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le saunda holdings ltd.

利信達集團有限公司*

(incorporated in Bermuda with limited liability)

(stock code:0738)

CONTINUING CONNECTED TRANSACTIONS AND TERMINATION OF ASSET SWAP AGREEMENT

Continuing Connected Transactions

Reference is made to the announcement of the Company dated 31 January 2011 in relation to the 2011 Lease Agreements which will expire on 28 February 2013. On 21 January 2013, the Group entered into the 2013 Lease Agreements with Mr. Lee and his associates in relation to the renewal of certain of the 2011 Lease Agreements and the leasing of another vehicle parking space.

Mr. Lee is a non-executive Director and the controlling shareholder of the Company. Accordingly, Mr. Lee and his associates are connected persons of the Company and the transactions contemplated under the 2013 Lease agreements constitute continuing connected transactions of the Group under Chapter 14A of the Listing Rules.

As the relevant percentage ratios in respect of the 2013 Lease Agreements, on an aggregate basis, exceed 0.1% but are less than 5%, the 2013 Lease Agreements are subject to the announcement and reporting requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Termination of the Asset Swap Agreement

Reference is made to the announcement of the Company dated 15 August 2011 in relation to the Asset Swap between Parklink Investment, an indirect wholly-owned subsidiary of the Company, and Super Billion, an indirectly wholly and beneficially owned by Mr. Lee, under the Asset Swap Agreement.

Pursuant to the Asset Swap Agreement, Super Billion will transfer the ownership of Property II to Parklink Investment and Parklink Investment will transfer the ownership of Property I to Super Billion. After consultation with the relevant PRC authority on the tax arising from the Asset Swap, Parklink Investment and Super Billion mutually agreed to terminate the Asset Swap Agreement. In accordance with the terms of the Asset Swap Agreement, Super Billion and Parklink Investment terminated the Asset Swap Agreement in writing on 21 January 2013 and will withdraw the Asset Swap application with relevant government bodies by 31 January 2013.

CONTINUING CONNECTED TRANSACTIONS

Principal Terms of the 2013 Lease Agreements

First Lease Agreement

Date

21 January 2013

Parties

Landlord: Mr. Lee

Tenant: Le Saunda Calcado, an indirect wholly-owned subsidiary of the Company

Subject matter

Leased Premises: AR/C 2-A; 2-B; 2-C, Beco Da Arruda, 32 Rua De S. Domingos, Macau

Area: 103.7 sq.m.

Term: 2 years commencing on 1 March 2013 and ending on 28 February 2015. Le Saunda Calcado is entitled to terminate the First Lease Agreement by giving Mr. Lee a six month prior written notice.

Rent: HK\$288,000 per month, payable on or before the 5th business day of each month

Others: Le Saunda Calcado, is responsible for the relevant annual property tax, which amounts to HK\$345,600 based on the annual rent and the current property tax rate of 10%, payable to the Government of Macau. No management fee is charged in respect of the premises.

Usage: Retail shop

Second Lease Agreement

Date

21 January 2013

Parties

Landlord: Super Billion, a company which is principally engaged in investment holding and is indirectly wholly and beneficially owned by Mr. Lee

Tenant: Le Saunda Business, an indirect wholly-owned subsidiary of the Company

Subject matter

Leased Premises: Units 3005-3009 on Level 30, Guangzhou Metro Plaza (i.e. Property II)

Area: 456.19 sq.m.

Term: 2 years commencing on 1 March 2013 and ending on 28 February 2015. Both parties shall have the right to terminate the Second Lease Agreement by way of three month prior written notice.

Rent: Approximately RMB62,954 (equivalent to approximately HK\$78,693) per month, payable before the 10th day of each month

Management fee: Approximately RMB147,806 (equivalent to approximately HK\$184,758) per annum, calculated based on the current management fee charged for premises in the Guangzhou Metro Plaza, payable on a monthly basis by Le Saunda Business to Guangzhou Metro Plaza Management Company Limited (廣州大都會廣場物業管理有限公司), an Independent Third Party

Usage: Office

Third Lease Agreement**Date**

21 January 2013

Parties

Landlord: Genda Investment, a company which is principally engaged in investment holding and is indirectly wholly and beneficially owned by Mr. Lee

Tenant: Le Saunda Business, an indirect wholly-owned subsidiary of the Company

Subject matter

Leased Premises: Unit 3504 on Level 35, Guangzhou Metro Plaza

Area: 80.67 sq.m.

Term: 2 years commencing on 1 March 2013 and ending on 28 February 2015. Both parties shall have the right to terminate the Third Lease Agreement by way of three month prior written notice.

