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 29 FEBRUARY 2016

FINANCIAL HIGHLIGHTS

		Year ended 29 February 2016	Year ended 28 February 2015	change	change in %
Revenue	*RMB million*	**1,621.4**	1,683.0	(61.6)	(3.7)
Gross profit	*RMB million*	**1,069.8**	1,131.0	(61.2)	(5.4)
Profit attributable to owners of the Company	*RMB million*	**122.1**	189.3	(67.2)	(35.5)
Underlying profit attributable to owners of the Company	*RMB million*	**129.0**	179.2	(50.2)	(28.1)
Basic earnings per share	*RMB cents*	**17.28**	26.84	(9.56)	(35.6)
Dividends per share					
- interim, paid	*HK cents*	**5.7**	8.0	(2.3)	(28.8)
- final, proposed	*HK cents*	**7.0**	14.0	(7.0)	(50.0)
- special, proposed	*HK cents*	**3.0**	-	3.0	N/A
Bonus issue		**Nil**	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 29 February 2016 together with the comparative figure for the previous year. The consolidated results have been reviewed by the Company's Audit Committee.

CONSOLIDATED INCOME STATEMENT

		Year ended	
	Note	**29 February 2016** ***RMB'000***	28 February 2015 *RMB'000* (Restated) Note 2(d)
Revenue	*3*	**1,621,414**	1,683,008
Cost of sales	*5*	**(551,614)**	(552,013)
Gross profit		**1,069,800**	1,130,995
Other income	*4*	**38,792**	27,514
Other (losses)/gains, net	*4*	**(10,829)**	2,521
Selling and distribution expenses	*5*	**(730,085)**	(712,631)
General and administrative expenses	*5*	**(198,186)**	(204,259)
Operating profit		**169,492**	244,140
Net finance income	*6*	**8,858**	8,546
Share of profit of a joint venture		**376**	5,761
Profit before income tax		**178,726**	258,447
Income tax expense	*7*	**(54,999)**	(67,335)
Profit for the year		**123,727**	191,112
Profit for the year attributable to:			
- owners of the Company		**122,073**	189,282
- non-controlling interest		**1,654**	1,830
		123,727	191,112
Earnings per share attributable to the owners of the Company *(express in RMB cents)*			(Restated)
- Basic	*8*	**17.28**	26.84
- Diluted	*8*	**17.25**	26.67
Dividends	*9*	**90,081**	112,823

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended	
	29 February 2016	28 February 2015
	RMB'000	*RMB'000* (Restated) Note 2(d)
Profit for the year	**123,727**	191,112
Other comprehensive income for the year, net of tax		
Items that will not be reclassified to profit or loss		
- Actuarial gains on retirement benefit obligation	**22**	469
Item that will be reclassified to profit or loss		
- Currency translation differences	**14,674**	8,338
- Revaluation on an investment property transferred from land and building	**11,070**	-
Total comprehensive income for the year	**149,493**	199,919
Total comprehensive income for the year, attributable to:		
- owners of the Company	**148,273**	198,392
- non-controlling interest	**1,220**	1,527
	149,493	199,919

CONSOLIDATED BALANCE SHEET

	Note	**As at 29 February 2016** *RMB'000*	As at 28 February 2015 *RMB'000* (Restated) Note 2(d)	As at 28 February 2014 *RMB'000* (Restated) Note 2(d)
ASSETS				
Non-current assets				
Investment properties		**141,505**	77,033	72,477
Property, plant and equipment		**108,372**	164,089	173,304
Land use rights		**14,880**	20,929	21,223
Long-term deposits and repayments		**8,961**	13,575	11,983
Interest in a joint venture		**34,733**	34,357	28,596
Interest in and amount due from an available-for-sale financial asset	*10*	**-**	-	-
Deferred tax assets		**69,813**	56,879	44,812
		378,264	366,862	352,395
Current assets				
Inventories		**441,819**	415,162	382,676
Trade and other receivables	*11*	**162,693**	187,481	157,201
Deposits and prepayments		**44,958**	43,382	36,721
Cash and bank balances		**543,466**	517,187	550,952
		1,192,936	1,163,212	1,127,550
Non-current assets classified as held-for-sale		**-**	-	5,510
		1,192,936	1,163,212	1,133,060
Total assets		**1,571,200**	1,530,074	1,485,455
EQUITY				
Capital and reserves attributable to the owners of the Company				
Share capital		**59,979**	54,754	54,542
Reserves				
Proposed dividend		**57,704**	71,747	100,929
Others		**1,183,115**	1,127,811	1,030,796
		1,300,798	1,254,312	1,186,267
Non-controlling interest		**11,723**	12,429	11,541
Total equity		**1,312,521**	1,266,741	1,197,808

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	**As at 29 February 2016** *RMB'000*	As at 28 February 2015 *RMB'000* (Restated) Note 2(d)	As at 28 February 2014 *RMB'000* (Restated) Note 2(d)
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		**44,375**	35,772	30,293
Current liabilities				
Trade payables and accruals	*12*	**170,086**	174,515	207,412
Amount due to a joint venture		**33,000**	29,000	27,000
Current income tax liabilities		**11,218**	24,046	22,942
		214,304	227,561	257,354
Total liabilities		**258,679**	263,333	287,647
Total equity and liabilities		**1,571,200**	1,530,074	1,485,455

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") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and an available-for-sale financial asset, which are carried at fair value.

