le saunda holdings ltd.
利信達集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 0738)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2013

FINANCIAL HIGHLIGHTS

		Year ended 28 February 2013	Year ended 29 February 2012	change	change in %
Revenue	*HK$ million*	**1,762.4**	1,545.0	217.4	14.1
Gross profit	*HK$ million*	**1,141.1**	995.5	145.6	14.6
Profit attributable to equity holders of the Company	*HK$ million*	**179.1**	194.2	(15.1)	(7.8)
Underlying profit attributable to equity holders of the Company	*HK$ million*	**152.8**	165.5	(12.7)	(7.7)
Basic earnings per share	*HK cents*	**28.02**	30.38	(2.36)	(7.8)
Dividends per share					
- interim, paid	*HK cents*	**4.0**	5.0		
- final, proposed	*HK cents*	**8.7**	8.7		
- special, paid	*HK cents*	**1.5**	-		

**For identification purpose only*

The board (the “Board”) of Directors of Le Saunda Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (together the “Group”) for the year ended 28 February 2013. The consolidated results have been reviewed by the Company’s Audit Committee.

CONSOLIDATED INCOME STATEMENT

		Year ended	
	Note	**28 February 2013** ***HK$’000***	29 February 2012 *HK$’000*
Revenue	*3*	**1,762,406**	1,545,042
Cost of sales	*5*	**(621,289)**	(549,587)
Gross profit		**1,141,117**	995,455
Other income	*4*	**8,065**	2,605
Other gains, net	*4*	**23,769**	31,506
Selling and distribution expenses	*5*	**(748,926)**	(609,230)
General and administrative expenses	*5*	**(190,205)**	(175,368)
Operating profit		**233,820**	244,968
Net finance income	*6*	**6,247**	4,119
Share of profit /(loss) of a jointly controlled entity		**551**	(580)
Profit before income tax		**240,618**	248,507
Income tax expense	*7*	**(61,863)**	(53,735)
Profit for the year		**178,755**	194,772
Profit attributable to:			
- equity holders of the Company		**179,134**	194,202
- non-controlling interest		**(379)**	570
		178,755	194,772
Earnings per share attributable to the equity holders of the Company *(express in HK cents)*			
- Basic	*8*	**28.02**	30.38
- Diluted	*8*	**28.01**	30.38
Dividends	*9*	**90,782**	87,586

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended	
	28 February 2013	29 February 2012
	HK$'000	*HK$'000*
Profit for the year	**178,755**	194,772
Other comprehensive income for the year, net of tax		
Currency translation differences	**5,335**	28,799
Revaluation gain on investment properties	**94**	-
Total comprehensive income for the year	**184,184**	223,571
Total comprehensive income for the year, attributable to:		
- equity holders of the Company	**184,420**	222,550
- non-controlling interest	**(236)**	1,021
	184,184	223,571

CONSOLIDATED BALANCE SHEET

	Note	**As at 28 February 2013** *HK$'000*	As at 29 February 2012 *HK$'000*
ASSETS			
Non-current assets			
Investment properties		**89,563**	72,795
Property, plant and equipment		**237,589**	240,836
Land use rights		**32,629**	33,394
Long-term deposits and prepayments		**18,137**	16,745
Interest in a jointly controlled entity		**35,112**	34,135
Interest in and amount due from an available-for-sale financial asset	*10*	**-**	-
Deferred tax assets		**51,807**	43,573
		464,837	441,478
Current assets			
Inventories		**469,492**	433,245
Trade and other receivables	*11*	**198,837**	134,507
Deposits and prepayments		**41,618**	37,033
Cash and bank balances		**435,661**	424,695
		1,145,608	1,029,480
Total assets		**1,610,445**	1,470,958
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**63,931**	63,931
Reserves			
Proposed final dividend		**55,620**	55,620
Others		**1,170,643**	1,064,133
		1,290,194	1,183,684
Non-controlling interest		**11,838**	12,299
Total equity		**1,302,032**	1,195,983

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	**As at 28 February 2013** **HK$'000**	As at 29 February 2012 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**31,743**	26,714
Current liabilities			
Trade payables and accruals	12	**217,773**	200,777
Amount due to a jointly controlled entity		**37,419**	30,805
Current income tax liabilities		**21,478**	16,679
		276,670	248,261
Total liabilities		**308,413**	274,975
Total equity and liabilities		**1,610,445**	1,470,958
Net current assets		**868,938**	781,219
Total assets less current liabilities		**1,333,775**	1,222,697

NOTES:

1 GENERAL INFORMATION

Le Saunda Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in manufacturing and sales of shoes. The Group mainly operates in Hong Kong, Macau and Mainland China.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2 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 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.

(i) The following amended standards are mandatory for the first time for the financial year beginning 1 January 2012 but either have no significant impact to the Group's results and financial position or are not currently relevant to the Group:

- HKAS 12 (Amendment) - Deferred Tax: Recovery of Underlying Assets
- HKFRS 1 (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- HKFRS 7 (Amendment) - Disclosures – Transfers of Financial Assets

(ii) The following new, revised or amended standards and interpretations have been issued but are not yet effective for the financial year beginning 1 January 2012 and have not been early adopted:

- HKAS 1 (Amendment) - Presentation of Financial Statements[1]
- HKAS 19 (2011) - Employee Benefits[2]
- HKAS 27 (2011) - Separate Financial Statements[2]
- HKAS 28 (2011) - Investments in Associates and Joint Ventures[2]
- HKAS 32 (Amendment) - Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities[3]
- HKFRS 1 (Amendment) - Government Loans[2]

