le saunda holdings ltd.
萊爾斯丹控股有限公司*

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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2015

FINANCIAL HIGHLIGHTS

		Year ended 28 February 2015	Year ended 28 February 2014	change	change in %
Revenue	*HK$ million*	**2,108.3**	2,039.4	68.9	3.4
Gross profit	*HK$ million*	**1,416.8**	1,368.4	48.4	3.5
Profit attributable to equity holders of the Company	*HK$ million*	**237.1**	287.2	(50.1)	(17.4)
Underlying profit attributable to equity holders of the Company	*HK$ million*	**224.5**	185.1	39.4	21.3
Basic earnings per share	*HK cents*	**37.00**	44.92	(7.92)	(17.6)
Dividends per share					
- interim, paid	*HK cents*	**8.0**	7.0	1.0	14.3
- final, proposed	*HK cents*	**14.0**	9.0	5.0	55.6
- special, proposed	*HK cents*	**-**	11.0	(11.0)	(100.0)

The Board proposed a bonus issue of new shares on the basis of 1 bonus share for every 10 shares in issue.

**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 2015. The consolidated results have been reviewed by the Company's Audit Committee.

CONSOLIDATED INCOME STATEMENT

		Year ended	
	Note	**28 February 2015**	28 February 2014
		HK$'000	*HK$'000*
Revenue	*3*	**2,108,271**	2,039,419
Cost of sales	*5*	**(691,496)**	(671,012)
Gross profit		**1,416,775**	1,368,407
Other income, net	*4*	**34,466**	11,992
Other gains, net	*4*	**3,158**	98,573
Selling and distribution expenses	*5*	**(892,699)**	(882,785)
General and administrative expenses	*5*	**(255,871)**	(238,309)
Operating profit		**305,829**	357,878
Net finance income	*6*	**10,705**	8,463
Share of profit of a joint venture		**7,217**	566
Profit before income tax		**323,751**	366,907
Income tax expense	*7*	**(84,349)**	(78,274)
Profit for the year		**239,402**	288,633
Profit attributable to:			
- equity holders of the Company		**237,109**	287,150
- non-controlling interest		**2,293**	1,483
		239,402	288,633
Earnings per share attributable to the equity holders of the Company *(express in HK cents)*			
- Basic	*8*	**37.00**	44.92
- Diluted	*8*	**36.73**	44.67
Dividends	*9*	**141,217**	172,615

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended **28 February 2015** *HK$'000*	28 February 2014 *HK$'000*
Profit for the year	**239,402**	288,633
Other comprehensive income for the year, net of tax		
Items that will not be reclassified to profit or loss		
- Actuarial gains/(losses) on retirement benefit obligation	**588**	(38)
Item that will be reclassified to profit or loss		
- Currency translation differences	**(30,476)**	8,449
Total comprehensive income for the year	**209,514**	297,044
Total comprehensive income for the year, attributable to:		
- equity holders of the Company	**207,601**	295,411
- non-controlling interest	**1,913**	1,633
	209,514	297,044

CONSOLIDATED BALANCE SHEET

	Note	As at 28 February 2015 HK$'000	As at 28 February 2014 HK$'000
ASSETS			
Non-current assets			
Investment properties		**94,828**	91,586
Property, plant and equipment		**201,993**	218,996
Land use rights		**25,763**	26,818
Long-term deposits and prepayments		**16,712**	15,141
Interest in a joint venture		**42,294**	36,137
Interest in and amount due from an available-for-sale financial asset	*10*	**-**	-
Deferred tax assets		**70,019**	56,627
		451,609	445,305
Current assets			
Inventories		**511,064**	483,568
Trade and other receivables	*11*	**230,789**	198,647
Deposits and prepayments		**53,405**	46,401
Cash and bank balances		**636,657**	696,211
		1,431,915	1,424,827
Non-current assets classified as held-for-sale		**-**	6,963
		1,431,915	1,431,790
Total assets		**1,883,524**	1,877,095
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**64,197**	63,931
Reserves			
Proposed dividend		**89,876**	127,863
Others		**1,390,701**	1,308,343
		1,544,774	1,500,137
Non-controlling interest		**14,584**	13,471
Total equity		**1,559,358**	1,513,608

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	**As at 28 February 2015** *HK$'000*	As at 28 February 2014 *HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**44,036**	38,280
Current liabilities			
Trade payables and accruals	*12*	**214,828**	262,097
Amount due to a joint venture		**35,699**	34,119
Current income tax liabilities		**29,603**	28,991
		280,130	325,207
Total liabilities		**324,166**	363,487
Total equity and liabilities		**1,883,524**	1,877,095
Net current assets		**1,151,785**	1,106,583
Total assets less current liabilities		**1,603,394**	1,551,888

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 Mainland China, Hong Kong and Macau. 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 an available-for-sale financial asset.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32 of the Laws of Hong Kong) for this financial year and the comparative period.

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) Amendments to standards and new interpretation adopted by the Group

The following amendments to standards and new interpretation are mandatory for the first time for the financial year beginning 1 March 2014:

- HKAS 32 (Amendment) - Offsetting Financial Assets and Financial Liabilities
- HKAS 36 (Amendment) - Recoverable Amount Disclosures for Non-financial Assets
- HKAS 39 (Amendment) - Novation of Derivatives and Continuation of Hedge Accounting
- HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment) - Investment Entities
- Hong Kong (IFRIC) – Int 20 - Levies

The adoption of these amendments to standards and new interpretation did not have any material impact on the preparation of the Group's consolidated financial statements.

