
Reportable segment profit	(6,674)	34,281	11,394	39,001
Other income				1,695
Finance income				533
Net exchange gains				4,448
Unallocated expenses				(84)
Profit before income tax				45,593
Income tax expense				(9,311)
Profit for the period				36,282
Depreciation and amortisation	2,386	9,064	2,712	14,162
Additions to non-current assets (Note (b))	1,760	20,566	1,711	24,037

(a) The revenue from external customers of export are mainly derived from Europe and other parts of the world, including Russia, Spain, Italy, the Middle East, Japan, Australia and New Zealand.

(b) Amount comprises additions to property, plant and equipment.

An analysis of the Group's revenue and operating results for the six months ended 31 August 2008 by reportable segment is as follows:

	Unaudited Six months ended 31 August 2008			
	Retail		Export	Total
	HK & Macau	Mainland China	(Note (a))	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	87,866	208,313	111,965	408,144
Reportable segment profit	(455)	14,490	20,965	35,000
Other income				1,028
Finance income				2,474
Net exchange gains				6,529
Unallocated expenses				(175)
Profit before income tax				44,856
Income tax expense				(4,655)
Profit for the period				40,201
Depreciation and amortisation	3,060	5,634	2,842	11,536
Additions to non-current assets (Note (b))	703	46,691	13,205	60,599

(a) The revenue from external customers of export are mainly derived from Europe and other parts of the world, including Russia, Spain, Italy, the Middle East, Japan, Australia and New Zealand.

(b) Amount comprises additions to property, plant and equipment.

An analysis of the Group's assets and liabilities as at 31 August 2009 by reportable segment is set out below:

	Unaudited as at 31 August 2009			
	Retail		Export	Total
	HK & Macau	Mainland China		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	203,606	558,573	145,232	907,411
Interest in a jointly controlled entity				37,623
Interest in and amount due from an available-for-sale financial asset				17,261
Deferred tax assets				29,933
Unallocated assets				28
Total assets per condensed consolidated balance sheet				992,256
Segment liabilities	16,603	74,975	40,429	132,007
Amount due to a jointly controlled entity				1,022
Current income tax liabilities				5,501
Deferred tax liabilities				6,477
Unallocated liabilities				4,347
Total liabilities per condensed consolidated balance sheet				149,354

An analysis of the Group's assets and liabilities as at 28 February 2009 by reportable segment is set out below:

	Unaudited as at 28 February 2009			
	Retail		Export	Total
	HK & Macau	Mainland China		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	227,539	499,832	141,980	869,351
Interest in a jointly controlled entity				37,441
Interest in and amount due from an available-for-sale financial asset				22,381
Deferred tax assets				32,286
Unallocated assets				353
Total assets per condensed consolidated balance sheet				961,812
Segment liabilities	15,371	63,416	35,443	114,230
Amount due to a jointly controlled entity				1,016
Current income tax liabilities				2,982
Deferred tax liabilities				6,476
Unallocated liabilities				4,362
Total liabilities per condensed consolidated balance sheet				129,066

The revenue from external customers of the Group by geographical segments is as follows:

REVENUE

	Unaudited	
	Six months ended 31 August	
	2009	**2008**
	HK$'000	*HK$'000*
Hong Kong	56,273	79,939
Mainland China	277,884	208,313
Macau	5,517	7,927
Russia	26,807	29,080
Italy	11,010	22,119
Other countries (Note (a))	34,909	60,766
Total	412,400	408,144

(a) The revenue from other countries are mainly derived from Europe and other parts of the world, including Spain, the Middle East, Japan, Australia and New Zealand.

For the six months ended 31 August 2009, revenue of approximately HK$20,768,000 (for the six months ended 31 August 2008 : HK$31,952,000) is derived from a single external customer of export.