• HKFRS 7 (Amendment)	-	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities[2]
• HKFRS 9	-	Financial Instruments[4]
• HKFRS 7 and HKFRS 9 (Amendments)	-	Mandatory Effective Date and Transition Disclosures[4]
• HKFRS 10	-	Consolidated Financial Statements[2]
• HKFRS 11	-	Joint Arrangements[2]
• HKFRS 12	-	Disclosures of Interests in Other Entities[2]
• HKFRS 13	-	Fair Value Measurement[2]
• HKFRS 10 , HKFRS 11 and HKFRS 12 (Amendments)	-	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transitional Guidance[2]
• HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	-	Investment Entities[3]
• HK(IFRIC)-Int 20	-	Stripping Costs in the Production Phase of a Surface Mine[2]
• Annual Improvements Project	-	Improvements to HKFRSs 2011[2]

[1] Changes effective for annual periods beginning on or after 1 July 2012
[2] Changes effective for annual periods beginning on or after 1 January 2013
[3] Changes effective for annual periods beginning on or after 1 January 2014
[4] Changes effective for annual periods beginning on or after 1 January 2015

The Group has already commenced an assessment of related impact of adopting the above new, revised or amended 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 consolidated financial statements will be resulted.

3 REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Directors that are used to make strategic decisions.

The Executive Directors review the Group's financial information mainly from a retail and export perspective. For the retail business, the Executive Directors further assess the performance of operations on a geographical basis (Hong Kong, Macau and Mainland China). The reportable segments are classified in a manner consistent with the information reviewed by the Executive Directors.

The Executive Directors assess the performance of the operating segments based on a measure of reportable segment profit. This measurement basis excludes rental income, other gains, net, net finance income, share of profit/loss of a jointly controlled entity 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.

In respect of geographical segment reporting, sales are based on the country in which the customer is located, and total assets and capital expenditure are based on the country where the assets are located.

(i) The segment information provided to the Executive Directors for the reportable segments for the year ended 28 February 2013 is as follows:

	Retail		Export	Total
	HK & Macau	**Mainland China**	*(Note (a))*	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	**206,396**	**1,519,641**	**36,369**	**1,762,406**
Reportable segment profit	**15,341**	**181,979**	**10,470**	**207,790**
Rental income				**2,635**
Other gains, net				**23,769**
Net finance income				**6,247**
Share of profit of a jointly controlled entity				**551**
Unallocated expenses				**(374)**
Profit before income tax				**240,618**
Income tax expense				**(61,863)**
Profit for the year				**178,755**
Depreciation and amortisation	**6,576**	**44,968**	**427**	**51,971**
Additions to non-current assets (Other than deferred tax assets)	**2,969**	**45,591**	**309**	**48,869**

The segment information provided for the year ended 29 February 2012 is as follows:

	Retail		Export	Total
	HK & Macau	Mainland China	*(Note (a))*	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	196,677	1,312,199	36,166	1,545,042
Reportable segment profit	24,316	181,319	6,042	211,677
Rental income				2,605
Other gains, net				31,506
Net finance income				4,119
Share of loss of a jointly controlled entity				(580)
Unallocated expenses				(820)
Profit before income tax				248,507
Income tax expense				(53,735)
Profit for the year				194,772
Depreciation and amortisation	5,522	41,640	1,037	48,199
Additions to non-current assets (Other than deferred tax assets)	6,338	42,926	197	49,461

Revenues from external customers are derived from the sales of shoes on a retail and export basis. The breakdowns of retail and export results are provided above. The retail of shoes mainly relates to the Group's own brands, le saunda, le saunda MEN, CNE and Linea Rosa. The export sales of shoes related to the Group's own brands and other shoe brands which are not owned by the Group.

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

An analysis of the Group’s assets as at 28 February 2013 by reportable segment is set out below:

	Retail		Export	Total
	HK & Macau	**Mainland China**		
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment assets	**183,187**	**1,304,870**	**35,225**	**1,523,282**
Interest in a jointly controlled entity				**35,112**
Interest in and amount due from an available-for-sale financial asset				**-**
Deferred tax assets				**51,807**
Unallocated assets				**244**
Total assets per consolidated balance sheet				**1,610,445**
Segment liabilities	**22,067**	**189,350**	**6,332**	**217,749**
Amount due to a jointly controlled entity				**37,419**
Current income tax liabilities				**21,478**
Deferred tax liabilities				**31,743**
Unallocated liabilities				**24**
Total liabilities per consolidated balance sheet				**308,413**

An analysis of the Group's assets as at 29 February 2012 by reportable segment is set out below:

	Retail		Export	Total
	HK & Macau	Mainland China		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	186,658	1,176,660	29,803	1,393,121
Interest in a jointly controlled entity				34,135
Interest in and amount due from an available-for-sale financial asset				-
Deferred tax assets				43,573
Unallocated assets				129
Total assets per consolidated balance sheet				1,470,958
Segment liabilities	17,779	178,091	4,885	200,755
Amount due to a jointly controlled entity				30,805
Current income tax liabilities				16,679
Deferred tax liabilities				26,714
Unallocated liabilities				22
Total liabilities per consolidated balance sheet				274,975

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

REVENUE

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**175,125**	167,768
Mainland China	**1,519,641**	1,312,199
Macau	**31,271**	28,909
Russia	**24,537**	22,667
Italy	**-**	27
Other countries (Note (a))	**11,832**	13,472
Total	**1,762,406**	1,545,042

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

For the year ended 28 February 2013, there was no transaction with a single external customer that amounted to 10 percent or more of the Group's revenue (2012: HK$ Nil).