(ii) New standards, amendments and improvements to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards, amendments and improvements to existing standards have been issued but are not effective for the financial year beginning 1 March 2014 and have not been early adopted:

		Effective for accounting periods beginning on or after
• Annual Improvements Project	- Annual Improvements to HKASs and HKFRSs 2010 – 2012 Cycle	1 July 2014
• Annual Improvements Project	- Annual Improvements to HKASs and HKFRSs 2011 – 2013 Cycle	1 July 2014
• Annual Improvements Project	- Annual Improvements to HKASs and HKFRSs 2012 – 2014 Cycle	1 January 2016
• HKAS 1 (Amendment)	- Disclosure Initiative	1 January 2016
• HKAS 19 (2011) (Amendment)	- Defined Benefit Plans: Employee Contributions	1 July 2014
• HKAS 16 and HKAS 38 (Amendment)	- Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
• HKAS 16 and HKAS 41 (Amendment)	- Agriculture: Bearer Plants	1 January 2016
• HKAS 27 (Amendment)	- Equity Method in Separate Financial Statements	1 January 2016
• HKFRS 14	- Regulatory Deferral Accounts	1 January 2016
• HKFRS 10 and HKAS 28 (Amendment)	- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016

•	HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	-	Investment Entities: Applying the Consolidation Exception	1 January 2016
•	HKFRS 11	-	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
•	HKFRS 15	-	Revenue from Contracts with Customers	1 January 2017
•	HKFRS 9	-	Financial Instruments	1 January 2018

The Group has already commenced an assessment of the likely impact of adopting the above new standards, amendments and improvement to existing standards but it is not yet in a position to state whether they will have a significant impact on its reported results of operations and financial position. The Group plans to adopt these new standards, amendments and improvements to existing standards when they become effective.

(iii) New Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the "Ordinance")

In addition, the requirements of Part 9 "Accounts and Audit" of the Ordinance are applicable to the Group's first financial year commencing on or after 3 March 2014 in accordance with section 358 of the Ordinance. The Group is in the process of making an assessment of expected impact of the Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the Ordinance to the Group. So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

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 non-retail perspective. For the retail business, the Executive Directors further assess the performance of operations on a geographical basis (Mainland China, Hong Kong and Macau). 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 of a joint venture and unallocated expenses.

Segment assets mainly exclude interest in a joint venture, 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 joint venture, 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 2015 is as follows:

	Retail		Others	Total
	HK & Macau	**Mainland China**		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	**195,870**	**1,909,035**	**3,366**	**2,108,271**
Reportable segment profit	**5,103**	**293,092**	**1,878**	**300,073**
Rental income				**3,928**
Other gains, net				**3,158**
Net finance income				**10,705**
Share of profit of a joint venture				**7,217**
Unallocated expenses				**(1,330)**
Profit before income tax				**323,751**
Income tax expense				**(84,349)**
Profit for the year				**239,402**
Depreciation and amortisation	**3,799**	**50,831**	**24**	**54,654**
Additions to non-current assets (Other than deferred tax assets)	**3,038**	**40,269**	**6**	**43,313**

The segment information provided to the Executive Directors for the reportable segments for the year ended 28 February 2014 is as follows:

	Retail		Others	Total
	HK & Macau	Mainland China		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	234,493	1,793,564	11,362	2,039,419
Reportable segment profit	19,225	232,248	4,148	255,621
Rental income				4,072
Other gains, net				98,573
Net finance income				8,463
Share of profit of a joint venture				566
Unallocated expenses				(388)
Profit before income tax				366,907
Income tax expense				(78,274)
Profit for the year				288,633
Depreciation and amortisation	7,781	48,692	500	56,973
Additions to non-current assets (Other than deferred tax assets)	4,116	44,495	26	48,637

For the years ended 28 February 2015 and 2014, revenues from external customers are mainly derived from the Group's own brands, le saunda, le saunda MEN, LINEA ROSA and CNE.

An analysis of the Group's assets and liabilities as at 28 February 2015 by reportable segment is set out below:

	Retail		Others	Total
	HK & Macau	**Mainland China**		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	**257,290**	**1,497,762**	**16,034**	**1,771,086**
Interest in a joint venture				**42,294**
Interest in and amount due from an available-for-sale financial asset				**-**
Deferred tax assets				**70,019**
Unallocated assets				**125**
Total assets per consolidated balance sheet				**1,883,524**
Segment liabilities	**22,119**	**189,209**	**1,467**	**212,795**
Amount due to a joint venture				**35,699**
Current income tax liabilities				**29,603**
Deferred tax liabilities				**44,036**
Unallocated liabilities				**2,033**
Total liabilities per consolidated balance sheet				**324,166**

An analysis of the Group's assets and liabilities as at 28 February 2014 by reportable segment is set out below:

	Retail		Others	Total
	HK & Macau	Mainland China		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	307,863	1,457,281	18,946	1,784,090
Interest in a joint venture				36,137
Interest in and amount due from an available-for-sale financial asset				-
Deferred tax assets				56,627
Unallocated assets				241
Total assets per consolidated balance sheet				1,877,095
Segment liabilities	24,844	235,011	2,217	262,072
Amount due to a joint venture				34,119
Current income tax liabilities				28,991
Deferred tax liabilities				38,280
Unallocated liabilities				25
Total liabilities per consolidated balance sheet				363,487

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

REVENUE

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**156,519**	195,742
Mainland China	**1,909,035**	1,793,564
Macau	**39,351**	38,751
Other countries	**3,366**	11,362
Total	**2,108,271**	2,039,419

For the years ended 28 February 2015 and 2014, there was no transaction with a single external customer that amounted to 10 percent or more of the Group's revenue.