The preparation of consolidated 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.

(a) Amended standards adopted by the Group

The following amended standards are mandatory for the first time for the financial year beginning on or after 1 March 2015:

HKAS 19 (2011) (Amendment)	Defined benefit plans: Employee contributions
Annual Improvements Project	Annual improvements 2010-2012 cycle
Annual Improvements Project	Annual improvements 2011-2013 cycle

The Group has adopted these standards and the adoption of these standards did not have a significant impact on the Group's results and financial position.

(b) New standards and amended standards that have been issued but are not yet effective and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer plants	1 January 2016

HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be announced by HKICPA
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: Applying the consolidation exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRSs (Amendment)	Annual improvements 2014 cycle	1 January 2016

Management is in the process of making an assessment of the impact of the adoption of these new standards and amended standards but not yet in a position to comment on the impact on the results and financial position of the Group.

(c) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) become applicable to the Group during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(d) Change of presentation currency

During the year, the Group has changed its presentation currency from Hong Kong dollars ("HK$") to Renminbi ("RMB") for the preparation of its consolidated financial statements. The presentation currency of the consolidated financial statements in the prior financial year was HK$ and presentation currency of HK$ had been adopted for the Group's consolidated financial statements since the Group listed on The Stock Exchange of Hong Kong Limited in December 1992.

As the Group currently mainly operates its business in Mainland China and most of the assets and liabilities of the Group are denominated in RMB, the directors of the Company consider that it is more appropriate to use RMB as the presentation currency of the Group and the presentation of consolidated financial statements in RMB can provide a more relevant information for management to control and monitor the operating performance and financial position of the Group.

The change in presentation currency has been applied retrospectively. The comparative figures in these consolidated financial statements were converted from HK$ to RMB using the applicable closing rates for items in the consolidated balance sheet and applicable average rates that approximated to actual rates for items in the consolidated income statement and consolidated statement of comprehensive income. The change in presentation currency and restatement of the comparative amounts from HK$ to RMB has no material impact on the Group's financial results.

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 respectively. For the retail business, the Executive Directors further assess the performance of operations on a geographical basis (Mainland China, Hong Kong and Macau) respectively. 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 and losses, 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.

The segment information provided to the Executive Directors for the reportable segments for the year ended 29 February 2016 is as follows:

	Retail		Others	Total
	Mainland China	HK & Macau		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	**1,510,736**	**110,678**	**-**	**1,621,414**
Reportable segment profit	**187,305**	**(10,596)**	**-**	**176,709**
Rental income				**4,005**
Other losses, net				**(10,829)**
Net finance income				**8,858**
Share of profit of a joint venture				**376**
Unallocated expenses				**(393)**
Profit before income tax				**178,726**
Income tax expense				**(54,999)**
Profit for the year				**123,727**
Depreciation and amortisation	**38,338**	**3,198**	**-**	**41,536**
Additions to non-current assets (Other than deferred tax assets)	**27,422**	**845**	**-**	**28,267**

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
	Mainland China	HK & Macau		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	1,523,960	156,361	2,687	1,683,008
Reportable segment profit	233,972	4,074	1,499	239,545
Rental income				3,136
Other gains, net				2,521
Net finance income				8,546
Share of profit of a joint venture				5,761
Unallocated expenses				(1,062)
Profit before income tax				258,447
Income tax expense				(67,335)
Profit for the year				191,112
Depreciation and amortisation	40,578	3,033	19	43,630
Additions to non-current assets (Other than deferred tax assets)	32,146	2,425	5	34,576

For the years ended 29 February 2016 and 28 February 2015, 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 29 February 2016 by reportable segment is set out below:

	Retail		Others	Total
	Mainland China	HK & Macau		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	**1,161,005**	**295,284**	**10,261**	**1,466,550**
Interest in a joint venture				**34,733**
Interest in and amount due from an available-for-sale financial asset				**-**
Deferred tax assets				**69,813**
Unallocated assets				**104**
Total assets per consolidated balance sheet				**1,571,200**
Segment liabilities	**155,691**	**13,479**	**894**	**170,064**
Amount due to a joint venture				**33,000**
Current income tax liabilities				**11,218**
Deferred tax liabilities				**44,375**
Unallocated liabilities				**22**
Total liabilities per consolidated balance sheet				**258,679**