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

NON-CURRENT ASSETS

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**31,252**	32,348
Mainland China	**293,003**	295,469
Macau	**88,775**	70,088
Total	**413,030**	397,905

4 OTHER INCOME AND OTHER GAINS, NET

	2013	2012
	HK$'000	*HK$'000*
Other income		
Gross rental income from investment properties	**2,635**	2,605
Government incentives	**5,430**	-
	8,065	2,605
Other gain, net		
Fair value gains on investment properties	**16,168**	25,607
Net exchange gain *(Note (a))*	**7,601**	5,899
	23,769	31,506
	31,834	34,111

(a) *Net exchange gain 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 expenses, and general and administrative expenses are analysed as follows:

	2013	2012
	HK$'000	*HK$'000*
Auditors' remuneration	**1,954**	1,992
Amortisation of land use rights	**913**	908
Depreciation of property, plant and equipment	**51,058**	47,291
Loss on disposal of property, plant and equipment	**2,841**	1,039
Costs of inventories sold included in cost of sales	**503,221**	436,793
Operating lease rentals in respect of land and buildings		
- minimum lease payments	**100,392**	82,744
- contingent rents	**3,939**	2,908
Freight charges	**13,935**	13,062
Advertising and promotional expenses	**51,066**	36,238
Concessionaire fees	**331,253**	270,981
Direct operating expenses arising from investment properties that generated rental income	**245**	236
Employee benefit expenses (including directors' emoluments)	**378,012**	346,671
Impairment losses/(write back of impairment) on inventories	**348**	(1,661)
Write back of impairment on trade receivables	**-**	(1,555)

6 NET FINANCE INCOME

	2013	2012
	HK$'000	*HK$'000*
Interest income on bank deposits	6,348	4,119
Interest expense on short-term bank loan	(101)	-
	6,247	4,119

7 INCOME TAX EXPENSE

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

	2013	2012
	HK$'000	*HK$'000*
Current income tax		
- Hong Kong profits tax	**-**	-
- People's Republic of China ("PRC") corporate income tax	**64,848**	46,296
Deferred taxation	**(2,985)**	7,439
	61,863	53,735

No provision for Hong Kong profits tax has been made as there were available tax losses brought forward from prior years to offset the assessable profits generated during the year.

PRC corporate income tax is provided on the profits of the Group's subsidiaries in the PRC at 25% (2012: range from 24% to 25%). 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, the subsidiary was fully exempted from the PRC corporate income tax in PRC financial year 2007 and 2008, and subjected to a reduced tax rate of 12.5% in PRC financial year 2009, 2010 and 2011.

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 year.

	2013	2012
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**179,134**	194,202
Weighted average number of ordinary shares in issue *('000)*	**639,314**	639,314
Basic earnings per share *(HK cents)*	**28.02**	30.38

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.

For the year ended 28 February 2013 the Company had share options outstanding 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. For the year ended 29 February 2012, the diluted earnings per share was the same as the basic earnings per share as the Company's share options outstanding during the year was anti-dilutive potential ordinary shares.

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.

	2013	2012
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**179,134**	194,202
Weighted average number of ordinary shares in issue (*'000*)	**639,314**	639,314
Adjustments for share options (*'000*)	**141**	-
Weighted average number of ordinary shares for diluted earnings per share (*'000*)	**639,455**	639,314
Diluted earnings per share (*HK cents*)	**28.01**	30.38

9 DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Interim, paid, of HK4.0 cents (2012: HK5.0 cents) per ordinary share	**25,573**	31,966
Final, proposed, of HK8.7 cents (2012: HK8.7 cents) per ordinary share	**55,620**	55,620
Special dividend of HK1.5 cents (2012: Nil) per ordinary share	**9,589**	-
	90,782	87,586

At a meeting held on 27 May 2013, the Directors proposed a final dividend of HK8.7 cents per ordinary share totalling approximately HK$55,620,000. This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings of the Company for the year ending 28 February 2014.

10 INTEREST IN AND AMOUNT DUE FROM AN AVAILABLE-FOR-SALE FINANCIAL ASSET

	2013	2012
	HK$'000	*HK$'000*
Unlisted shares, at fair value *(Note (a))*		
- Investment cost	**3,118**	3,081
- Provision for impairment	**(3,118)**	(3,081)
	-	-
Amount due from an available-for-sale financial asset *(Note (b))*	**9,355**	9,242
Less: Provision for impairment	**(9,355)**	(9,242)
	-	-
	-	-

(a) Details of available-for-sale financial asset are as follows:

Name of the company	Place of establishment/ operation	Principal activities	Group's equity interest
佛山市順德區陳村鎮碧桂園物業發展有限公司 (“陳村鎮碧桂園”)	PRC	Property development	25%

The Group's Directors do not regard 陳村鎮碧桂園 as an associate of the Group on the grounds that the Group has no participation in decision making of its financial and operating policies. Accordingly, the Group does not have any significant influence over 陳村鎮碧桂園.

(b) The amount due from an available-for-sale financial asset is unsecured, interest-free, not repayable within twelve months and is denominated in RMB.