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

NON-CURRENT ASSETS

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**15,545**	13,993
Mainland China	**270,211**	280,966
Macau	**95,834**	93,719
Total	**381,590**	388,678

4 OTHER INCOME AND OTHER GAINS, NET

	2015	2014
	HK$'000	*HK$'000*
Other income, net		
Gross rental income from investment properties	**3,928**	4,072
Government incentives	**30,538**	7,920
	34,466	11,992
Other gains, net		
Fair value gains on investment properties	**3,242**	6,103
Net exchange (loss)/gain *(Note (a))*	**(5,713)**	5,436
Gains on disposal of property and investment properties *(Note (b) and (c))*	**5,629**	87,034
	3,158	98,573
	37,624	110,565

(a) Net exchange gain or loss 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.

(b) On 1 July 2014, the Group disposed a property at a consideration of RMB12,317,000 (approximately HK$15,293,000) of recognised a net gain of HK$5,629,000 net of transaction cost.

(c) On 25 January 2014, the Group disposed of certain properties at a consideration of HK$102,800,000 and recognised a net gain of HK$87,034,000 net of transaction cost.

5 EXPENSES BY NATURE

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

	2015	2014
	HK$'000	*HK$'000*
Auditors' remuneration	**2,262**	2,168
Amortisation of land use rights	**748**	922
Depreciation of property, plant and equipment	**53,906**	56,051
Loss on disposal of property, plant and equipment	**1,472**	1,623
Costs of inventories sold included in cost of sales	**556,034**	542,179
Operating lease rentals in respect of land and buildings		
- minimum lease payments	**114,882**	128,245
- contingent rents	**2,105**	2,058
Freight charges	**12,606**	16,415
Postage and express charges	**10,390**	3,923
Advertising and promotional expenses	**54,264**	53,868
Concessionaire fees	**414,315**	405,803
Direct operating expenses arising from investment properties that generated rental income	**384**	396
Employee benefit expenses (including directors' emoluments)	**475,191**	454,495
Impairment losses/ (write back of impairment) on inventories	**136**	(800)
Provision for impairment of trade receivables	**3,367**	-

6 NET FINANCE INCOME

	2015	2014
	HK$'000	*HK$'000*
Interest income on bank deposits	**10,963**	8,581
Interest expense on short-term bank loan	**(258)**	(118)
	10,705	8,463

7 INCOME TAX EXPENSE

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

	2015	2014
	HK$'000	*HK$'000*
Current income tax		
- Hong Kong profits tax	**-**	-
- People's Republic of China ("PRC") corporate income tax	**92,609**	76,397
Deferred taxation	**(8,260)**	1,877
	84,349	78,274

No provision for Hong Kong profits tax has been made for the years ended 28 February 2015 and 2014 as there were available tax losses brought forward from prior years to offset the assessable profits generated during the years.

PRC corporate income tax is provided on the profits of the Group's subsidiaries in the PRC at 25% (2014: 25%).

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.

	2015	2014
Profit attributable to equity holders of the Company *(HK$'000)*	**237,109**	287,150
Weighted average number of ordinary shares in issue *('000)*	**640,890**	639,314
Basic earnings per share *(HK cents)*	**37.00**	44.92

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 years ended 28 February 2015 and 2014, 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.

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.

	2015	2014
Profit attributable to equity holders of the Company *(HK$'000)*	**237,109**	287,150
Weighted average number of ordinary shares in issue (*'000*)	**640,890**	639,314
Adjustments for share options (*'000*)	**4,646**	3,536
Weighted average number of ordinary shares for diluted earnings per share (*'000*)	**645,536**	642,850
Diluted earnings per share (*HK cents*)	**36.73**	44.67

9 DIVIDENDS

	2015 *HK$'000*	2014 *HK$'000*
Interim, paid, of HK8.0 cents (2014: HK7.0 cents) per ordinary share	**51,341**	44,752
Final, proposed, of HK14.0 cents (2014: HK9.0 cents) per ordinary share	**89,876**	57,538
No special, proposed (2014: HK11.0 cents) per ordinary share	**-**	70,325
	141,217	172,615

At a meeting held on 26 May 2015, the Directors proposed a final dividend of HK14.0 cents per ordinary share totalling approximately HK$89,876,000. These proposed dividends are not reflected as dividend payable in the consolidated financial statements, but will be reflected as an appropriation of retained earnings of the Company for the year ending 29 February 2016.