An analysis of the non-current assets (other than deferred tax assets) of the Group by geographical segments is as follows:

NON-CURRENT ASSETS

	Unaudited	
	31 August 2009	**28 February 2009**
	HK$'000	*HK$'000*
Hong Kong	90,513	87,825
Mainland China	284,645	281,311
Macau	35,989	36,845
Total	411,147	405,981

4 OTHER INCOME AND OTHER GAINS

	Unaudited Six months ended 31 August	
	2009	**2008**
	HK$'000	*HK$'000*
Other income		
Gross rental income from investment properties	1,695	1,028
Other gains		
Net exchange gains (Note (a))	4,448	6,529
	6,143	7,557

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

5 OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following :

	Unaudited Six months ended 31 August	
	2009	**2008**
	HK$'000	*HK$'000*
		(Restated)
Auditors' remuneration	996	998
Amortisation of leasehold land and land use rights	235	676
Depreciation of property, plant and equipment	13,927	10,860
Loss on disposal of property, plant and equipment	230	471
Cost of inventories recognised as expenses included in cost of sales	147,988	166,915
Operating lease rentals in respect of land and buildings		
- minimum lease payments	32,264	37,733
- contingent rent	895	679
Freight charges	3,831	3,645
Concessionaire fee	46,452	28,460
(Write-back of impairment)/impairment of inventories	(257)	703
Direct operating expenses arising from investment properties that generated rental income	833	514
Staff costs (including directors' emoluments)	88,740	76,332

6 INCOME TAX EXPENSE

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

	Unaudited	
	Six months ended 31 August	
	2009	**2008**
	HK$'000	*HK$'000*
Current income tax		
People's Republic of China ("PRC") corporate income tax	6,921	2,196
Deferred taxation	2,390	2,459
	9,311	4,655

PRC corporate income tax is levied on the profits of the Group's subsidiaries in PRC at a range from 20% to 25% (2009: range from 18% to 25%), except for one of the subsidiaries of the Company established in the PRC that is entitled to two years' exemption from the PRC corporate 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, that subsidiary was fully exempted from the PRC corporate income tax in 2007 and 2008, and subject to a reduced tax rate of 12.5% in 2009 and 2010.

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 period (2009: HK$ Nil).

7 DIVIDENDS

	Unaudited Six months ended 31 August 2009	
	2009	**2008**
	HK$'000	*HK$'000*
Interim dividend of HK3.0 cents (six months ended 31 August 2008 : HK 3.0 cents) per share	19,172	19,172

A dividend that relates to the financial year ended 28 February 2009 and that amounts to HKD28,757,952 was paid in July 2009 (2008: HKD28,757,952).

At the board of Directors meeting held on 16 November 2009, 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 28 February 2010.

8 EARNINGS PER SHARE

Basic

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

	Unaudited Six months ended 31 August	
	2009	**2008**
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	36,282	40,201
Weighted average number of ordinary shares in issue ('000)	639,066	638,933
Basic earnings per share (HK cents)	5.7	6.3

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.

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 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	
	2009	**2008**
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	36,282	40,201
Weighted average number of ordinary shares in issue ('000)	639,066	638,933
Adjustments for share options ('000)	4	24
Weighted average number of ordinary shares for diluted earnings per share ('000)	639,070	638,957
Diluted earnings per share (HK cents)	5.7	6.3

9 TRADE AND OTHER RECEIVABLES

The ageing analysis of the trade receivables based on invoice date, is as follows :

	Unaudited 31 August 2009 *HK$'000*	Audited 28 February 2009 *HK$'000*
Trade receivables (note (a))		
Current to 30 days	76,573	71,650
31 to 60 days	11,418	20,722
61 to 90 days	3,661	11,017
Over 90 days	4,994	2,341
	96,646	105,730
Other receivables	3,481	1,295
Total	100,127	107,025

(a) 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 receivable as the Group has a large number of customers.

10 TRADE PAYABLES AND ACCRUALS

The credit periods granted by suppliers generally range from 7 to 60 days. The ageing analysis of the trade creditors is as follows:

	Unaudited 31 August 2009 *HK$'000*	**Audited 28 February 2009** *HK$'000*
Trade creditors		
Current to 30 days	35,716	29,145
31 to 60 days	10,817	8,880
61 to 90 days	5,340	3,162
91 to 120 days	1,150	945
Over 120 days	4,733	2,298
	57,756	44,430
Accruals	78,598	74,162
Total	136,354	118,592

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

In the first half of 2009/10 fiscal year, the Group achieved encouraging results in its operations in Mainland China. During the period under review, the economy in Mainland China became more stable, and as a result retail market has gradually picked up. The Group has successfully taken this opportunity to enlarge its market share in Mainland China. Number of self-owned outlet almost doubled to 310 from 165. The Group's foothold was further strengthened, especially in fast-growing second-tier cities. Coupled with better design, enriched product portfolio, enhanced branding as well as effective promotion campaigns, our retail operations in Mainland China delivered promising growth during the period under review.