11 TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables *(Note (a))*	**185,567**	128,287
Provision for impairment	**-**	-
	185,567	128,287
Other receivables	**13,270**	6,220
	198,837	134,507

(a) The Group's concessionaire sales through department stores are generally collectible within 30 to 60 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 2013, the ageing analysis of the trade receivables based on invoice date is as follows:

	2013	2012
	HK$'000	*HK$'000*
Current to 30 days	**164,845**	116,598
31 to 60 days	**14,053**	8,285
61 to 90 days	**2,984**	1,426
Over 90 days	**3,685**	1,978
	185,567	128,287

12 TRADE PAYABLES AND ACCRUALS

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**80,242**	65,174
Accruals	**137,531**	135,603
	217,773	200,777

The credit periods granted by suppliers are generally ranged from 7 to 60 days. At 28 February 2013, the ageing analysis of the trade creditors is as follows:

	2013	2012
	HK$'000	*HK$'000*
Current to 30 days	**23,626**	29,218
31 to 60 days	**26,158**	21,934
61 to 90 days	**15,630**	5,379
91 to 120 days	**6,687**	2,531
Over 120 days	**8,141**	6,112
	80,242	65,174

MANAGEMENT'S DISCUSSION AND ANALYSIS

I. FINANCIAL REVIEW

Operating Results

The Group, which has adopted a vertically-integrated business model, engages in the design, development, manufacturing and retailing of ladies' and men's footwear, handbags and fashion accessories in Hong Kong, Macau and Mainland China. The major self-owned brands of the Group, including le saunda, le saunda MEN, CNE and Linea Rosa, aims to appeal to a diversified target customer group with their distinct product lines.

In the 2012/13 fiscal year, the total revenue of the Group increased by 14.1% year-on-year to HK$1,762.4 million (2011/12: HK$1,545.0 million). With consolidated gross profit up 14.6% to HK$1,141.1 million, the Group recorded an overall gross profit margin of 64.7%, which was 0.3 percentage point higher compared to that of last year. Due to continuously increasing operating costs, operating profit dropped by 4.6% year-on-year to HK$233.8 million (2011/12: HK$245.0 million). With the expiry of the preferential tax incentive as well as the drop in revaluation gains on investment properties, consolidated profit attributable to equity holders of the Company decreased by 7.8% to HK$179.1 million (2011/12: HK$194.2 million) compared to that of last year. The underlying profit attributable to equity holders, representing the performance of the Group's core footwear business, also declined by 7.7% year-on-year to HK$152.8 million (2011/12: HK$165.5 million).

HK$ million	**2012/13**	**2011/12**	**Change**
Revenue	1,762.4	1,545.0	14.1%
Gross profit	1,141.1	995.5	14.6%
Gross profit margin	64.7%	64.4%	0.3 percentage point
Consolidated profit attributable to equity holders	179.1	194.2	(7.8%)
Underlying profit attributable to equity holders	152.8	165.5	(7.7%)
Final dividend (HKcents)	8.7	8.7	-
Annual dividend pay-out ratio	50.7%	45.1%	5.6 percentage points

Note: *Underlying profit attributable to equity holders is a performance indicator of the Group's core business of sales of footwear. It is arrived at by deducting the share of profit/loss of a jointly controlled entity, rental income, foreign exchange gains/losses, unrealised fair value changes on investment properties and an available-for-sale financial assets; and impairment loss on the amount due from an available-for-sale financial asset from profit for the year attributable to equity holders of the Company.*

Gross Profit & Profitability

During the year under review, due to continued weak consumer confidence, retailers had offered more promotional activities to attract customers. Nevertheless, the Group recorded a gross profit of HK$1,141.1 million (2011/12: HK$995.5 million), an increase of 14.6% year-on-year, and a high overall gross profit margin of 64.7%, 0.3 percentage point higher than that of last year. This was attributable to the Group's constant focus on the mid-to-high-end market, which generally offers less discounts compared to the mid-to-low-end market, and the extension of a regular price period by an early roll-out of new collections during the year.

Selling and distribution expenses increased by 22.9% year-on-year to HK$748.9 million (2011/12: HK$609.2 million). Such increase outstripped the growth rate in revenue mainly due to two factors. Firstly, shop rents were the substantial-growing components in selling expenses. Most of the stores of the Group in Mainland China are located in department stores of which the concessionaire rate experiences an upward adjustment every year. Together with more promotion activities initiated by department stores compared with those of last year, approximately 2 percentage points increase in concessionaire rate was recorded during the year under review, and shop rental in Hong Kong also recorded a surge. Secondly, advertising and promotion expenses increased. In order to actively enhance its brand recognition and equity, the Group expanded its marketing efforts for its 35th anniversary by inviting Mr. Louis Koo Tin Lok, a well-known movie star in Asia, to endorse the le saunda brand, and G.E.M. (Gloria Tang Tze-Kei), the new pop star in Hong Kong, to endorse the CNE brand and the product lines under the Disney project, which resulted in a rise in the overall expenses during the year. The share of advertising and promotion expenses of revenue increased 0.6 percentage point to 2.9% compared to that of last year, but remained at a reasonable level. In terms of sales ratio, selling and distribution expenses accounted for 42.5% of total revenue (2011/12: 39.4%), representing an increase of 3.1 percentage points.

General and administrative expenses increased by 8.5% to HK$190.2 million (2011/12: HK$175.4 million) compared to last year. During the year under review, the Group strictly controlled its administrative expenses. General and administrative expenses to revenue dropped to 10.8% (2011/12: 11.4%), and therefore fell by 0.6 percentage point. Since the implementation of the minimum wage policy by the Chinese government, the Group has made several salary increments for staff to a competitive level in the past few years. During the year under review, the recruitment of experienced administrative and executive talents had caused a slight increase in the overall payroll expenses of the Group.

The revaluation gain on investment properties decreased by 36.9% to HK$16.2 million (2011/12: HK$25.6 million), resulting in “other gains, net” dropped to HK$23.8 million (2011/12: HK$31.5 million).