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

	2015	2014
	HK$'000	*HK$'000*
Unlisted shares, at fair value *(Note (a))*		
- Investment cost	**3,078**	3,159
- Provision for impairment	**(3,078)**	(3,159)
	-	-
Amount due from an available-for-sale financial asset *(Note (b))*	**9,233**	9,477
Less: Provision for impairment	**(9,233)**	(9,477)
	-	-
	-	-

(a) Details of the 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 the available-for-sale financial asset is unsecured, interest-free, not repayable within twelve months and is denominated in RMB.

11 TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**230,344**	194,154
Provision for impairment	**(3,308)**	-
	227,036	194,154
Other receivables	**3,753**	4,493
	230,789	198,647

The Group's concessionaire sales through department stores are generally collectible within 30 to 60 days.

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

At 28 February 2015 and 2014, the ageing analysis of the trade receivables based on invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Current to 30 days	**206,349**	165,265
31 to 60 days	**15,213**	16,400
61 to 90 days	**3,011**	5,865
Over 90 days	**2,463**	6,624
	227,036	194,154

As at 28 February 2015 and 2014, the ageing analysis of the past due but not impaired receivables is as follows:

	2015	2014
	HK$'000	*HK$'000*
61 to 90 days	**1,120**	2,640
Over 90 days	**537**	2,270
	1,657	4,910

12 TRADE PAYABLES AND ACCRUALS

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**50,296**	90,582
Accruals	**164,532**	171,515
	214,828	262,097

The credit periods granted by suppliers are generally ranged from 7 to 60 days. At 28 February 2015 and 2014, the ageing analysis of the trade creditors based on invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Current to 30 days	**42,203**	53,855
31 to 60 days	**6,469**	20,672
61 to 90 days	**789**	5,698
91 to 120 days	**288**	4,525
Over 120 days	**547**	5,832
	50,296	90,582

MANAGEMENT'S DISCUSSION AND ANALYSIS

I. FINANCIAL REVIEW

Operating Results

The Group is engaged in the design, development, manufacturing and retailing of ladies' and men's footwear, handbags and fashion accessories in Mainland China, Hong Kong and Macau under a vertically-integrated business model. The major proprietary brands of the Group include le saunda, le saunda MEN, LINEA ROSA and CNE, which aim to appeal to diversified target customer groups with their distinctive product lines.

In the 2014/15 fiscal year, total revenue of the Group increased by 3.4% year-on-year to HK$2,108.3 million (2013/14: HK$2,039.4 million). Consolidated gross profit rose by 3.5% to HK$1,416.8 million (2013/14: HK$1,368.4 million). The Group recorded an overall gross profit margin of 67.2%, representing a year-on-year improvement by 0.1 percentage point. The underlying profit attributable to equity holders of the Company, which reflected the performance of the Group's core footwear business, increased by 21.3% year-on-year to HK$224.5 million (2013/14: HK$185.1 million). Benefitted from the increased weighting of its online business and an optimised cost structure, the underlying profit of the Group's core business grew at a significantly higher rate than its total revenue did. Including other non-recurring items, consolidated profit attributable to equity holders of the Company decreased by 17.4% to HK$237.1 million (2013/14: HK$287.2 million) compared to last year, because of the net gain of HK$87.0 million arising from the disposal of certain properties in Hong Kong in the previous year.

HK$ million	**2014/15**	**2013/14**	**Change**
Revenue	2,108.3	2,039.4	3.4%
Gross profit	1,416.8	1,368.4	3.5%
Gross profit margin	67.2%	67.1%	0.1 percentage point
Underlying profit attributable to equity holders	224.5	185.1	21.3%
Consolidated profit attributable to equity holders	237.1	287.2	(17.4%)
Final dividend (HKcents)	14.0	9.0	55.6%
Special dividend (HKcents)	-	11.0	(100.0%)
Annual dividend pay-out ratio	59.6%	60.1%	(0.5 percentage point)
Bonus Issue	For 1 bonus share for every 10 shares in issue	Nil	

Note: *Underlying profit attributable to equity holders is an indicator of the performance of the Group's core footwear business, calculated by deducting share of profit of joint venture, rental income, gains from disposal of property and investment properties, foreign exchanges gains and losses, and unrealised gains arising from change in fair value of investment properties from profit for the year attributable to equity holders of the Company.*

Profitability Analysis

During the year under review, the retail markets of Hong Kong and Mainland China remained sluggish. Nevertheless, the Group enjoyed a strong brand reputation and loyal customer base in Mainland China and Hong Kong, therefore lower discount rates and less frequent promotional activities were employed compared to other operators. Moreover, the Group adopted a market-oriented approach in product supply and increased the weighting of on-season products in sales. As a result, the Group recorded a gross profit of HK$1,416.8 million (2013/14: HK$1,368.4 million), representing a year-on-year growth of 3.5%. Gross profit margin was 67.2%, an improvement of 0.1 percentage point compared to last year.

Selling and distribution expenses increased by 1.1% year-on-year to HK$892.7 million (2013/14: HK$882.8 million), which was less than the growth rate of revenue. In terms of sales ratio, selling and distribution expenses accounted for 42.3% of total revenue (2013/14: 43.3%), representing a decrease of 1.0 percentage point, which was attributable mainly to the transformation of CNE into an online-to-offline ("O2O") brand, resulting in optimization of the cost structure with reduction of concessionaire fees to department stores and salary cost of sales staff. During the year under review, advertising and promotional expenses accounted for 2.6% of revenue, maintained at the same level compared to the prior year. During the year under review, the Group continued to implement successful marketing strategy, resulting in further enhancement of its brand awareness.