Although the sluggish consumer spending and a challenging operating environment have affected OEM business and retail operations in Hong Kong and Macau, the Group has adopted a host of measures to keep the negative impact to the minimum.

For the six months ended 31 August 2009, the Group's consolidated revenue reached HK$412.4 million, up 1.0% from the previous year. The increase was mainly attributable to the Group's strong retail operations in Mainland China. As a result, consolidated gross profit was up 11.2% to HK$237.5 million, while gross profit margin rose 5.3 percentage points to 57.6%. Consolidated operating profit was up 6.3% to HK$45.1 million. Consolidated profit attributable to equity holders of the Company was HK$36.3 million, offset by reduced interest income from bank deposits, raised applicable PRC corporate income tax rate of one of the Group's subsidiaries after two years of full exemption as well as the poor operating environment in Hong Kong and overseas. However, underlying operating profit, which reflects the performance of the Group's core footwear business, was up 11.4% to HK$39.0 million, and operating profit from Mainland China doubled during the period under review. Both figures indicated the strong profitability of the Company's retail operations in Mainland China.

Note: Underlying operating profit is a performance indicator of the Group's core sale of footwear business. It is arrived at by excluding from continuing operations operating profit from rental income and foreign currency exchange gains.

BUSINESS REVIEW

Retail Operations

Our retail operations continued to be the main revenue contributor of the Group, accounting for 82.4% of consolidated revenue:

Consolidated Revenue	Six months ended 31 August 2009 HK$ Million	% to Total	Year-On-Year Growth %
Retail Operations			
Mainland China	277.9	67.4	+33.4
Hong Kong and Macau	61.8	15.0	-29.7
Total Retail Revenue	339.7	82.4	+14.7
OEM	72.7	17.6	-35.0
Group Total Revenue	412.4	100.0	+1.0

Mainland China remained the core market and more resources have been strategically allocated to support network expansion and business operation in the region. As at 31 August 2009, the Group had a total of 482 outlets in Hong Kong, Macau and Mainland China, 173 more compared to the same date last year:

Number of Outlets by Region	As at 31 August 2009 Self-owned	Franchise	Total
Mainland China	**310**	**155**	**465**
• Northern, Northern East & Northern West	68	78	146
• Eastern	65	43	108
• Central & Southern West	72	23	95
• Southern	105	11	116
Hong Kong and Macau	**17**	**—**	**17**
Total	**327**	**155**	**482**

As at 31 October 2009, the outlet network further increased to 531 as more outlets were opened.

The Group has introduced a host of measures to strengthen its competitiveness. A new product line named "essential" has been introduced to enrich our product range. The launch is a great success and this product line accounted for about 9% of the retail sales of the Group during the period under review. Our product design team has been expanded to enhance design capacity. A shoes design competition was held in Hong Kong to discover young designers with potential. We have stepped up our efforts to further enhance our operational efficiency by putting in place measures such as a more stringent stock management system, regular reviews on the performance of our existing self-owned and franchise outlets, and tighter cost control.

As a result, total revenue of our retail operations was up 14.7% year-on-year to HK$339.7 million during the period under review. Ladies' footwear remained our largest revenue contributor by product category while men's footwear demonstrated enormous growth potential:

Product Category	**Year-on-Year Growth**	**Sales Mix**
	(%)	(%)
Ladies' footwear	+12.2	71.4
Ladies' handbags	+18.1	15.0
Men's footwear	+26.2	13.6
Total	+14.7	100.0

During the period under review, the Group opened 19 new standalone men's footwear outlets, bringing the total to 43 as at 31 August 2009, 26 more compared to the same date last year.