Consolidated profit attributable to equity holders of the Company was HK$179.1 million (2011/12: HK$194.2 million), a decrease of 7.8% compared to that of last year. Basic earnings per share decreased by 7.8% year-on-year to HK28.02 cents (2011/12: HK30.38 cents). The Board recommended to declare a final dividend of HK8.7 cents per ordinary share (2011/12: HK8.7 cents). Together with the interim dividend of HK4.0 cents and the interim special dividend of HK1.5 cents, the total dividend for this fiscal year was HK14.2 cents per ordinary share, maintaining a high dividend payout ratio of 50.7% (2011/12: 45.1%).

Impacts of Change in Tax Rate on Profit

During the year under review, income tax expenses amounted to approximately HK$61.9 million (2011/12: HK$53.7 million), representing an increase of 15.1%, which had a significant impact on the profit after tax. The increase was mainly due to the expiry of the preferential tax incentive enjoyed by the Group’s Shunde plant by the end of 2011. Effective from 2012, all business entities of the Group in Mainland China are subject to an income tax rate of 25%, while the profit tax rate for the Hong Kong business maintains at 16.5%. Pursuant to the Enterprise Income Tax Law of the People’s Republic of China, a withholding income tax of 5-10% shall be levied on the dividends remitted by a Chinese subsidiary to its foreign parent company starting from 1 January 2008. The Group anticipates the applicable future overall tax rate will remain at a level slightly above 25%.

However, attributable to the Group's contribution to local economic development and the creation of job opportunities, the Group was entitled to some supportive and preferential policies by the local governments in certain regions in which the Group operates. The Group expects to credit certain local governmental incentives under "Other Income" from this fiscal year, but will not lower tax rate in general. Taking the above local governmental incentives into account, the effective tax rate of the Group would be 24.0%.

Inventory & Supply Chain Management

As at 28 February 2013, the Group's inventory balance was HK$469.5 million, up 8.4% from HK$433.2 million as at the end of last year. Inventory turnover days rose to 220 days (29 February 2012: 210 days). A breakdown of inventory balance is as follows:

HK$ (million)	As at 28 February 2013	As at 29 February 2012	Changes in value	Changes in %
Raw materials and work-in-progress	74.9	80.4	(5.5)	(6.8%)
Finished goods	394.6	352.8	41.8	11.8%
Total	469.5	433.2	36.3	8.4%

During the year under review, the inventory of raw materials and work-in-progress decreased by 6.8% year-on-year, which was primarily due to the adoption of a new ERP system at the production base, realising a real-time control over the stock of raw materials. Inventory of finished goods rose by 11.8% year-on-year, lower than the overall sales growth rate. The Group achieved its stock clearance target for the second half of this year with the opening of 16 new factory outlets as well as the use of the e-commerce channel. In spite of the increase in year-on-year inventory turnover days, there was 21 days decrease compared to 241 days in the first half of this year. Despite the fact that inventory turnover days increased over the past two years, the Group maintains strict control over the age of its inventory. As at 28 February 2013, the Group's inventory of finished goods increased by HK$41.8 million, the majority of which were current season products. Based on the aging analysis, the inventory level of finished goods remained healthy.

Liquidity and Financial Resources

The Group's financial position remained strong and healthy. As at 28 February 2013, the Group's cash and bank balance amounted to HK$435.7 million (29 February 2012: HK$424.7 million), an increase of 2.6% year-on-year. The quick ratio was 2.3 times (29 February 2012: 2.3 times). During the year, the Group had borrowed and repaid a short term bank loan of HK$30.0 million. As at the fiscal year-end date, the Group had no short-term bank loans (29 February 2012: HK$Nil). Forward contracts will be used, if necessary, to hedge related debts and bank borrowings arising from overseas purchases. The Group did not enter into any forward contracts to hedge its foreign exchange risks during the year. In addition, working capital requirements for business operations in Mainland China will be financed by loans denominated in Renminbi from local banks when necessary.

During the year ended 28 February 2013, the Group's cash and bank balances were held in Hong Kong dollars, US dollars, Euro and Renminbi and were deposited in leading banks with maturity of less than one year.

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

II. BUSINESS REVIEW

Retail Business and Network

During the year under review, retail business remained the Group’s principal revenue contributor. Total revenue of the retail segment increased by 14.4% year-on-year to HK$1,726.0 million (2011/12: HK$1,508.9 million). Such growth in the Group’s retail business in Mainland China was attributable to the continuous expansion of retail network and the improvement of store operation efficiency. The contribution of the retail business to the Group’s total revenue was similar to last year at 97.9%.

Consolidated Revenue	**Year ended 28 February 2013** *(HK$ million)*	**% to Total**	**Year ended 29 February 2012** *(HK$ million)*	**% to Total**	**Year-on-year Growth** *(%)*
Retail business:					
Mainland China	1,519.6	86.2%	1,312.2	85.0%	15.8%
Hong Kong and Macau	206.4	11.7%	196.7	12.7%	4.9%
Retail Sub-total	1,726.0	97.9%	1,508.9	97.7%	14.4%
Export	36.4	2.1%	36.1	2.3%	0.8%
Group’s Total Revenue	1,762.4	100.0%	1,545.0	100.0%	14.1%

The Mainland China market remained the focus of the Group’s retail business. As at the year-end date, the Group had a retail network comprising 984 outlets in Mainland China, Hong Kong and Macau, the pace of store opening has not slowed down over the year. However, the net increase of outlets was only 63 since the Group closed down a number of underperforming outlets during the restructuring of the CNE brand. As at 28 February 2013, the geographical breakdown of the retail network was as follows:

Number of Outlets by Region	Self-owned (changes over the last corresponding period)	Franchise (changes over the last corresponding period)	Total (changes over the last corresponding period)
Mainland China	795(+70)	170(-7)	965(+63)
• Northern, Northern East & Northern West	189(+38)	104(-6)	293(+32)
• Eastern	249(+26)	2(-6)	251(+20)
• Central and Southwestern	138(-1)	46(+1)	184(-)
• Southern	219(+7)	18(+4)	237(+11)
Hong Kong and Macau	19(-)	-	19(-)
Total	814(+70)	170(-7)	984(+63)

The Group maintained a steady growth of its retail network despite the unfavourable sentiment in the retail market. As at the end of February this year, the core brand le saunda had an addition of 109 outlets compared to that of last year, bringing the total number of outlets to 731. le saunda MEN added 26 new stand-alone counters year-on-year to a total number of 108. After more than a one-year development period, the number of stores of the high-end fashion brand Linea Rosa has reached 22. Meanwhile, Linea Rosa has entered the Hong Kong market during the year under review with new stores, all located in prime shopping malls. In respect of the middle-end brand CNE, the number of outlets decreased by 74 to 162 as at the year-end date through closure and expiry of lease contracts during its restructuring process. The Group will carefully select locations for CNE store opening according to its positioning in the near future, with its first priority being to improve single-store sales and profitability.

Mainland China

In 2012, total retail sales of consumer goods in Mainland China grew at a nominal rate of 14.3% year-on-year, representing a decrease of 2.8 percentage points, or an effective growth of 12.1% factoring out pricing changes. From January to February 2013, total retail sales of consumer goods grew at a nominal rate of 12.3% year-on-year, or an effective growth of 10.4% factoring out pricing changes. In 2012, the disposable income per capita of urban population in China achieved a growth of 12.6%. We believed that the enduring adversity of the retail industry was mainly due to poor consumer confidence, and there has no signs of recovery in retail market so far. Facing such a difficult business environment, the Group has decisively initiated a series of internal reforms in the first half of the year, focusing on the improvement of single-store sales and efficiency, instead of the blind pursuit of store expansion, resulting in 15.8% increase in retail sales in Mainland China. With regard to marketing and promotion, the Group has, on one hand, actively accommodated different kinds of promotion activities initiated by department stores throughout the year. On the other hand, it has enhanced the marketing campaigns by identifying celebrities to endorse different brands and organising fashion shows and roadshows to targeting customer groups. As a result, the same store sales growth of the Group restored to 9.0% for the second half of the year, which outpaced the low single digit growth for the first half of the year. By region, the overall retail revenue growth in Mainland China has remarkably outperformed that in Hong Kong and Macau during the year.

Hong Kong and Macau

In 2012, total retail sales in Hong Kong grew by 9.8%, significantly less than the growth of 24.9% last year. During the year under review, the Group's retail business in Hong Kong and Macau recorded a slowdown, the revenue up 4.9% year-on-year to HK$206.4 million. This was mainly due to the expiry of the lease of the outlet in The Venetian in Macau. This outlet has been moved to a street store at a prime location, which has increased our rental expenses, on the one hand, while on the other hand enhanced our exposure within the region. Last year, the Hong Kong retail industry was sluggish, and individual tourists from Mainland China became more cautious about their purchases of consumer products. During the year under review, the number of stores in Hong Kong and Macau remained at 19.

Product Mix

Ladies' footwear remained the Group's major revenue contributor by product category, achieving a year-on-year growth of 13.3% during the year under review and accounting for 77.4% of the Group's retail revenue, representing a slight decrease compared to that of the previous year. Key-developed brand le saunda MEN grew by 23.7% in terms of revenue, accounting for 14.0% of the Group's retail revenue, representing a 0.9 percentage point increase compared to that of last year. The increase was mainly due to the Group's increased effort in the development of men's footwear products so as to increase the supply of youthful, comfortable and casual shoes, effectively resulting in higher sales of men's footwear. Furthermore, sales of handbags and accessories recorded a substantial growth of 16.5% compared to that of last year (2011/12: 1.4%), owing to the improved design of handbags and increased product offering.

Product Category	**Year-on-year Growth (%)**	**Sales Mix for the year ended 28 February 2013 (%)**	**Sales Mix for the year ended 29 February 2012 (%)**	**Changes in Sales Mix (percentage point)**
Ladies' Footwear	13.3	77.4	78.4	(1.0)
Men's Footwear	23.7	14.0	13.1	0.9
Handbags and Accessories	16.5	8.6	8.5	0.1
Total		100	100	

E-Commerce

Online sales enjoy enormous success in Mainland China. During the year under review, the e-commerce division enhanced integration of four aspects: product, operation, marketing and maintenance, with an aim to improve efficiency. The initiatives were proven to be effective with a year-on-year revenue growth of over 110% and a remarkable growth in net profit margin. Benefiting from the successful business model of established online sales platforms, the e-commerce division continued to expand its own business by cooperating with more than 10 established platforms. As a new sales channel, e-commerce helps the Group to penetrate into the younger demographic. The Group is optimistic about the outlook of e-commerce, and will put more resources to develop this division in product development, logistics, customer service, inventory management, human resource, as well as platform cooperation. The Group believes that e-commerce will generate stable income for the Group in the future.

Export Business

During the year under review, the Group's overall export revenue increased by 0.8% year-on-year to HK$36.4 million (2011/12: HK$36.1 million), accounting for 2.1% of the Group's total revenue (2011/12: 2.3%). The slight drop in proportion of export business was mainly due to the gloomy global economy and the flagging external demand, as well as the Group's focus on more retail business.