General and administrative expenses increased by 7.4% to HK$255.9 million (2013/14: HK$238.3 million) compared to last year. General and administrative expenses as a percentage of total revenue increased to 12.1% (2013/14: 11.7%), representing a year-on-year increase of 0.4 percentage point. During the year under review, the Group recruited more professional personnel, and expanded its office and warehouse operations to meet the long-term development of its business, resulting in higher administrative cost.

Other income, mainly represented by government incentives, increased by 187.4% to HK$34.5 million (2013/14: HK$12.0 million) In recognition of the Group's contributions to local economic development and the creation of job opportunities, the incentive by local governments in certain regions where the Group operates increased during the year under review.

Other gains decreased by 96.8% to HK$3.2 million (2013/14: HK$98.6 million), which was attributable to the booking of HK$87.0 million as gain arising from the Group's disposal of certain properties in Hong Kong in the previous fiscal year. Meanwhile, the revaluation gain on investment properties also decreased by 46.9% to HK$3.2 million (2013/14: HK$6.1 million).

Consolidated profit attributable to equity holders of the Company decreased by 17.4% year-on-year to HK$237.1 million (2013/14: HK$287.2 million), reflecting the decrease in extraordinary gains. Basic earnings per share decreased by 17.6% year-on-year to HK37.00 cents (2013/14: HK44.92 cents). In return for the shareholders' trust and longstanding support, the Board recommended a final dividend of HK14.0 cents per ordinary share (2013/14: final dividend of HK9.0 cents and special dividend of HK11.0 cents). Together with the interim dividend of HK8.0 cents, the total dividend for this fiscal year was HK22.0 cents per ordinary share, representing a high dividend payout ratio of 59.6% (2013/14: 60.1%).

Income Tax Expense

During the year under review, income tax expenses amounted to approximately HK$84.3 million (2013/14: HK$78.3 million), representing an increase of 7.8% year-on-year. Effective from 2012, all business entities of the Group in China are subject to an income tax rate of 25%, while the profit tax rate for corporations in Hong Kong remains 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. Excluding the gains on the disposal of property and investment properties, the effective tax rate of the Group was 26.5% during the year under review (2013/14: 28.0%).

Inventory Management

As at 28 February 2015, the Group's inventory balance was HK$511.1 million, up 5.7% from HK$483.6 million as at the same date last year. Inventory turnover days of finished goods increased by 11 days to 231 (28 February 2014: 220 days). A breakdown of inventory balance was as follows:

HK$ (million)	As at 28 February 2015	As at 28 February 2014	Changes in value	Changes in %
Raw materials and work-in-progress	51.3	67.6	(16.3)	(24.1%)
Finished goods	459.8	416.0	43.8	10.5%
Total	511.1	483.6	27.5	5.7%

During the year under review, the inventory of raw materials and work-in-progress decreased substantially by 24.1% year-on-year. Inventory of finished goods increased as compared to last year, as a result of the Group's focused development of the e-commerce business which requires sufficient supply of merchandise in stock. Also, to mitigate the impact on offline business, the Group deliberately enhanced exclusive designs for the online business and increased the differentiation between online and offline products, which had inevitably increased the inventory of finished goods for e-commerce. Nevertheless, the Group believes that its current inventory amount remains at a healthy level, with 27% of the inventory of finished goods being items of the latest Spring and Summer seasons. The early launch of products for the coming season will test the market in advance which allow the Group to adjust its orders and sales strategy in a bid to boost sales and gross profit. Moreover, the Group continued to maintain strict control over the stock age of its inventory. As at 28 February 2015, approximately 83% (28 February 2014: 82%) of the Group's finished goods had a stock age of less than one year.

Liquidity and Financial Resources

The Group's financial position remained very strong and healthy. As at 28 February 2015, the Group's cash and bank balance amounted to HK$636.7 million (28 February 2014: HK$696.2 million), decreased by 8.6% year-on-year. The quick ratio was 3.1 times (28 February 2014: 2.8 times). During the year, the Group had borrowed and repaid a short term bank loan of HK$60.0 million. As at the fiscal year-end date, the Group had no outstanding bank loan (28 February 2014: HK$0). 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 2015, 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

Overview

The year under review has been a crucial period for the Group. The Group has transformed from a traditional vertically integrated offline retailer to an omni-channel brand operator embracing both online and offline operations, to seize opportunities in the market and build up a new retail model. In recent years, online shopping has been enjoying phenomenal development and becoming a more popular channel that leaving a profound impact on the offline retail market. The Group responded swiftly to the new trend and announced to transform its mid-end brand CNE into an O2O brand last February, with the aim to create an interactive business model comprising both online and offline operations and transform the Group into an omni-channel brand operator.

