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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 2017

FINANCIAL HIGHLIGHTS

		Year ended 28 February 2017	Year ended 29 February 2016	change	change in %
Revenue	*RMB million*	**1,365.5**	1,621.4	(255.9)	(15.8)
Gross profit	*RMB million*	**908.0**	1,069.8	(161.8)	(15.1)
Profit attributable to owners of the Company	*RMB million*	**75.0**	122.1	(47.1)	(38.6)
Underlying profit attributable to owners of the Company	*RMB million*	**81.3**	129.0	(47.7)	(37.0)
Basic earnings per share	*RMB cents*	**10.62**	17.28	(6.66)	(38.5)
Dividends per share					
- interim, paid	*HK cents*	**4.3**	5.7		
- interim special, paid	*HK cents*	**1.4**	-		
- final, proposed	*HK cents*	**4.3**	7.0		
- final special, proposed	*HK cents*	**5.7**	3.0		

**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 2017 together with the comparative figure for the previous year. The consolidated results have been reviewed by the Company's Audit Committee.

CONSOLIDATED INCOME STATEMENT

	Note	**Year ended 28 February 2017** *RMB'000*	**Year ended** 29 February 2016 *RMB'000*
Revenue	*3*	**1,365,545**	1,621,414
Cost of sales	*5*	**(457,536)**	(551,614)
Gross profit		**908,009**	1,069,800
Other income	*4*	**36,863**	38,792
Other losses	*4*	**(10,989)**	(10,829)
Selling and distribution expenses	*5*	**(618,566)**	(730,085)
General and administrative expenses	*5*	**(191,229)**	(198,186)
Operating profit		**124,088**	169,492
Net finance income	*6*	**4,006**	8,858
Share of profit of a joint venture		**423**	376
Profit before income tax		**128,517**	178,726
Income tax expense	*7*	**(52,113)**	(54,999)
Profit for the year		**76,404**	123,727
Profit for the year attributable to:			
- owners of the Company		**74,977**	122,073
- non-controlling interest		**1,427**	1,654
		76,404	123,727
Earnings per share attributable to the owners of the Company *(express in RMB cents)*			
- Basic	*8*	**10.62**	17.28
- Diluted	*8*	**10.62**	17.25
Dividends	*9*	**95,494**	90,081

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended	
	28 February 2017	29 February 2016
	RMB'000	*RMB'000*
Profit for the year	**76,404**	123,727
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	**154**	22
- Revaluation on an investment property transferred from land and building, net of tax	**-**	11,070
Item that will be reclassified to profit or loss		
- Currency translation differences	**27,409**	14,674
Total comprehensive income for the year	**103,967**	149,493
Total comprehensive income for the year, attributable to:		
- owners of the Company	**103,052**	148,273
- non-controlling interest	**915**	1,220
	103,967	149,493

CONSOLIDATED BALANCE SHEET

	Note	**As at 28 February 2017** *RMB'000*	As at 29 February 2016 *RMB'000*
ASSETS			
Non-current assets			
Investment properties		**142,404**	141,505
Property, plant and equipment		**101,332**	108,372
Land use rights		**14,947**	14,880
Long-term deposits and prepayments		**7,105**	8,961
Interest in a joint venture		**35,156**	34,733
Interest in and amount due from an available-for-sale financial asset	*10*	**-**	-
Deferred income tax assets		**55,283**	69,813
		356,227	378,264
Current assets			
Inventories		**380,183**	441,819
Trade receivables and other receivables	*11*	**120,816**	162,693
Deposits and prepayments		**34,094**	44,958
Pledged bank deposits		**1,313**	2,334
Cash and bank balances		**645,264**	541,132
		1,181,670	1,192,936
Total assets		**1,537,897**	1,571,200
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**59,979**	59,979
Reserves			
Proposed dividend		**61,460**	57,704
Others		**1,187,841**	1,183,115
		1,309,280	1,300,798
Non-controlling interest		**11,175**	11,723
Total equity		**1,320,455**	1,312,521