As at 31 August 2009, stock turnover days increased to 150 as compared with 121 for the same date last year, mainly as a result of more outlets. Moreover, overall stock position remained healthy as over 90% of our stock ageing was within one year.

Hong Kong and Macau

The Group continued the consolidation of its outlets to enhance operational efficiency. Four underperforming outlets were closed and two new outlets were opened in Hong Kong, bringing the total number of outlets in Hong Kong and Macau to 17 as at 31 August 2009, four less compared to the same date last year. Total revenue was down 29.7% year-on-year to HK$61.8 million due to fewer outlets.

Poor consumer sentiment led to a 20.0% drop in same store sales during the period under review. Despite this, same store sales has seen improvement and recorded positive growth rate due to the stabilized consumer sediment in August 2009.

Mainland China

Taking advantage of the stable consumer sentiment and substantial economic growth in Mainland China, the Group was able to maintain the growth momentum of its retail operations through expanding its network of outlets. As at 31 August 2009, the Group had 310 self-owned outlets in Mainland China, 145 more compared to the same date last year, after the closure of 28 stores and the opening of 173. Our presence was extended to Taiyuan, Shenyang, Nanning, Suzhou and Kunming.

Credit to an expanded network, a better product mix and our reputation as a reliable brand, total revenue was up 33.4% year-on-year to HK$277.9 million while same store sales grew 3.3%.

To better manage our stocks, especially off-season items, numerous factory outlets were opened in Shanghai, Guangzhou, Beijing, Chongqing and Changsha during the period under review. These factory outlets focus on selling off-season items and collection from "essential" product line. They are twice as larger than our regular outlets and located at second-tier districts in cities where rental expenses are lower. By setting up such factory outlets, the Group could clear off-seasons items while preserving the margin of new items, which are available at regular outlets. The concept of factory outlet is successful. It was evidenced by the 90% year-on-year growth in sales.

OEM Business

The Group's OEM business experienced a slowdown during the period under review, as exports were hurt by the global financial crisis. Customer orders from high end brands fell during the period under review partly as a result of slower consumer spending in our key markets such as Russia and Europe.

OEM revenue was down 35.0% year-on-year to HK$72.7 million, led by a 13.6% drop in average selling price and a 25.9% decline in total production volume of OEM products.

In view of the challenging environment, the Group strives to explore new collaboration opportunities with its existing OEM partners to broaden revenue source. A pilot scheme is in progress to develop OBM business. Through participation in international trade fairs, referral from existing clients and proactive outreach, the Group establishes OBM in a pragmatic and prudent manner.

Prospect

As indicated in our 2008/09 annual review, the year 2009/10 was set to be a year full of challenges and uncertainties in the wake of the global financial crisis. China has been able to recover from the slowdown quicker than many other nations, and its economy and consumer market have been able to stay relatively vibrant, offering tremendous growth opportunities for us. The Group will continue to boost its presence in Mainland China by setting up new outlets in attractive locations with reasonable rents. We will further consolidate our presence in first-tier cities while expanding the reach of our network to more second-tier cities. We are optimistic about our retail business and aim to increase total number of retail outlets to 800 before end of 2010 in Mainland China. To achieve this ultimate goal, we plan to open 150-200 new outlets every year.

To expand product portfolios, the Group will continue to explore the men's footwear and accessories market and broaden the product offerings to include wallets, gift sets, small bags and etc. At the same time, the Group will review the existing ladies' handbag collection and continue to enrich the ladies' footwear portfolios. Mainland China is a vast market with many customer segments, we plan to establish a new brand in Mainland China focusing on footwear for mass consumers. Besides, the Group will keep on exploring new sales channels and business models through strategic collaboration with existing franchisees to increase our presence and market penetration in Mainland China.

In Hong Kong and Macau, the Group will adopt a cautious approach in face of the challenging operating environment. The Group will look for suitable locations with reasonable rents for setting up new outlets.

While flourishing the business in a prudent manner, the Group has implemented stringent controls on operating costs in order to stay competitive. It endeavors to streamline existing operations and structures to control back-office expenses. The Group will continue to review the performance of self-owned and franchise operations on a regular basis. Retail outlet consolidation will continue to enhance profitability.