Consolidated Revenue	**Year ended 28 February 2015** *(HK$million)*	**% to Total**	**Year ended 28 February 2014** *(HK$million)*	**% to Total**	**Year-on-year Growth** *(%)*
Retail Business:					
Mainland China	1,909.0	90.5%	1,793.5	87.9%	6.4%
Hong Kong and Macau	195.9	9.3%	234.5	11.5%	(16.5%)
Retail Sub-total	2,104.9	99.8%	2,028.0	99.4%	3.8%
Others	3.4	0.2%	11.4	0.6%	(70.4%)
Group's Total Revenue	2,108.3	100.0%	2,039.4	100.0%	3.4%

E-commerce business

According to statistics announced by the PRC Ministry of Commerce, online purchases in China grew by 49.7% in 2014, which was significantly higher than the sales growth rate of physical stores and indicated great potential. The Group has accumulated considerable experience in online sales since it launched its e-commerce business four years ago. During the year under review, the Group expedited the development of its e-commerce business and enlarged its e-commerce team, and established a warehouse and a logistics centre dedicated to its e-commerce business. The Group's e-commerce business has two divisions with different business models. During the year under review, revenue from e-commerce business increased by approximately 190% as compared to last year and accounted for approximately 10% of the Group's total revenue, achieving the Group's initial target.

Transformation of CNE brand into an O2O brand

Last February the Group announced to transform its mid-end brand CNE into an O2O brand and opened online stores on mature online shopping platforms to supply market-oriented products to the customers. The Group has adopted a fast-fashion model to offer genuine leather footwear with premium quality at competitive prices that share the savings in operating cost with end-consumers. With the benefit of its vertically integrated offline model and its longstanding effort to optimise its supply chain in past few years, a solid foundation has been formed for the implementation of the new fast-fashion model.

During the year under review, 57 CNE offline stores were closed, while 8 new CNE O2O stores were opened. The new CNE O2O stores have been launched in a new image to provide fashionable products for youth with the principle of "same style same price" on both online and offline channels, and formed an interactive shopping model with our online stores. During the year, CNE was ranked within the top 30 ladies' footwear brands on Tmall platform. The Group believes that, with the phenomenal development of online shopping, the O2O stores will become another indispensable offline channel in the future.

E-commerce business of le saunda brand

The e-commerce business of le saunda brand serves mainly as a complement to its offline business and an extension of the Group's offline retail network. As the Group's physical stores are mainly concentrated in tier-one and tier-two cities, the online stores have effectively extended its retail network to remote regions. The Group persists in the principle of offering "same style same price" on both online and offline channels, so as to minimise the impact of its online operations on offline sales business. The Group has opened stores on mature online shopping platforms to assure customer traffic, and such stores have made sound profit contributions to the Group in the past four years. In tandem with the rapid development of online shopping, the Group has also increased the number of exclusive designs for e-commerce to broaden the differentiation between online and offline offerings and to achieve mutual success for both online and offline operations.

Retail business

During the year under review, total retail revenue increased by 3.8% year-on-year to HK$2,104.9 million (2013/14: HK$2,028.0 million). Thanks to the Group's dedicated efforts to enhance single-store performance in the past few years, the same-store sales for the full year grew by 7.5% (2013/14: 13.8%) despite worsening consumer's confidence during the year. This was attributable mainly to the relative stable demand from the mid- to high-end market, which was the core market of the Group. Moreover, the Group's consistent emphasis on product design and improvement of quality, as well as its continuously enhanced single-store efficiency through store consolidation, so as to achieve satisfactory same-store sales growth despite lacklustre retail spending.

Retail network

Mainland China remains the key market of the Group's retail business. As at the year-end date, the Group had a retail network comprising 904 stores in Mainland China, Hong Kong and Macau, representing a net reduction of 24 stores compared to the end of the prior year. This was attributable to the restructuring of CNE brand under which 57 CNE physical stores were closed during the year. During the past few years, le saunda, the core brand, focused on store replacement, whereby underperforming stores were closed down and new stores with larger area at better locations were opened, with a view to creating a refined retail network.

As at 28 February 2015, the breakdown of the Group's retail network was as follows:

Number of Outlets by Region	Self-owned (Year-on-year change)		Franchise (Year-on-year change)		Total (Year-on-year change)	
Mainland China	750	(+11)	134	(-33)	884	(-22)
• Northern, Northeastern & Northwestern Regions	191	(+4)	93	(-7)	284	(-3)
• Eastern Region	228	(+3)	2	(-)	230	(+3)
• Central and Southwestern Regions	161	(+23)	27	(-22)	188	(+1)
• Southern Region	170	(-19)	12	(-4)	182	(-23)
Hong Kong and Macau	20	(-2)	-	-	20	(-2)
Total	770	(+9)	134	(-33)	904	(-24)

Mainland China

In 2014, China's GDP growth further slowed down to 7.4%, the lowest growth rate reported for more than two decades. Total retail sales of consumer goods grew at a nominal rate of 12%, representing a year-on-year decrease by 1.1 percentage points. The business environment for retailers became increasingly difficult in a further weakened retail market. Notwithstanding the above, the Group reported a year-on-year increase of 6.4% to HK$1,909.0 million in retail sales in Mainland China, which was higher than the growth rate of the Group's overall revenue. This was mainly attributable to the following: 1) the Group has deployed a strategy since three years ago to build up an efficient and refined offline retail network through closing down inefficient outlets and opening up new stores with larger area at better locations, which has driven the rapid and continuous growth in single-store sales; 2) the Group has strong market recognition "given the sophisticated styles and top quality of its products" and has accumulated huge loyal customer base; and 3) enhancements in product design and development and the ongoing launch of market-oriented products.