Rent: Approximately RMB11,133 (equivalent to approximately HK\$13,916) per month, payable before the 10th day of each month

Management fee: Approximately RMB26,137 (equivalent to approximately HK\$32,671) per annum, calculated based on the current management fee charged for premises in the Guangzhou Metro Plaza, payable on a monthly basis by Le Saunda Business to Guangzhou Metro Plaza Management Company Limited (廣州大都會廣場物業管理有限公司), an Independent Third Party

Usage: Office

Fourth Lease Agreement

Date

21 January 2013

Parties

Landlord: Dragon Venture, a company which is principally engaged in investment holding and is indirectly wholly and beneficially owned by Mr. Lee. Mr. James Ngai, being the chairman and a non-executive Director of the Company, is the director of Dragon Venture

Tenant: L.S. Retailing, an indirect wholly-owned subsidiary of the Company

Subject matter

Leased Premises: Car park No. V09 on the ground floor of Hing Wai Centre

Term: 2 years commencing on 1 March 2013 and ending on 28 February 2015. Both parties shall have the right to terminate the Fourth Lease Agreement by giving one month prior written notice.

Rent: HK\$3,200 per month (inclusive of management fee, government rent and rates), payable in advance on the first day of each month

Usage: Vehicle parking

Basis of Rents

The rents under each of the 2013 Lease Agreements were determined after arm's length negotiations between the relevant parties having regard to the prevailing market rents of the comparable premises based on respective leases entered into by Le Saunda Calcado and Genda Investment with independent tenants and information provided by an independent property valuer.

ANNUAL CAPS

Set out below are the details of (i) the historical transaction amounts and annual caps for each of the 2011 Lease Agreements; and (ii) the annual caps for each of the 2013 Lease Agreements:

| | Historical transaction amounts | Historical annual caps | Annual caps |
|--------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| | Each of the two year ending 28 February 2013 <i>(Estimated)</i> | Each of the two years ending 28 February 2013 | Each of the two years ending 28 February 2015 |
| First Lease Agreement | HK\$2,160,000 | HK\$2,160,000 | HK\$3,456,000 |
| Second Lease Agreement | RMB629,543 | RMB629,543 | RMB755,450 |
| Third Lease Agreement | RMB111,324 | RMB111,324 | RMB133,590 |
| Fourth Lease Agreement <i>(Note)</i> | N/A | N/A | HK\$38,400 |

Note:

The Group had not leased the subject property to the Fourth Lease Agreement in the past. Accordingly, historical transaction amounts and annual caps are not applicable.

The annual caps for the two years ending 28 February 2015 have been determined with reference to the rental amounts specified in the 2013 Lease Agreements.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

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

The Group has been leasing certain premises from Mr. Lee and his associates under the 2011 Lease Agreements. As the 2011 Lease Agreements will expire on 28 February 2013, the Group entered into the 2013 Lease Agreements with Mr. Lee and his associates in relation to the renewal of certain of the 2011 Lease Agreements and the leasing another vehicle parking space.

The Company considers that the 2013 Lease Agreements would facilitate the Group's business operation by providing premises for its retail shop, office and vehicle parking. The Directors (including the independent non-executive Directors) consider that the terms of the 2013 Lease Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole.

GENERAL

Mr. Lee, being a non-executive Director and the controlling Shareholder of the Company, is a connected person to the Company. Therefore, the transactions contemplated under the 2013 Lease Agreements constitute continuing connected transactions of the Group pursuant to Chapter 14A of the Listing Rules. As the relevant percentage ratios in respect of the 2013 Lease Agreements, on an aggregate basis, exceed 0.1% but are less than 5%, the 2013 Lease Agreements are subject to the announcement and reporting requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Mr. Lee is regarded as having a material interest in the 2013 Lease Agreements and the transactions contemplated thereunder, while Mr. James Ngai, being a director of Dragon Venture, is regarded as having a material interest in the Fourth Lease Agreement and the transaction contemplated thereunder. Both Mr. Lee and Mr. James Ngai had abstained from voting on the relevant board resolution. Other than Mr. Lee and Mr. James Ngai, none of the Directors have a material interest in the 2013 Lease Agreements and the transactions contemplated thereunder.

TERMINATION OF ASSET SWAP AGREEMENT

Reference is made to the announcement of the Company dated 15 August 2011 in relation to the Asset Swap between Parklink Investment, an indirect wholly-owned subsidiary of the Company, and Super Billion under the Asset Swap Agreement.