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	**As at 28 February 2017** *RMB'000*	As at 29 February 2016 *RMB'000*
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**34,394**	44,375
Current liabilities			
Trade payables and other payables	*12*	**148,003**	170,086
Amount due to a joint venture		**33,000**	33,000
Current income tax liabilities		**2,045**	11,218
		183,048	214,304
Total liabilities		**217,442**	258,679
Total equity and liabilities		**1,537,897**	1,571,200

NOTES:

1 GENERAL INFORMATION

Le Saunda Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the 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"). The consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). 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) New and amended standards adopted by the Group

The Group has adopted the following new and amended standards that have been issued and effective for the Group's financial year beginning on 1 March 2016:

Annual Improvements Project	Annual Improvement 2012-2014 Cycle
HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
HKAS 28, HKFRS 10 and HKFRS 12 (Amendment)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisition of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The adoption of the above new and amended standards has no significant impact on the Group's financial results and financial position.

(b) New standards and amendments to existing standards that have been issued but are not yet effective

HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
HKFRS 9	Financial Instruments[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 15 (Amendment)	Clarifications to HKFRS15[2]
HKFRS 16	Leases [3]
HKAS 7 (Amendment)	Statement of Cash Flows-Disclosure Initiative [1]
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses [1]

(1) Effective for the accounting period beginning on or after 1 March 2017

(2) Effective for the accounting period beginning on or after 1 March 2018

(3) Effective for the accounting period beginning on or after 1 March 2019

(4) Effective date to be determined

None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 9 “Financial instrument” addresses the classification, measurement and recognition of financial assets and liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability’s own credit risk are recognised in other comprehensive income, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The Group considers that there will be no material adverse change in the credit risks in respect of the Group’s future financial assets and the adoption of the new expected credit losses model under HKFRS 9 will not have significant impact on its financial performance and position. HKFRS 9 must be applied for financial years commencing on or after 1 March 2018. The Group does not intend to adopt HKFRS 9 before its mandatory date.

HKFRS 15 "Revenue from contracts with customers" replaces the previous revenue standards HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (i) identity the contract(s) with customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes" to an "asset-liability" approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Under HKFRS 15, an entity normally recognises revenue when a performance obligation is satisfied. Impact on the revenue recognition may arise when multiple performance obligation are identified. HKFRS 15 is mandatory for financial years commencing on or after 1 March 2018. The Group does not intend to adopt the standard before its effective date.

HKFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The Group is a lessee of various properties which are currently classified as operating leases. HKFRS 16 provides a new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the consolidated statement of financial position. Instead, when the Group is the lessee, almost all leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the consolidated statement of financial position. As for the financial performance impact in the statement of comprehensive income, straight-line depreciation expense on the right-of-use asset and the interest expenses on the lease liability are recognised and no rental expenses will be recognised. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The new standard is mandatory for financial years commencing on or after 1 March 2019. The Group does not intend to adopt the standard before its effective date.

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 losses, 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 income 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 income 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 28 February 2017 is as follows:

	Retail		Others	Total
	Mainland China	HK & Macau		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	**1,291,663**	**73,882**	**-**	**1,365,545**
Reportable segment profit/ (losses)	**146,606**	**(15,323)**	**-**	**131,283**
Rental income				**4,212**
Other losses				**(10,989)**
Net finance income				**4,006**
Share of profit of a joint venture				**423**
Unallocated expenses				**(418)**
Profit before income tax				**128,517**
Income tax expense				**(52,113)**
Profit for the year				**76,404**
Depreciation and amortisation	**40,858**	**2,517**	**-**	**43,375**
Additions to non-current assets (Other than deferred income tax assets)	**30,611**	**4,538**	**-**	**35,149**

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/ (losses)	187,305	(10,596)	-	176,709
Rental income				4,005
Other losses				(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 income tax assets)	27,422	845	-	28,267

For the years ended 28 February 2017 and 29 February 2016, 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 2017 by reportable segment is set out below:

	Retail		Others	Total
	Mainland China	**HK & Macau**		
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Segment assets	**1,029,853**	**408,243**	**9,253**	**1,447,349**
Interest in a joint venture				**35,156**
Interest in and amount due from an available-for-sale financial asset				**-**
Deferred income tax assets				**55,283**
Unallocated assets				**109**
Total assets per consolidated balance sheet				**1,537,897**
Segment liabilities	**137,789**	**9,194**	**996**	**147,979**
Amount due to a joint venture				**33,000**
Current income tax liabilities				**2,045**
Deferred income tax liabilities				**34,394**
Unallocated liabilities				**24**
Total liabilities per consolidated balance sheet				**217,442**

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 income 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 income tax liabilities				44,375
Unallocated liabilities				22
Total liabilities per consolidated balance sheet				258,679

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

Revenue

	2017	2016
	RMB’000	*RMB’000*
Mainland China	**1,291,663**	1,510,736
Hong Kong	**64,615**	94,163
Macau	**9,267**	16,515
Total	**1,365,545**	1,621,414

For the years ended 28 February 2017 and 29 February 2016 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 income tax assets) of the Group by geographical areas is as follows:

Non-current assets

	2017	2016
	RMB'000	*RMB'000*
Mainland China	**207,734**	209,085
Hong Kong	**15,007**	20,536
Macau	**78,203**	78,830
Total	**300,944**	308,451

4 OTHER INCOME AND OTHER LOSSES

	2017	2016
	RMB'000	*RMB'000*
Other income		
Gross rental income from investment properties	**4,212**	4,005
Government incentives	**32,651**	34,787
	36,863	38,792
Other losses		
Fair value losses on investment properties	**(2,736)**	(359)
Net exchange losses *(Note)*	**(8,253)**	(10,470)
	(10,989)	(10,829)

Note: 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.

5 EXPENSES BY NATURE

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

	2017	2016
	RMB'000	*RMB'000*
Auditors' remuneration		
- Audit services	**1,741**	1,651
- Non-audit services	**720**	557
Amortisation of land use rights	**487**	558
Depreciation of property, plant and equipment	**42,888**	40,978
Loss on disposal of property, plant and equipment	**2,746**	2,553
Cost of inventories sold included in cost of sales	**301,754**	430,237
Operating lease rentals in respect of land and buildings		
- minimum lease payments	**85,952**	97,072
- contingent rents	**1,497**	1,437
Freight charges	**8,874**	9,672
Postage and express charges	**5,686**	10,825
Advertising and promotional expenses	**34,216**	57,869
Concessionaire fees	**255,190**	310,088
Direct operating expenses arising from investment properties that generated rental income	**432**	480
Employee benefit expenses (including directors' emoluments)	**369,275**	392,934
(Write back of impairment)/ impairment losses on inventories	**(5,446)**	10,678
Write back of impairment of trade receivables	**(918)**	(789)

6 NET FINANCE INCOME

	2017	2016
	RMB'000	*RMB'000*
Interest income on bank deposits	**4,006**	8,917
Interest expense on short-term bank loan	**-**	(59)
	4,006	8,858

7 INCOME TAX EXPENSE

	2017	2016
	RMB'000	*RMB'000*
Current income tax		
- Hong Kong profits tax	**-**	-
- People's Republic of China corporate income tax	**47,508**	62,943
Deferred income taxation	**4,605**	(7,944)
	52,113	54,999

PRC corporate income tax is provided on the profits of the Group's subsidiaries in PRC at 25% (2016: 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.

	2017	2016
Profit attributable to owners of the Company *(RMB'000)*	**74,977**	122,073
Weighted average number of ordinary shares in issue *('000)*	**705,895**	706,327
Basic earnings per share *(RMB cents)*	**10.62**	17.28

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended 28 February 2017, the Company had share options outstanding which were anti-dilutive potential ordinary shares. For the year ended 29 February 2016, 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.