As at the year-end date, the core brand le saunda had 682 stores, representing a net addition of 17 stores as compared to that as at the end of last year. The total number of stores of le saunda MEN was 71, which was 17 less as compared to that as at the end of last year. The number of stores for LINEA ROSA, our high-end fashion brand enjoying strong market recognition since its launch more than 3 years ago, significantly increased to 49 as compared to the end of last year following the Group's decision made in the second half of the fiscal year to step up with its development.

Hong Kong and Macau

During the year under review, Hong Kong's retail market was further weakened and consumers became more reluctant in spending. The number of Mainland tourists under the Individual Visit Scheme, the driving force for Hong Kong retail market, decreased substantially. The Group's sales in Hong Kong and Macau decreased by 16.5%, year-on-year, to HK$195.9 million. During the year under review, a net decrease of 2 stores in Hong Kong and Macau, took the total number of stores to 20.

III. OUTLOOK AND LONG-TERM STRATEGIES OF THE GROUP

Given that more than 90% of our revenue was generated from Mainland China in this financial year, the Group's future strategy would be highly dependent on domestic economic and market conditions there. Although China's stock market has been booming recently, little improvements have been seen in the retail market, and the government has lowered its 2015 full-year GDP guidance as well. At the industry level, department stores used to be the main channels for retail spending, but now consumers prefer shopping malls which bring more diverse shopping experiences, as well as online shopping which is convenient and efficient, resulting in pressure on traditional brand names. In a rapidly-changing retail market, the Group needs to have a solid foundation and a flexible management system in order to keep up with the trend.

As a vertically-integrated traditional brand owner, the Group perceived market changes three years ago and started to actively develop its e-commerce business. This, together with enhanced brand differentiation and uniqueness, has enabled the Group to sustain healthy growth amid the lacklustre consumer market. With a clear development direction, a well-known and unique brand, high quality products as well as the online and offline double growth engine, the Group is confident in its future growth.

E-commerce as profit growth engine

The Group's e-commerce business has experienced rapid growth in the past few years, and delivered outstanding performance and satisfactory contributions for this financial year. Such success is attributable to the Group's core strategy to develop e-commerce as it believes e-commerce has enormous potential and will change the pattern of retail market in China in the future. Accordingly, the Group has established a dedicated professional e-commerce team three years ago to take care of the business development, marketing and logistics of its e-commerce business.

In the past, the e-commerce market was dominated by the promotional bargain products, for which there was no guarantee in quality. Perceiving the huge demand for reasonably priced fine quality products, the Group decisively transformed its young fashionable brand CNE into an online-and-offline fast fashion O2O brand last February, and has launched superb quality genuine leather products at competitive prices which received overwhelming positive response from the market. Its success was marked by its solid growth in online revenue and being ranked within the top 30 under ladies' footwear category on T-mall platform in one year. The Group will increase its investment and promotional expenses in future to promote CNE, with the aim of making CNE a well-known brand both online and offline. Meanwhile, the Group will actively develop CNE O2O concept stores with the strategy of "same style same price" in its online and offline channels. The Group plans to open 30 new CNE O2O stores on top of existing 8 stores, so that more consumers will be able to enjoy the innovative O2O shopping experience and format.

With the assistance of the e-commerce model, the Group's leading brand le saunda has effectively reached out to regions beyond tier-one and tier-two cities. Exclusive online designs help broaden the styles differentiation between online and offline operations and ensure win-win results. Apart from ladies' footwear, the Group also plans to speed up the development of le saunda MEN's online footwear, with a view to further enlarging its market share in mid- to high-end segments on the back of the market perception of le saunda's high quality and fine design as well as its strong brand recognition.

The Group expects its e-commerce business will become the growth engine of revenue and profit in the next three years, on the back of a meticulous business philosophy similar to that employed in the offline business. With the benefit of a streamlined management structure and flexible marketing strategies, we believe that e-commerce's management cost ratio will decrease gradually in future, resulting in a healthier inventory level and more lucrative earnings for the Group.

Steady growth of retail business

The Group has a prudent view for the retail market in coming year. The domestic market is expected to be more sensible while the traditional department stores will be subject to the substantial impact from e-commerce. In Hong Kong, consumers' sentiment remains sluggish and rental and labour costs as a proportion of distribution costs remain high, resulting in high operating costs and squeezed profitability for retail operators. It will be challenging for the Group to sustain a high same-store sales growth given the high base accumulated following the solid growth in the past few years. Nevertheless, in view of the strong market position of its brand in the mid- to high-end market, the Group believes that it will be able to achieve good performance amid lacklustre market sentiments, so long as it remains committed to the principle of "sophisticated with top quality" with the support of innovative strategies.

The le saunda brand identity of "sophisticated with top quality" has been well recognised in the market over the years and it will celebrate its 38th anniversary in 2015. The single-digit growth in the average selling price of le saunda products amid the economic downturn last year reflected the superior value-for-money trait of the brand. Late last year, the Group has recruited a team of Italian leather experts to help monitor product development and quality assurance, resulting in added value for the products. This year, le saunda aims to open 30 new stores in well-developed tier-two cities to complement its network.

Meanwhile, le saunda MEN has been repositioned as a mild luxury brand tailored for the smart and fashionable businessmen. Our consolidation measures, including the closedown of inefficient stores last year, have started to show positive effects. This year, we will continue to enhance the brand of le saunda MEN and improve it product quality, in a bid to enhance customer loyalty.