Pursuant to the Asset Swap Agreement, Super Billion will transfer the ownership of Property II to Parklink Investment and Parklink Investment will transfer the ownership of Property I to Super Billion. After consultation with the relevant PRC authority on the tax arising from the Asset Swap, Parklink Investment and Super Billion mutually agreed to terminate the Asset Swap Agreement. In accordance with the terms of the Asset Swap Agreement, Super Billion and Parklink Investment terminated the Asset Swap Agreement in writing on 21 January 2013 and will withdraw the Asset Swap application with relevant government bodies by 31 January 2013. Mr. Lee is regarded as having a material interest in the Asset Swap Agreement and the transaction contemplated thereunder and had abstained from voting on the relevant board resolution. Other than Mr. Lee, none of the Directors have a material interest in the Asset Swap Agreement and the transactions contemplated thereunder.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the meanings as set out below:

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|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Asset Swap Agreement” | the conditional asset swap agreement dated 15 August 2011 entered into between Parklink Investment and Super Billion in respect of the Asset Swap |
| “Asset Swap” | the proposed transfer of ownership of Property II by Super Billion to Parklink Investment and the proposed transfer of ownership of Property I by Parklink Investment to Super Billion pursuant to the Asset Swap Agreement |
| “associate(s)” | has the meaning given to it in the Listing Rules |
| “Board” | the board of the Directors |

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| “Company” | Le Saunda Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange |
| “connected person(s)” | has the meaning given to it in the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Dragon Venture” | Dragon Venture Enterprises Limited, a company incorporated in Hong Kong, which is indirectly wholly and beneficially owned by Mr. Lee. Mr. James Ngai, being the chairman and a non-executive Director of the Company, is the director of Dragon Venture |
| “First Lease Agreement” | the lease agreement dated 21 January 2013 entered into between Le Saunda Calcado and Mr. Lee in respect of certain premises in Macau |
| “Fourth Lease Agreement” | the lease agreement dated 21 January 2013 entered into between L.S. Retailing and Dragon Venture in respect of certain parking space in the Hing Wai Centre |
| “Genda Investment” | Genda Investment Limited, a company incorporated in Hong Kong, which is indirectly wholly and beneficially owned by Mr. Lee |
| “Group” | the Company together with its subsidiaries |
| “Guangzhou Metro Plaza” | Metro Plaza, 183-187 Tian He North Road, Guangzhou, PRC |
| “Hing Wai Centre” | Hing Wai Centre, No. 7 Tin Wan Praya Road, Aberdeen, Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party” | to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, a counterparty and its ultimate beneficial owner who is/are third party/parties independent of and not connected with the Group and/or its connected persons |
| “Le Saunda Business” | 利信達商業(中國)有限公司 (Le Saunda Business (China) Limited*), a wholly-foreign-owned enterprise established in PRC and an indirect wholly-owned subsidiary of the Company |
| “Le Saunda Calcado” | Le Saunda Calcado, Limitada, a company incorporated in Macau and an indirect wholly-owned subsidiary of the Company |

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|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “L.S. Retailing” | L.S. Retailing Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Macau” | the Macau Special Administrative Region of the PRC |
| “Mr. Lee” | Mr. Lee Tze Bun, Marces, a non-executive Director and the controlling shareholder of the Company |
| “Parklink Investment” | Parklink Investment Development Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan |
| “Property I” | being Units 3505-3509 on Level 35 of the Guangzhou Metro Plaza, with the total gross floor area of approximately 456.19 sq. m. |
| “Property II” | being Units 3005-3009 on Level 30 of the Guangzhou Metro Plaza, with the total gross floor area of approximately 456.19 sq. m. |
| “Second Lease Agreement” | the lease agreement dated 21 January 2013 entered into between Le Saunda Business and Super Billion in respect of certain premises in the Guangzhou Metro Plaza |
| “Shareholder(s)” | the holder(s) of the ordinary share(s) of HK\$0.1 each in the issued share capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning given to it in the Listing Rules |
| “Super Billion” | Super Billion Properties Limited, a company incorporated in Hong Kong, which is indirectly wholly and beneficially owned by Mr. Lee |
| “Third Lease Agreement” | the lease agreement dated 21 January 2013 entered into between Le Saunda Business and Genda Investment in respect of certain premises in the Guangzhou Metro Plaza |
| “2011 Lease Agreements” | the lease agreements entered into between the Group and Mr. Lee and his associates on 31 January 2011 pursuant to which the Group leased certain premises from Mr. Lee and his associates; details of the 2011 Lease Agreements were set out in the announcement of the Company dated 31 January 2011 |

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| “2013 Lease Agreements” | the First Lease Agreement, the Second Lease Agreement, the Third Lease Agreement and the Fourth Lease Agreement |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “RMB” | Renminbi, the lawful currency of PRC |
| “sq.m.” | square metre |

By Order of the Board
Le Saunda Holdings Limited
James Ngai
Chairman

Hong Kong, 21 January 2013

As at the date of this announcement, the Company’s executive Directors are Ms. Lau Shun Wai, Ms. Wong Sau Han, Ms. Chu Tsui Lan and Ms. An You Ying; non-executive Directors are Mr. James Ngai and Mr. Lee Tze Bun, Marces; independent non-executive Directors are Mr. Lam Siu Lun, Simon, Mr. Leung Wai Ki, George and Mr. Hui Chi Kwan.

For illustration purposes, RMB is converted to HK\$ at a rate of RMB1=HK\$1.25 in this announcement. No representation is made that any amount in HK\$ or RMB would have been or can be converted at the above rate.

**For identification purposes only*