	2017	2016
Profit attributable to owners of the Company *(RMB'000)*	**74,977**	122,073
Weighted average number of ordinary shares in issue (*'000*)	**705,895**	706,327
Adjustments for share options (*'000*)	**-**	1,390
Weighted average number of ordinary shares for diluted earnings per share (*'000*)	**705,895**	707,717
Diluted earnings per share *(RMB cents)*	**10.62**	17.25

9 DIVIDENDS

	2017 *RMB'000*	2016 *RMB'000*
Interim, paid, of HK4.3 cents (2016: HK5.7 cents) per ordinary share	**25,675**	32,377
Interim special, paid, of HK1.4 cents (2016: Nil) per ordinary share	**8,359**	-
Final, proposed, of HK4.3 cents (2016: HK7.0 cents) per ordinary share	**26,428**	40,393
Final special, proposed, of HK5.7 cents (2016: HK3.0 cents) per ordinary share	**35,032**	17,311
	95,494	90,081

At a meeting held on 25 May 2017, the Directors proposed a final dividend of HK4.3 cents per ordinary share and a final special dividend of HK5.7 cents per ordinary share totalling approximately RMB61,460,000. These proposed dividends are not reflected as dividend payable in the consolidated financial statements, but will be reflected as an appropriation of contributed surplus of the Company for the year ending 28 February 2018.

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

	2017 *RMB'000*	2016 *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 RECEIVABLES AND OTHER RECEIVABLES

	2017 *RMB'000*	2016 *RMB'000*
Trade receivables	**112,125**	161,603
Provision for impairment	**(980)**	(1,898)
	111,145	159,705
Other receivables	**9,671**	2,988
	120,816	162,693

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 2017 and 29 February 2016, the ageing analysis of the trade receivables based on invoice date is as follows:

	2017 *RMB'000*	2016 *RMB'000*
Current to 30 days	**100,215**	140,012
31 to 60 days	**6,252**	11,503
61 to 90 days	**2,028**	2,997
Over 90 days	**2,650**	5,193
	111,145	159,705

As at 28 February 2017 and 29 February 2016, the ageing analysis of the past due but not impaired receivables is as follows:

	2017	2016
	RMB'000	*RMB'000*
61 to 90 days	**964**	2,239
Over 90 days	**1,410**	2,670
	2,374	4,909

12 TRADE PAYABLES AND OTHER PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade payables	**45,254**	54,174
Other payables	**102,749**	115,912
	148,003	170,086

The credit periods granted by suppliers are generally ranged from 7 to 60 days. As at 28 February 2017 and 29 February 2016, the ageing analysis of the trade payables based on invoice date was as follows:

	2017	2016
	RMB'000	*RMB'000*
Current to 30 days	**29,238**	43,263
31 to 60 days	**12,264**	8,037
61 to 90 days	**1,882**	435
91 to 120 days	**163**	856
Over 120 days	**1,707**	1,583
	45,254	54,174

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 fashionable 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 2016/17, total revenue of the Group decreased by 15.8% year-on-year to Renminbi ("RMB") 1,365,500,000 (2015/16: RMB1,621,400,000). Consolidated gross profit dropped by 15.1% year-on-year to RMB908,000,000 (2015/16: RMB1,069,800,000). The Group recorded an overall gross profit margin of 66.5%, representing a slight increase of 0.5 percentage point as compared to last year. Consolidated profit attributable to owners of the Company decreased by 38.6% to RMB75,000,000 (2015/16: RMB122,100,000) as 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 37.0% year-on-year to RMB81,300,000 (2015/16: RMB129,000,000).

RMB (million)	**2016/17**	**2015/16**	**Change**
Revenue	1,365.5	1,621.4	(15.8%)
Gross profit	908.0	1,069.8	(15.1%)
Gross profit margin	66.5%	66.0%	0.5 percentage point
Underlying profit attributable to owners	81.3	129.0	(37.0%)
Consolidated profit attributable to owners	75.0	122.1	(38.6%)
Final dividend (HK cents)	4.3	7.0	(38.6%)
Final special dividend (HK cents)	5.7	3.0	90.0%
Annual dividend pay-out ratio	127.4%	73.8%	53.6 percentage points

Note: Underlying profit attributable to owners is an indicator of the performance of the Group's core footwear business, calculated as profit for the year attributable to owners of the Company less share of profit from joint venture, rental income and foreign exchange losses.