LINEA ROSA, our high-end fashionable brand, has garnered strong market recognition with its unique and avant-garde positioning and developed a loyal customer base in less than four years after its debut. All these make it less susceptible to the economic downturn. For the financial year under review, LINEA ROSA achieved the highest same-store sales growth among our brands. As a growing brand name, it will be one of the key focuses of our offline business development in the next three years. During the second half of this financial year, the Group substantially increased the number of its LINEA ROSA stores to 49, and expects to add another 50 stores next year, in an effort to build LINEA ROSA into another major source of revenue, with a market size and reputation comparable to le saunda, our principal brand.

The Group has achieved initial success in its fast transformation after making strong efforts to develop e-commerce in recent years as a swift response to the macro-economic downturn, weakened consumption and drastic changes in the retail market. The Group believes that, in future, the offline and online models will complement each other to achieve mutual success. Given that the online channel could not possibly replace its offline counterpart, it is crucial that a model for mutual success be identified. In the coming year, the Group will step up with its business expansion, driving its exquisite offline operations with its brands of LINEA ROSA and le saunda targeting the mid- to high-end market, while expanding its fast fashion online operations with the CNE brand, targeting the mid-end fashionable youth market.

Apart from upgrading its product development and emphasising brand building strategies, the Group will also put efforts into upgrading its internal system and data analysis. Following the optimisation of the ERP system in our production base, the Group has invested in the building of a cutting-edge database and the software for management data analysis last year. This year, we have plans to replace our existing sales management system so as to address market changes at more effective and flexible ways.

The Group believes that the key to success lies in an achievable mission, a clear direction, high-calibre teams and quality products. With the aim of becoming an omni-channel brand operator, the Group will be engaged in continuous brand building and implementation of the "double-engine" strategy with offline and online operations, bringing stable and long-term reward for shareholders.

PLEDGE OF ASSETS

As at 28 February 2015, bank deposits of HK$3.5 million (28 February 2014: HK$3.0 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 (28 February 2014: HK$230.0 million), of which HK$7.1 million (28 February 2014: HK$5.6 million) was utilised as at 28 February 2015.

FINAL DIVIDEND AND BONUS ISSUE

The Board has recommended to declare a final dividend of HK14.0 cents per ordinary share for the year ended 28 February 2015 (the "Final Dividend") (28 February 2014: a final dividend of HK9.0 cents and a special dividend of HK11.0 cents) and issue of bonus shares (the "Bonus Issue") on the basis of one new ordinary share for every ten ordinary shares held by the shareholders of the Company (the "Shareholders") whose names appear on the Register of Members of the Company on Tuesday, 21 July 2015. The proposed Final Dividend and the Bonus Issue are subject to the approval of the Shareholders at the forthcoming annual general meeting (the "AGM") of the Company and the granting by the Stock Exchange of the listing of, and permission to deal in, the new shares to be issued pursuant to the Bonus Issue. If passed, the Final Dividend is expected to be paid on or around Thursday, 30 July 2015, while a circular containing further details of the Bonus Issue and notice of the AGM will be despatched to the Shareholders as soon as practicable.

The Board declared the payment of an interim dividend of HK8.0 cents per ordinary share for the six months ended 31 August 2014 (2014: interim dividend of HK7.0 cents).

EMPLOYEES AND REMUNERATION POLICIES

As at 28 February 2015, the Group had a staff force of 5,382 people (28 February 2014: 5,446 people). Of this number, 175 were based in Hong Kong and Macau and 5,207 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 2015, including Directors' emoluments, net pension contributions and the value of employee services, amounted to HK$475.2 million (2014: HK$454.5 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 2015.

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 2015 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 is scheduled to be held on Monday, 13 July 2015. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 10 July 2015 to Monday, 13 July 2015 (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 Thursday, 9 July 2015.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND AND BONUS ISSUE

The proposed Final Dividend and the Bonus Issue are subject to the approval of the Shareholders at the AGM. The record date for entitlement to the proposed Final Dividend and the Bonus Issue is 21 July 2015. In order to ascertain the entitlement to the proposed Final Dividend and the Bonus Issue, the register of members of the Company will be closed from Monday, 20 July 2015 to Tuesday, 21 July 2015 (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 and the Bonus Issue will be Wednesday, 15 July 2015. In order to qualify for the proposed Final Dividend and the Bonus Issue, 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, 17 July 2015.

CORPORATE GOVERNANCE CODE

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 Corporate Governance Code (the "CG Code") as set out in Appendix 14 to 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 CG Code which stipulates, among others, that independent non-executive Directors and other non-executive Directors should attend general meetings. Due to other business engagement, Mr. Lee Tze Bun, Marces, a non-executive Director, was unable to attend the annual general meeting of the Company held on 7 July 2014.

The Board will continue to enhance the Group's corporate governance practices appropriate to the conduct and growth of the Group's 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 standard 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 2015 and up to the date of this announcement.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 28 February 2015 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 2015.

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, 26 May 2015

As at the date of this announcement, the Company's executive Directors are Ms. Lau Shun Wai, Ms. Chu Tsui Lan, Ms. Wong Sau Han 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.)