Brand Outlook

le saunda

As the core brand, le saunda is the key revenue source of the Group. With well-established history, le saunda enjoys high loyalty and recognition among customers. It will be more secure for the Group to further penetrate into second- and third- tier cities with this brand, supplemented with proper reference to local taste to its products and prices. On the other hand, le saunda MEN has been growing on the right track. Following the endorsement by the well-known movie star, market recognition of le saunda MEN has surged. The Group will enhance the single-store sales of new outlets, which would result in slightly slowing down in store opening in the near future. It will also concentrate on improving the comfortableness and quality of the products. The outlook of handbag sales is promising with a year-on-year growth rate of 16.5% and inventory turnover of 165 days. All these attributed to the enriched handbag designs with a wider range of colors. Looking forward, the Group will increase the initial stock for new season and improve the quality of handbags in the hope that the proportion of total revenue from handbags will surge to over 10%.

Adhering to the mission of delivering fine quality Italian shoes, le saunda is expected to achieve lower inventory level, better single-store sales and higher market recognition with its internal reforms and celebrity endorsement campaigns.

CNE

Though CNE, the girlish brand, has a group of loyal customers in the domestic market, it has not performed well and even recorded a loss in the last fiscal year. Affected by insufficient product supply and low brand recognition, the CNE shops had unsatisfactory sales performance. During the year under review, the Group made a decisive move to close 74 underperforming shops. The Group is optimistic about the same store sales growth of CNE for 2013/14 fiscal year, since the single-store sales of existing CNE stores has been improved, after several measures were taken, namely, increased supply of products, centralised management of resource and elimination of the negative impacts brought by underperforming stores. With celebrity endorsement and the leverage on their influence, CNE brand recognition and sales revenue has effectively enhanced. In the short run, CNE will concentrate on realising a reasonable profit by improving the performance and single-store sales of its existing stores, while new stores will be opened only if highly favourable terms will be offered.

Linea Rosa

With the fine design and quality that has been known to be on a par with European brands, Linea Rosa, the high-end brand of the Group, meets the growing demand in the first-tier cities, and gained higher market recognition since its launch in August 2011. Linea Rosa mainly engages in the provision of imported goods and international fashionable leather goods targeting high-end, young and affluent customers. The brand has a total of 22 stores in China, of which 2 were newly opened in Hong Kong and Macau. During the year under review, Linea Rosa enjoyed the highest gross profit margin among the brands. To consolidate its success, the Group carefully selects the finest premier shopping locations for store opening, with the top priority of maintaining brand equity and avoiding a huge accumulated inventory.

Cross-Brand Cooperation

The Group becomes the first ladies' footwear brand in China to cooperate with Disney. Under this cooperation, the Minnie Collection by CNE and the Disney Princess Collection by le saunda, which is still in the preliminary stage, were launched last December and this May, respectively. The Group believes that, leveraging on this cooperation, CNE and le saunda will be more appealing to the young demographic and will raise their prestige among this market segment. Expecting more prominent Disney effect after Shanghai Disneyland opens in 2015, the Group has full confidence in this cooperation.

III. FUTURE OUTLOOK AND LONG-TERM STRATEGY

In 2012, the growth of gross domestic product (GDP) of China was 7.8% and dropped further to 7.7% in the first quarter of 2013, hinting that the high-speed growth era of the retail industry has ended. Last year was a tough year for retailers as they were faced with high inventory and high operating costs. Nonetheless, the Group was able to maintain a steady growth.

Goal for the Year – Enhancing Single-Store Efficiency and Controlling Inventory

Department stores adjust their concessionaire rate every year, resulting in continuous increase in rental expenses, particularly in Hong Kong, bringing the operating profit margin under constant pressure. In the near future, the Group targets to manage and reduce operating costs, optimise business structure, and enhance operating efficiency. Details are as follows:

I. The Group will maintain strict control over its inventory in order to achieve a healthy inventory level within two years. Despite the inventory turnover days have a year-on-year increase, it in fact decreased by 21 days as compared to 241 days for the first half of the fiscal year, reflecting the success of the stock clearance efforts in the second half of the year.

II. Improve single-store efficiency of second-tier stores and build up flagship stores. Same store sales growth has decelerated due to the slow-down in China's macro-economic growth, while the breakeven time of new stores has therefore prolonged. Accordingly, the Group has adopted a strategy to drive sales by enhancing single-store efficiency instead of the blind pursuit of store expansion. The Group's target is to establish some flagship stores or concept stores in each sales region across Mainland China with the aim of boosting regional sales and promoting brand image.

III. Mitigate market uncertainties and shorten the replenishment order period. To test the market trend and capture the market opportunity accordingly, the Group has increased the number of orders and launched new collections earlier during the year under review. In the future, the Group will continue its reforms of the front-line operations and supply chain with the aim of shortening the replenishment order period.

Mid-to-long Term Goals & Strategies – Five Enhancements in Operation

After a series of reform, the same store sales growth achieved in second half of the fiscal year was remarkably higher than that of first half of the fiscal year. In long run, to consolidate the results of reforms, the group will increase its competitiveness on five operational aspects in order to generate long term sustainable growth by its brands equity and efficient management. Details are as follows:

I. Brand promotion. In the future, the Group will continue to step up its marketing efforts and engage celebrities to endorse its brands, as well as enhance the brand's influence and customers' loyalty by organising activities such as fashion shows, roadshows and VIP parties.

II. Product development. Given the different development stages of first, second and third tier cities in China, geographically-affected consumption patterns are considerably different. Therefore, the Group will study the trend and needs of each regional market and offer localised and tailor-made products for the consumers in each region.