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

	Retail		Others	Total
	Mainland China	HK & Macau		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	1,216,703	209,009	13,025	1,438,737
Interest in a joint venture				34,357
Interest in and amount due from an available-for-sale financial asset				-
Deferred tax assets				56,879
Unallocated assets				101
Total assets per consolidated balance sheet				1,530,074
Segment liabilities	153,704	17,968	1,192	172,864
Amount due to a joint venture				29,000
Current income tax liabilities				24,046
Deferred tax liabilities				35,772
Unallocated liabilities				1,651
Total liabilities per consolidated balance sheet				263,333

The analysis of revenue from external customers by geographical areas is as follows:

Revenue

	2016	2015
	RMB'000	*RMB'000*
Mainland China	**1,510,736**	1,523,960
Hong Kong	**94,163**	124,947
Macau	**16,515**	31,414
Other countries	**-**	2,687
Total	**1,621,414**	1,683,008

For the years ended 29 February 2016 and 28 February 2015 respectively, there was no transaction with a single external customer that amounted to 10% or more of the Group's revenue.

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

Non-current assets

	2016	2015
	RMB'000	*RMB'000*
Mainland China	**209,085**	219,504
Hong Kong	**20,536**	12,628
Macau	**78,830**	77,851
Total	**308,451**	309,983

4 OTHER INCOME AND OTHER GAINS AND LOSSES

	2016	2015
	RMB'000	*RMB'000*
Other income		
Gross rental income from investment properties	**4,005**	3,136
Government incentives	**34,787**	24,378
	38,792	27,514
Other (losses)/ gains, net		
Fair value (losses)/ gains on investment properties	**(359)**	2,588
Net exchange losses *(Note (a))*	**(10,470)**	(4,561)
Gain on disposal of a property (*Note (b))*	-	4,494
	(10,829)	2,521

(a) Net exchange losses 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 and recognised a net gain of RMB4,494,000 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:

	2016	2015
	RMB'000	*RMB'000*
Auditors' remuneration		
- audit services	**1,651**	1,485
- non-audit services	**557**	321
Amortisation of land use rights	**558**	597
Depreciation of property, plant and equipment	**40,978**	43,033
Loss on disposal of property, plant and equipment	**2,553**	1,175
Cost of inventories sold included in cost of sales	**430,237**	443,876
Operating lease rentals in respect of land and buildings		
- minimum lease payments	**97,072**	91,709
- contingent rents	**1,437**	1,680
Freight charges	**9,672**	10,063
Postage and express charges	**10,825**	8,294
Advertising and promotional expenses	**57,869**	43,318
Concessionaire fees	**310,088**	330,743
Direct operating expenses arising from investment properties that generated rental income	**480**	307
Employee benefit expenses (including directors' emoluments)	**392,934**	379,339
Impairment losses on inventories	**10,678**	109
(Write back of)/provision for impairment of trade receivables	**(789)**	2,687

6 NET FINANCE INCOME

	2016	2015
	RMB'000	*RMB'000*
Interest income on bank deposits	**8,917**	8,752
Interest expense on short-term bank loan	**(59)**	(206)
	8,858	8,546

7 INCOME TAX EXPENSE

	2016	2015
	RMB'000	*RMB'000*
Current income tax		
- Hong Kong profits tax	**-**	-
- People's Republic of China corporate income tax	**62,943**	73,929
Deferred taxation	**(7,944)**	(6,594)
	54,999	67,335

PRC corporate income tax is provided on the profits of the Group's subsidiaries in PRC at 25% (2015: 25%)

8 EARNINGS PER SHARE

Basic

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

On 31 July 2015, the Group completed a bonus issue of 64,318,460 shares at HK$0.1 each on the basis of one bonus share for every ten shares pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 13 July 2015. The basic earnings per share for the year ended 28 February 2015 have been restated to take into account the bonus issue during the year. The weighted average number of shares outstanding was retrospectively adjusted to reflect the effect of bonus issue. For the year ended 28 February 2015, the weighted average of number of ordinary shares in issue was 640,890,216 before the restatement.

	2016	2015 (Restated)
Profit attributable to owners of the Company *(RMB'000)*	**122,073**	189,282
Weighted average number of ordinary shares in issue *('000)*	**706,327**	705,208
Basic earnings per share (RMB cents)	**17.28**	26.84

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 29 February 2016 and 28 February 2015 respectively, 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.

	2016	2015 (Restated)
Profit attributable to owners of the Company *(RMB'000)*	**122,073**	189,282
Weighted average number of ordinary shares in issue (*'000*)	**706,327**	705,208
Adjustments for share options (*'000*)	**1,390**	4,646
Weighted average number of ordinary shares for diluted earnings per share (*'000*)	**707,717**	709,854
Diluted earnings per share (RMB cents)	**17.25**	26.67

9 DIVIDENDS

	2016 *RMB'000*	2015 *RMB'000*
Interim, paid, of HK5.7 cents (2015: HK8.0 cents) per ordinary share	**32,377**	41,076
Final, proposed, of HK7.0 cents (2015: HK14.0 cents) per ordinary share	**40,393**	71,747
Special, proposed, of HK3.0 cents (2015: Nil) per ordinary share	**17,311**	-
	90,081	112,823

At a meeting held on 18 May 2016, the Directors proposed a final dividend of HK7.0 cents per ordinary share and a special dividend of HK3.0 cents per ordinary share totalling approximately RMB57,700,000. 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 28 February 2017.