With regard to the OEM business, the Group foresees that demands in Europe will remain sluggish in the near term. Sales orders from OEM clients will contract in the upcoming months. The Group will closely monitor the overall production cost and headcount of OEM business while continue to explore OBM business. There will be challenges ahead, yet we have confidence and capability, leveraging our established operational scale, advanced techniques and excellent craftsmanship.

Looking forward, the Group expects to see a comparatively more rosy market prospect especially the China market. The Group is well positioned to grasp the upcoming market opportunities in China while tackling the unveiled challenges by implementing strategic and timely operational initiatives.

FINANCIAL REVIEW

Liquidity Ratio

The Group's cash position remains strong and healthy. Net cash balance as at 31 August 2009 amounted to HK$200.4 million as compared with HK$203.5 million as at 28 February 2009. Total equity is maintained at HK$842.9 million, along with a quick ratio of 2.1 times.

Pledge of Assets

As at 31 August 2009, the Group has pledged its corporate assets of approximately HK$1.1 million (28 February 2009: HK$26.9 million) to secure general banking facilities granted to certain subsidiaries of the Company.

Capital Structure and Financial Resources

During the six months ended 31 August 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 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 did not enter into any forward contract to hedge its foreign exchange risk during the period. 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.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK3.0 cents per ordinary share for the six months ended 31 August 2009 (2008: HK3.0 cents) payable on Wednesday, 16 December 2009 to all shareholders of the Company whose names appear on the Register of Members of the Company on Wednesday, 9 December 2009.

CORPORATE GUARANTEES

The Company has given 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 (28 February 2009: HK$30.0 million) of which HK$13.6 million (28 February 2009: HK$12.9 million) was utilised as at 31 August 2009.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 August 2009, the Group had a staff force of 4,071 people. Of this, 165 were based in Hong Kong and 3,906 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 six months ended 31 August 2009, including Directors' emoluments and net pension contributions, amounted to 88.7 million (2008: HK$76.3 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 contents of the programmes.

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 Monday, 7 December 2009 to Wednesday, 9 December 2009, 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 Wednesday, 16 December 2009, 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 4:30 p.m. on Friday, 4 December 2009.

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 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 period under review, the Company has complied with the provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

AUDIT COMMITTEE

During the six months ended 31 August 2009, the Audit Committee was constituted by three independent non-executive Directors, Mr. Lam Siu Lun, Simon, who presided as the chairman, Mr. Leung Wai Ki, George and Mr. Hui Chi Kwan. Mr. Lam Siu Lun, Simon was appointed as independent non-executive Director, chairman of the audit committee, chairman of the remuneration committee and a member of the nomination committee of Kiu Hung Energy Holdings Limited with effect from 22 October 2009.

The Company has renewed the service agreements with Mr. Leung Wai Ki, George and Mr. Hui Chi Kwan for a fixed term of 2 years with effect from 1 November 2009 and 26 November 2009 respectively, each with an annual director's fee of HK$120,000 and may be terminated by the Company or the Director by either party giving a three-months' written notice.

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, overseeing the Group's financial reporting system, internal control procedures and risk management and making relevant recommendations to the Board.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial statements for the six months ended 31 August 2009.

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 2009, the Remuneration Committee was constituted by three independent non-executive Directors, Mr. Lam Siu Lun, Simon, who presided as the chairman, Mr. Leung Wai Ki, George and Mr. Hui Chi Kwan, and one executive Director, 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 of the Company. 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.

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 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 have confirmed their compliance with the required standard set out in the Model Code during the six months ended 31 August 2009.

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

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkex.com.hk) and the Company (http://www.lesaunda.com.hk). The interim report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the same websites in due course.

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, 16 November 2009

As at the date of this announcement, the Company's executive Directors are Mr. Lee Tze Bun, Marces, Ms. Lau Shun Wai, Ms. Chui Kwan Ho, Jacky, Ms. Tsui Oi Kuen, Ms. Wong Sau Han and 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 purpose only*