PROFITABILITY ANALYSIS

During the year under review, the retail markets of Mainland China, Hong Kong and Macau remained sluggish with no signs of any imminent recovery. The Group's total sales and same-store sales both recorded negative growth. The Group recorded a gross profit of RMB908,000,000 (2015/16: RMB1,069,800,000), representing a year-on-year decline of 15.1%. Though greater effort was made in clearing up the inventory, the gross profit margin remained at 66.5%, representing a slight increase of 0.5 percentage point as compared to last year.

The Group strictly controlled the selling and distribution expenses and the expenses for the year decreased by 15.3% to RMB618,600,000 (2015/16: RMB730,100,000). As the decrease in sales was greater than that of expenses, the ratio of selling and distribution expenses to total revenue still grew to 45.3% (2015/16: 45.0%), representing an increase of 0.3 percentage point. During the year under review, advertising and promotional expenses accounted for 2.5% of total revenue, representing a year-on-year decrease of 1.1 percentage points. Concessionaire fee and rents accounted for 24.7% of total revenue, representing a year-on-year decrease of 0.6 percentage point. Store staff's wages were about the market average, but as a percentage of total revenue still increased year-on-year by 1.8 percentage points to 12.8% since the same-store sales continued to decline.

General and administrative expenses were cut by 3.5% to RMB191,200,000 (2015/16: RMB198,200,000) as compared to last year. During the year under review, the Group had adopted measures to control the spending of relevant cost items. However, as most general and administrative expenses are fixed costs, this item as a percentage of total revenue still increased by 1.8 percentage points to 14.0% (2015/16: 12.2%).

Other income, mainly grants from local government, decreased by 5.0% year-on-year to RMB36,900,000 (2015/16: RMB38,800,000).

Other losses mainly included the losses brought by change in exchange rates and losses on revaluation of investment properties. During the year, RMB exchange rate still fluctuated, the Group recorded an exchange losses of RMB8,300,000 (2015/16: RMB10,500,000), a decrease of RMB2,200,000 as compared to last year.

Consolidated profit attributable to owners of the Company decreased by 38.6% to RMB75,000,000 (2015/16: RMB122,100,000) as compared to last year. Basic earnings per share decreased by 38.5% year-on-year to RMB10.62 cents (2015/16: RMB17.28 cents). In return for the shareholders' longstanding support, the Board recommended a final dividend of HK4.3 cents per ordinary share and a final special dividend of HK5.7 cents per ordinary share (2015/16: final dividend of HK7.0 cents and a final special dividend of HK3.0 cents). Together with the interim dividend of HK4.3 cents and the interim special dividend of HK1.4 cents, the total dividend for this fiscal year was HK15.7 cents per ordinary share, representing a high dividend payout ratio of 127.4% (2015/16: 73.8%).

INCOME TAX EXPENSE

During the year under review, income tax expenses amounted to approximately RMB52,100,000 (2015/16: RMB55,000,000), representing a decrease of 5.2% 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 China, a withholding income tax of 5% to 10% shall be levied on the dividends remitted by a Chinese subsidiary to its foreign parent company starting from 1 January 2008. Excluding the effects of the losses not subject to taxation, expenses not deductible for tax purpose and reversal of deferred assets on tax losses recognised in previous years, the effective tax rate of the Group for the year was 31.5% (2015/16: 29.0%).

INVENTORY MANAGEMENT

As at 28 February 2017, the Group's inventory balance was RMB380,200,000, representing a decrease of 14.0% as compared to RMB441,800,000 for last year.

A breakdown of inventory balance was as follows:

RMB (million)	As at 28 February 2017	As at 29 February 2016	Changes in value	Changes in %
Raw materials and work-in-progress	35.8	37.9	(2.1)	(5.5%)
Finished goods	344.4	403.9	(59.5)	(14.7%)
Total	380.2	441.8	(61.6)	(14.0%)