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

	2016 *RMB'000*	2015 *RMB'000*
Unlisted shares, at fair value *(Note (a))*		
- Investment cost	**2,500**	2,500
- Provision for impairment	**(2,500)**	(2,500)
	-	-
Amount due from an available-for-sale financial asset *(Note (b))*	**7,500**	7,500
Less: Provision for impairment	**(7,500)**	(7,500)
	-	-
	-	-

(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 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

	2016	2015
	RMB'000	*RMB'000*
Trade receivables	**161,603**	187,119
Provision for impairment	**(1,898)**	(2,687)
	159,705	184,432
Other receivables	**2,988**	3,049
	162,693	187,481

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 29 February 2016 and 28 February 2015, the ageing analysis of the trade receivables based on invoice date is as follows:

	2016	2015
	RMB'000	*RMB'000*
Current to 30 days	**140,012**	167,627
31 to 60 days	**11,503**	12,358
61 to 90 days	**2,997**	2,446
Over 90 days	**5,193**	2,001
	159,705	184,432

As at 29 February 2016 and 28 February 2015, the ageing analysis of the past due but not impaired receivables is as follows:

	2016	2015
	RMB'000	*RMB'000*
61 to 90 days	**2,239**	910
Over 90 days	**2,670**	436
	4,909	1,346

12 TRADE PAYABLES AND ACCRUALS

	2016	2015
	RMB'000	*RMB'000*
Trade payables	**54,174**	40,858
Accruals	**115,912**	133,657
	170,086	174,515

The credit periods granted by suppliers are generally ranged from 7 to 60 days. As at 29 February 2016 and 28 February 2015, the ageing analysis of the trade payables based on invoice date was as follows:

	2016	2015
	RMB'000	*RMB'000*
Current to 30 days	**43,263**	34,284
31 to 60 days	**8,037**	5,255
61 to 90 days	**435**	641
91 to 120 days	**856**	234
Over 120 days	**1,583**	444
	54,174	40,858

MANAGEMENT’S DISCUSSION AND ANALYSIS

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 fiscal year 2015/16, total revenue of the Group decreased by 3.7% year-on-year to RMB1,621,400,000 (2014/15: RMB1,683,000,000). Consolidated gross profit dropped by 5.4% to RMB1,069,800,000 (2014/15: RMB1,131,000,000). The Group recorded an overall gross profit margin of 66.0%, representing a year-on-year decrease by 1.2 percentage points. Consolidated profit attributable to owners of the Company decreased by 35.5% to RMB122,100,000 (2014/15: RMB189,300,000) compared to last year. The underlying profit attributable to owners of the Company, which reflected the performance of the Group’s core footwear business, decreased by 28.1% year-on-year to RMB129,000,000 (2014/15: RMB179,200,000).

RMB million	**2015/16**	**2014/15**	**Change**
Revenue	1,621.4	1,683.0	(3.7%)
Gross profit	1,069.8	1,131.0	(5.4%)
Gross profit margin	66.0%	67.2%	(1.2 percentage points)
Underlying profit attributable to owners	129.0	179.2	(28.1%)
Consolidated profit attributable to owners	122.1	189.3	(35.5%)
Final dividend (HK cents)	7.0	14.0	(50.0%)
Special dividend (HK cents)	3.0	Nil	N/A
Annual dividend pay-out ratio	73.8%	59.6%	14.2 percentage points
Bonus issue	Nil	For 1 bonus share for every 10 shares in issue	

Note: Underlying profit attributable to owners is an indicator of the performance of the Group’s core footwear business, calculated by deducting share of profit of joint venture, rental income, gain from disposal of property and foreign exchanges gains and losses from profit for the year attributable to owners of the Company.

PROFITABILITY ANALYSIS

During the year under review, affected by the sluggish sentiments in the retail markets of Mainland China and Hong Kong as well as abnormal warm winter, the Group’s total revenue decreased by 3.7% year-on-year to RMB1,621,400,000 (2014/15: RMB1,683,000,000). The Group enhanced its efforts in clearing current winter and off-season products in order to lower its inventory levels As a result, gross profit margin decreased by 1.2 percentage points year-on-year to 66.0%. The Group recorded a gross profit of RMB1,069,800,000 (2014/15: RMB1,131,000,000), representing a year-on-year decline of 5.4%.

Selling and distribution expenses increased by 2.4% year-on-year to RMB730,100,000 (2014/15: RMB712,600,000), reflecting substantial increase in marketing expenses that brought by sharp increase in online promotions, to counter the slowdown in sales brought by sluggish macro-economic environment. Together with the inflation-linked annual increase in the labour cost of sales personnel, the ratio of selling and distribution expenses to total revenue increased to 45.0% (2014/15: 42.3%), representing an increase of 2.7 percentage points. During the year under review, advertising and promotional expenses accounted for 3.6% of total revenue, representing an increase of 1.0 percentage point. In addition to the abovementioned increase in online promotional expenses during the year under review, the Group introduced a number of new, large-scale promotional activities to strengthen brand building and further enhance its brand awareness.