III. Quality advancement. The Group has high brand awareness amongst the customer for its constant pursuit of high product quality. With a full-range of shoe-making techniques and equipment from Italy at its production base, the Group aims to achieve a higher level of product quality to strengthen its brand equity and maintain its reputation among consumers. The Chinese market is maturing, and consumers are becoming increasingly concerned about quality. Retailers have been raising retail prices annually, the future price hikes will hardly be sustainable if product quality does not enhance at the same pace.

IV. Efficiency improvement. The Group will enhance its single-store sales, particularly for new stores, second- and third-tier stores, as well as shorten the breakeven time of new stores. In view of a general slowdown of the Chinese economic growth, accelerating the breakeven time of new stores becomes crucial since the same store sales growth of mature stores can no longer compensate the losses of new stores.

V. Professional management. The Group will provide more professional training to staff while the middle management team will be strengthened to enhance internal control and execution capability.

The Group is entering into its second five-year plan in 2013. With the overarching direction of "Embracing heritage, achieving breakthrough and moving forward", the Group aims to advocate its excellent tradition and core brand equity, promote its collaborative and sincere corporate culture, and realise its core brand value centering on the delivery of quality, chic and trendy products.

PLEDGE OF ASSETS

As at 28 February 2013, bank deposits of HK$2.9 million (29 February 2012: HK$1.9 million) have been pledged as rental deposits for certain subsidiaries of the Group.

CORPORATE GUARANTEES

The Company has given corporate guarantees in favour of banks for banking facilities granted to certain subsidiaries on letters of credit and bank loans to the extent of HK$230.0 million (29 February 2012: HK$120.0 million), of which HK$9.4 million (29 February 2012: HK$9.8 million) was utilised as at 28 February 2013.

DIVIDEND

The Board has recommended to declare a final dividend of HK8.7 cents per ordinary share for the year ended 28 February 2013 (2012: HK8.7 cents) to the shareholders of the Company (the "Shareholders") whose names appear on the Register of Members of the Company on Wednesday, 24 July 2013. The final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting (the "AGM") of the Company and is expected to be paid on or around Thursday, 1 August 2013.

The Board declared the payment of an interim dividend of HK4.0 cents per ordinary share and a special dividend of HK1.5 cents per ordinary share for the six months ended 31 August 2012 (2011: HK5.0 cents).

EMPLOYEES AND REMUNERATION POLICIES

As at 28 February 2013, the Group had a staff force of 5,453 people (29 February 2012: 5,529 people). Of this number, 180 were based in Hong Kong and Macau and 5,273 in Mainland China. The remuneration level of the Group's employees was in line with market trends and commensurate to the levels of pay in the industry. Remuneration of the Group's employees comprised basic salaries, bonuses and long-term incentives. Total staff costs for the twelve months ended 28 February 2013, including Directors' emoluments, net pension contributions and the value of employee services, amounted to HK$378.0 million (2012: HK$346.7 million). The Group has all along organized structured and diversified training programmes for staff at different levels. Outside consultants will be invited to broaden the contents of the training programmes.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 28 February 2013.

AUDIT COMMITTEE

During the year, the audit committee (the "Audit Committee") of the Board comprises three independent non-executive Directors, namely Mr. Lam Siu Lun, Simon (chairman of the Audit Committee), Mr. Leung Wai Ki, George and Mr. Hui Chi Kwan. Mr. Lam has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.21 of the Listing Rules.

The primary functions and duties of the Audit Committee are to recommend the appointment, re-appointment and removal of the external auditor, oversee the integrity of financial information of the Company and its disclosure, provide independent review of the effectiveness of the financial controls, internal control and risk management systems of the Group, and review the accounting principles and practices adopted by the Group. The full terms of reference of the Audit Committee are posted on the websites of the Stock Exchange and the Company.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group, reviewed the annual results of the Group for the year ended 28 February 2013 and discussed the overall effectiveness of the internal control system of the Group with the management of the Company.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The AGM of the Company is scheduled to be held on Monday, 15 July 2013. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 11 July 2013 to Monday, 15 July 2013 (both days inclusive) during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares 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, at Units 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 10 July 2013.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The proposed final dividend is subject to the approval of the Shareholders at the AGM. The record date for entitlement to the proposed final dividend is 24 July 2013. In order to ascertain the entitlement to the proposed final dividend for the year ended 28 February 2013, the register of members of the Company will be closed from Monday, 22 July 2013 and Wednesday, 24 July 2013 (both days inclusive) during which no transfer of shares will be registered. The last day for dealing in Shares cum entitlements to the proposed final dividend for the year ended 28 February 2013 will be Wednesday, 17 July 2013. In order to qualify for the proposed final dividend for the year ended 28 February 2013, all transfers of shares 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, at Units 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Friday, 19 July 2013.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving and maintaining the highest standard of corporate governance. The Board and its management understand that it is their responsibility to establish a good corporate management system and practice and strictly comply with the principles of independence, accountability, responsibility and impartiality so as to improve the operation transparency of the Company, protect the interests of the Shareholders and create values for the Shareholders.

During the year, the Company has complied with the provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code and Corporate Governance Report (the "New CG Code") (effective from 1 April 2012) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, except for deviation from code provision A.6.7 of the New CG Code which stipulates, among others, that independent non-executive Directors and other non-executive Directors should attend general meetings. Due to another business engagement, Mr. Lee Tze Bun, Marces, a non-executive Director, was unable to attend the annual general meeting of the Company held on 16 July 2012.

The Board will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest developments.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 required 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 that they have complied with the Code of Conduct and the required standard set out in the Model Code during the year ended 28 February 2013 and up to the date of this announcement.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 28 February 2013 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.lesaunda.com.hk) in due course on or before 30 June 2013.

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
Le Saunda Holdings Limited
James Ngai
Chairman

Hong Kong, 27 May 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.

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