General and administrative expenses decreased by 3.0% to RMB198,200,000 (2014/15: RMB204,300,000) compared to last year. General and administrative expenses as a percentage of total revenue accounted to 12.2% (2014/15: 12.1%), representing a year-on-year slightly increase of 0.1 percentage point.

Other income increased by 41.0% to RMB38,800,000 (2014/15: RMB27,500,000), representing mainly increase in government incentives granted by local government in recognition of the Group's contributions to local economic development and the creation of job opportunities.

Other gains and losses mainly included the losses brought by change in exchange rates and gains derived from property. The Group's exchange losses increased by RMB5,900,000 as a result of the fluctuation of the RMB exchange rate during the year. In last financial year, gains from the disposal of a property and revaluation on investment properties amounted to RMB7,100,000. Altogether, the Group booked a net loss of RMB10,800,000 this financial year (2014/15: net gain of RMB2,500,000).

Consolidated profit attributable to owners of the Company decreased by 35.5% year-on-year to RMB122,100,000 (2014/15: RMB189,300,000). Basic earnings per share decreased by 35.6% year-on-year to RMB17.28 cents (2014/15: RMB26.84 cents). In return for the shareholders' longstanding support, the Board recommended a final dividend of HK7.0 cents and a special dividend of HK3.0 cents per ordinary share (2014/15: final dividend of HK14.0 cents). Together with the interim dividend of HK5.7 cents, the total dividend for this fiscal year was HK15.7 cents per ordinary share, representing a high dividend payout ratio of 73.8% (2014/15: 59.6%).

INCOME TAX EXPENSE

During the year under review, income tax expenses amounted to approximately RMB55,000,000 (2014/15: RMB67,300,000), representing a decrease of 18.3% 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 losses not subject to taxation, the effective tax rate of the Group was 29.0% during the year under review (2014/15: 26.5%).

INVENTORY MANAGEMENT

As at 29 February 2016, the Group's inventory balance was RMB441,800,000, up 6.4% from RMB415,200,000 as at the same date last year. Inventory turnover days of finished goods increased by 26 days to 257 days (28 February 2015: 231 days).

A breakdown of inventory balance was as follows:

RMB (million)	As at 29 February 2016	As at 28 February 2015	Changes in value	Changes in %
Raw materials and work-in-progress	37.9	41.7	(3.8)	(9.1%)
Finished goods	403.9	373.5	30.4	8.2%
Total	441.8	415.2	26.6	6.4%

During the year under review, the inventory of raw materials and work-in-progress decreased by 9.1% year-on-year, reflecting effective control on the inventory of raw materials. The 8.2% increase year-on-year in the inventory of finished goods was attributable to two factors: the over-stocking of slow-moving winter merchandise brought by the abnormal warm weather; and earlier delivery of next season products that increased items of the latest spring/summer collections to approximately 28% of the inventory (28 February 2015: 27%). Nevertheless, the Group believes that its current inventory remains at a healthy level, as it has been exercising strict control over the stock age of its inventory. As at 29 February 2016, approximately 80% of the Group's finished goods had a stock age of less than one year (28 February 2015: 83%).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position remained very strong and healthy. As at 29 February 2016, the Group's cash and bank balance amounted to RMB543,500,000 (28 February 2015: RMB517,200,000), an increase by 5.1% year-on-year. The quick ratio was 3.3 times (28 February 2015: 3.1 times). During the year, the Group had borrowed and repaid short-term bank loans amounting to RMB42,200,000. As at the fiscal year-end date, the Group had no outstanding bank loan (28 February 2015: 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 29 February 2016, 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.

BUSINESS REVIEW

OVERVIEW

The PRC economy remained weak in 2015, as the gross domestic product (GDP) growth further slowed down to 6.9%, the lowest level since 1991. Signs of weakness were emerging despite the Chinese government's effort to reverse the trend of economic slowdown. Under the new normal economic conditions, the retail industry continued to face unyielding costs and rising expenses, resulting in the further squeezing of profit margin. Moreover, significant changes were noted in the shopping habits of consumers, who became more focused on shopping experience and personalised fashion. Retailers were forced to seek breakthroughs and changes in response to the lacklustre market.

While the pace of growth slowed down for both online and offline spending, there was an increasing demand for high-quality products from consumers. The growth in individual retail spending had evolved such that it was driven by both the improvement in quality and the growth in quantity. The customers' demand for the fulfillment of functional needs had developed into the demand for the satisfaction of personal sentiments. In addition to basic daily-life requirements, consumers were seeking realization of personal tastes as the PRC retail market entered into a new stage. The Group is of the view that the challenge for retailers was essentially a question of how to capitalise on the spending powers of consumers. During the year, the Group adjusted its strategy in a timely manner to actively respond to the adversities in the market, while making strong efforts to seize opportunities presented by the changing trends in consumer spending.

RETAIL BUSINESS

The total retail sales of consumer goods in Mainland China increased by 10.7% in 2015, year-on-year, representing a slowdown in growth rate by 1.3 percentage points. For the year under review, the total retail revenue of the Group decreased by 3.7% year-on-year to RMB1,621,400,000 (2014/15: RMB1,683,000,000). Same-store sales for the full year decreased by 8.0% (2014/15: increased by 7.5%) as a result of: 1) ongoing sluggishness in overall retail spending in line with slackened economic growth in Mainland China; 2) undermined consumers' confidence and willingness to spend after several substantial corrections in the stock market and foreign exchange market; 3) slow sales of winter merchandise as affected by abnormal warm weather; 4) increase in the number of outbound tourists in recent years taking away some of the consumption in China; and 5) a high base for comparison after consecutive years' of rapid same-store growth. As more and more consumers prefer younger styles and the diversification and stratification in retail spending becomes more apparent, the Group will change its methods in the future to strengthen its analysis and study of popular trends and patterns of consumer behaviors based on Big Data, in a bid to enhance consumers' shopping experience and thereby improve same-store sales.

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 896 stores in Mainland China, Hong Kong and Macau, representing a net reduction of 8 stores compared to the end of the prior year. The increase in the number of self-owned stores was offset by the decrease in the number of franchised stores during the year. New stores were mainly high-end LINEA ROSA stores and CNE O2O stores.

As at the year-end date, there were 663 core brand le saunda stores and 61 le saunda MEN stores, representing net reductions of 36 and 10 stores, respectively, as compared to that as at the end of last year. As for LINEA ROSA, our high-end fashionable brand, a moderate pace of new-store opening was sustained amid adverse market conditions with a net addition of 16 stores to bring the total number to 68 stores. CNE O2O stores increased from 8 to 25 stores.

As at 29 February 2016, 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	778	(+28)	106	(-28)	884	-
• Northern, Northeastern & Northwestern Regions	189	(-2)	89	(-4)	278	(-6)
• Eastern Region	236	(+8)	-	(-2)	236	(+6)
• Central and Southwestern Regions	175	(+14)	14	(-13)	189	(+1)
• Southern Region	178	(+8)	3	(-9)	181	(-1)
Hong Kong and Macau	12	(-8)	-	-	12	(-8)
Total	790	(+20)	106	(-28)	896	(-8)

E-commerce business

According to statistics announced by the PRC Ministry of Commerce, online purchases in China grew by 33.3% in 2015, representing a significant slowdown in growth pace by 16.4 percentage points as compared to the previous year. The growth pace was slowed down after the phenomenal growth seen in previous periods. E-Commerce players were facing issues such as the slowdown in sales growth, swiftly rising channel costs and escalating competition.

During the year under review, the Group was vigorously driving the integration between physical stores and online stores, striving to meet the needs of consumers at different levels with personalised and youthful designs. In view of the rapidly-increasing ratio of online shopping via mobile terminals, our e-commerce team focused on mobile shopping in close tandem with retail spending trends and redesigned the web pages targeting specific marketing groups based on the outcome of data analysis, in a bid to increase the conversion rate. For the year under review, revenue from e-commerce increased by approximately 25%, year-on-year. In the future, we will, supported by data analysis, refine the operation of e-commerce and reduce its costs in a bid to increase its output ratio.

Integration of online and offline marketing

During the year under review, the Group continued to enhance brand building by increasing online and offline interactive marketing activities through resources-sharing. During the year, the Group organised a number of mega branding campaigns, such as the decoration of railway train under the Guangzhou Tower, the new landmark of Guangzhou, into the "Fortune Train (幸福列車)" for the launch of the Group's autumn/winter collections. Meanwhile, a month-long campaign known as "Fortune Journey (幸福之履)" was introduced, in which games were designed and coupons for online shops were handed out as prizes to passengers. The Group also organised a branding day in association with Tmall to pre-launch its autumn/winter collections at the Group's official flagship stores on the platform. Coupons were handed out to customers through various interactive online initiatives and offline scanning. Moreover, the Group was actively engaged in online branding promotion via social media with the publication of latest product information on its official Facebook and Wechat accounts, generating positive results in interaction with customers.

With further improvements in living standards, the new generation of consumers emerging in recent years have shown more care for the society. On the other hand, enterprises also concern more about their corporate culture and social responsibilities. Under these circumstances, the Group has increased its input in social charity campaigns. During the month-long branding activity known as "Fortune Journey", le saunda and CNE stores organised a book donation initiative to provide children in under-developed areas with extra-curricular reading opportunities. In Hong Kong, le saunda sponsored the "The 5th Race with Pink Heels", and donated all income from a charity bazaar to Hong Kong Hereditary Breast Cancer Family Registry.

In addition, the Group was committed to enhance its brand reputation in the international market. le saunda worked with "abcense", a budding designer brand in Taiwan, to develop the "VOGUE Talents for Asia" super model T contest series, which showed up in the 32nd Elite World & VOGUE Talents Final. Furthermore, "abcense for le saunda" took part in the "SUPER N.7" fashion exhibition in Milan, addressing overwhelming responses in the market. This year, the Group will pre-launch the "abcense for le saunda" series to customers via both online and offline channels.

During the year under review, the Group's staff won the championship at the 30th "2015 Service & Courtesy Award – Footwear Category (Junior Frontline Level)" and "Excellent Service Star award" issued by Hong Kong Retail Management Association (HKRMA). Furthermore, LINEA ROSA brand won "Service Category Leader – Footwear" Award at Mystery Shoppers Programme organized by HKRMA. "Service & Courtesy Award" is regarded as "Oscar Award" in the retail industry, and the Group has won the award for consecutive years, reflecting the Group's consistent emphasis on high quality products and service as its core value.

MAINLAND CHINA

Though domestic retail market further weakened in 2015, the Group's retail sales in Mainland China decreased slightly by 0.9% to RMB1,510,700,000 (2014/15: RMB1,524,000,000), which was better than the overall decline in Group's revenue. Such result was mainly attributable to the following: 1) a stable loyal customer base brought by the Group's reputation of products with "sophisticated styles with top quality"; 2) the Group's consistent moves to close underperforming stores and open new ones to drive sales; 3) the launch of popular casual designs with elements favoured by young people to meet the market demands; 4) a higher ratio of repeat purchases benefitting from innovative marketing approaches on both online and offline channels to facilitate close interaction with VIP customers.

HONG KONG AND MACAU

According to statistics announced by the Hong Kong government, the Hong Kong's retail sales for 2015 decreased by 3.7%, year-on-year, representing the largest setback since the outbreak of SARS in 2003. As more PRC tourists preferred to outbound travel to the countries where they could enjoy the appreciation of RMB in recent years, the number of PRC inbound tourists in Hong Kong has dropped continuously. The Group's sales in Hong Kong and Macau decreased by 29.2% year-on-year to RMB110,700,000 (2014/15: RMB156,400,000) , and the Hong Kong and Macau business unit changed from profitable to making loss. During the year under review, there was a net decrease of 8 stores in Hong Kong and Macau, reducing the total number of stores in Hong Kong and Macau to 12. The Group is of the view that after the shop rental in Hong Kong adjusted back to a normal level, the opportunities of opening new stores would appear again.

OUTLOOK AND LONG-TERM STRATEGIES OF THE GROUP

Retailers in China are facing challenges at multiple levels, as the domestic retail market is undergoing a period of transformation amid the "new normal" economy in China. Urban disposable income is actually on the rise, even though ongoing weakness is noted in consumer spending. Hence, it is the pattern of consumers' behavior that has been changing. Furthermore, the consistent erosion of profit margin by unyielding expenses has also put long standing pressure on retailers. In response to the latest changes in market conditions, the Group will conduct a range of strategic adjustments with the aim of increasing its revenue through consumer spending driving by shopping experience, while striving to streamline its organisational structure to cut the operating cost.

In recent years, consumers' behavior has been increasingly characterised by the pursuit of personal identity and fulfillment of personal sentimental needs. The Group is of the view that spending driven by shopping experience will become a dominant trend in the future, and physical stores will be in a more advantageous position to offer personalised shopping experiences to customers. What a customer purchased at a store is not just the product, but also the value of the experience realized in shopping.

The Group will make projections on the pattern of consumers' behavior through the collection of data on consumers' purchase preferences, spending habits and purchase frequency. On this basis, it will conduct product analysis and formulate pricing strategies in a more timely and efficient manner in response to market needs, with the aim of driving sales with services and products meeting the consumers' expectations.

Cost-cutting represents an impending task for business operators who suffer from lacklustre sales growth. The Group will resort to more vigorous organisational restructuring to streamline its workforce in the future. More extensive and precise applications of data and systems in daily operation will facilitate a more streamlined corporate structure. Meanwhile, the Group will continue to optimise its store network by closing down underperforming stores and opening new ones at shopping malls.

The O2O retail model emerging in recent years is essentially an extension of online retailing to offline setups, which brings a more efficient and convenient shopping environment for customers. It is important to note, however, that the O2O model must be highly relying on data, which is one of the reasons why the Group has been making vigorous efforts to upgrade its POS system in recent years. The consumers will experience not only the diversification of shopping channels, but also enjoy the convenience brought by integration of a variety of daily services on different channels. In the future, the Group will further develop its O2O model by opening more stores.

Moreover, as fashion trends have been changing at a much faster pace than before, the Group will try to identify consumer demands in different market segments and enhance its offering of products and services with shopping environment and trendy design elements that appeal to young consumers. In the future, the Group will continue to optimise its product mix by increasing the offering of leisure and fashionable styles so as to enhance consumers' shopping experience. The Group will also continue to upgrade its IT systems to facilitate smart footwear selection and digitalised manufacturing. It will continue to consolidate its omni-channel platforms to facilitate full integration of online and offline products, pricing, memberships, logistics and settlement in support of the development of more sub-segment fashion lines in the future.

The Group anticipates the lacklustre sentiments prevailing in the retail market will last for one to two years and retailers will still face enormous challenges ahead. The Group will make strong efforts to drive internal reforms and address such challenges by diversifying its revenue sources and enhancing cost reduction. In terms of new revenue sources, we will insist on our core edge to offer premium formal footwear for the medium- to high-end market, while seeking to optimise our product mix to explore the young-line products with unique functional and fashionable features. In terms of cost reduction, we will streamline our processes through more extensive applications of systems to achieve cost reduction and efficiency enhancement on both the retail and manufacturing ends, in order to build a solid foundation for rapid development in the future.

The Group is committed to the transformation from a traditional vertically integrated offline retailer to an omni-channel operator which is highly data-oriented, and introduce a new retail model with swift O2O deployment. With a clear direction, a strong brand name and product lines with premium quality, the Group is poised to generate sustainable returns for shareholders as it embraces the new age of retail driven by both online and offline operations.

PLEDGE OF ASSETS

As at 29 February 2016, bank deposits of RMB2,300,000 (28 February 2015: RMB2,800,000 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 RMB210,800,000 (28 February 2015: RMB186,800,000), of which RMB3,600,000 (28 February 2015: RMB5,800,000) was utilised as at 29 February 2016.

DIVIDEND

The Board has recommended to declare a final dividend of HK7.0 cents (the "Final Dividend") and a special dividend of HK3.0 cents (the "Special Dividend") per ordinary share for the year ended 29 February 2016 (28 February 2015: a final dividend of HK14.0 cents) to the shareholders of the Company (the "Shareholders") whose names appear on the Register of Members of the Company on Tuesday, 19 July 2016. The proposed Final Dividend and Special Dividend are subject to the approval of the Shareholders at the forthcoming annual general meeting (the "AGM") of the Company. If passed, the Final Dividend and Special Dividend are expected to be paid on or around Thursday, 28 July 2016, while a circular containing further details of notice of the AGM will be despatched to the Shareholders as soon as practicable.

The Board declared the payment of an interim dividend of HK5.7 cents per ordinary share for the six months ended 31 August 2015 (2015: interim dividend of HK8.0 cents).

EMPLOYEES AND REMUNERATION POLICIES

As at 29 February 2016, the Group had a staff force of 5,286 people (28 February 2015: 5,382 people). Of this number, 150 were based in Hong Kong and Macau and 5,136 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 29 February 2016, including Directors' emoluments, net pension contributions and the value of employee services, amounted to RMB392,900,000 (2015: RMB379,300,000). 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

During the year, the Company repurchased a total of 1,768,000 ordinary shares of the Company on the Stock Exchange, all of which were cancelled on 15 October 2015. The details of the repurchases were disclosed as follows:

Date of Repurchase	Number of Shares Repurchased	Repurchased Price Highest *(HK$)*	Repurchased Price Lowest *(HK$)*	Total Consideration Paid[#] *(HK$)*
11 September 2015	156,000	2.10	2.07	325,320
14 September 2015	300,000	2.10	2.10	630,000
15 September 2015	300,000	2.04	2.04	612,000
16 September 2015	12,000	1.99	1.99	23,880
17 September 2015	1,000,000	2.07	2.05	2,061,480
Total	1,768,000			3,652,680

[#] *Excluding brokerage and cancellation fees*

Saved as disclosed herein, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 29 February 2016.

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 Rules Governing the Listing of Securities on the Stock Exchange (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, risk management and internal control 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 respective 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 29 February 2016 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, 11 July 2016. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 7 July 2016 to Monday, 11 July 2016 (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, 6 July 2016.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND AND SPECIAL DIVIDEND

The proposed Final Dividend and Special Dividend are subject to the approval of the Shareholders at the AGM. The record date for entitlement to the proposed Final Dividend and Special Dividend is 19 July 2016. In order to ascertain the entitlement to the proposed Final Dividend and Special Dividend, the register of members of the Company will be closed from Monday, 18 July 2016 to Tuesday, 19 July 2016 (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 Special Dividend will be Wednesday, 13 July 2016. In order to qualify for the proposed Final Dividend and Special Dividend, 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, 15 July 2016.

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 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, Ms. Au You Ying, an executive Director (who resigned on 1 December 2015) and Mr. Lee Tze Bun, Marces, a non-executive Director, were unable to attend the annual general meeting of the Company held on 13 July 2015.

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 29 February 2016 and up to the date of this announcement.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 29 February 2016 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 2016.

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, 18 May 2016

As at the date of this announcement, the Company's executive Directors are Ms. Lau Shun Wai, Ms. Chu Tsui Lan, Ms. Chui Kwan Ho, Jacky and Ms. Wong Sau Han; 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 Renminbi unless stated otherwise.)