During the year under review, the inventory of raw materials and work-in-progress decreased by 5.5% year-on-year, mainly due to the contraction of production scale. The 14.7% year-on-year decrease in the inventory of finished goods was attributable to the Group's enhanced efforts in clearing up off-season products which led to a significant drop in inventory amount and a significant increase in cash on hand at the year end date. Since the decline in sales outweighed the inventory reduction, the inventory turnover days of finished goods increased by 41 days to 298 days (29 February 2016: 257 days). To cope with the weak sentiment and uncertainties in the retail market, the Group will adjust its merchandising plan and optimize its supply chain with a view to bring its inventory to a more reasonable and healthy level.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position remained very strong and healthy. As at 28 February 2017, the Group's cash and bank balance amounted to RMB645,300,000 (29 February 2016: RMB541,100,000), representing an increase of 19.2% year-on-year. The quick ratio was 4.2 times (29 February 2016: 3.3 times). During the year, the Group had not borrowed any bank loan and had no outstanding bank loan as at the fiscal year-end date (29 February 2016: Nil). Where necessary, forward contracts might be used 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. When necessary, working capital requirements for business operations in Mainland China will be financed by RMB loans advanced from local banks.

During the year ended 28 February 2017, the Group's cash and bank balances were held in Hong Kong dollars, US dollars, Euro and RMB respectively and were deposited in leading banks with maturity of less than one year.

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

BUSINESS REVIEW

OVERVIEW

The gross domestic product (GDP) growth of China further slowed down to 6.7% in 2016, hitting the lowest level for the past 26 years. Impacted by the low consumption sentiment and the traffic diversion by e-commerce in recent years, the retail sector has undergone a prolonged period of correction. Consumer demand has shifted from merely satisfying daily needs to pursuit of quality, and from product-oriented to focus on both product and service. In this context, the challenge for retailers was how they would capitalise the consumption upgrade. During the year, in response to the adversities in the market, the Group actively adjusted its strategies to increase its supply of customised and casual products and to continuously improve the quality of its products and services with a view to seize opportunities presented by this consumption upgrade.

RETAIL BUSINESS

For the year under review, the total retail revenue of the Group decreased by 15.8% year-on-year to RMB1,365,500,000 (2015/16: RMB1,621,400,000). Same-store sales decreased by 12.0% (2015/16: decreased by 8%) due to the low market sentiment and diminishing consumption power brought by: 1) the ongoing slackened economic growth in Mainland China; 2) the surging Mainland property prices in 2016 directing considerable amount of domestic expenditure into the property market; 3) the increasing number of Mainland outbound tourists. As the signs of rejuvenation and stratification of consumers become more apparent, the Group will strengthen its analysis and study of popular trends and patterns of consumer behaviour and the development of product lines in the future 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 796 stores in Mainland China, Hong Kong and Macau, representing a net reduction of 100 stores compared to the end of the prior year. The number of self-owned stores dropped by 73, while the number of franchised stores decreased by 27 during the year.

As at the year-end date, there were 563 core brand le saunda stores and 52 le saunda MEN stores, representing net reductions of 96 and 13 stores, respectively, as compared to that at the end of last year. LINEA ROSA, the high-end fashionable brand, kept a moderate pace in new-store opening amid adverse market conditions with a net addition of 6 stores to bring the total number of stores to 74. The number of CNE stores decreased by 3 to 22.

As at 28 February 2017, 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	705	(-73)	79	(-27)	784	(-100)
• Northern, Northeastern & Northwestern Regions	166	(-23)	71	(-18)	237	(-41)
• Eastern Region	220	(-16)	1	(+1)	221	(-15)
• Central and Southwestern Regions	158	(-17)	7	(-7)	165	(-24)
• Southern Region	161	(-17)	0	(-3)	161	(-20)
Hong Kong and Macau	12	(0)	-	-	12	(0)
Total	717	(-73)	79	(-27)	796	(-100)

Mainland China

The total retail sales of consumer goods in Mainland China recorded a nominal increase of 10.4% in 2016, continuing the downward trend of growth rate in last year. The total retail revenue of the Group in Mainland China decreased by 14.5% year-on-year to RMB1,291,700,000 (2015/16: RMB1,510,700,000) mainly attributed to 1) the ongoing weakness in overall retail market; 2) the negative growth in the same-store sales and our speeding up in closing down of underperforming stores; 3) the consumer demand being restrained by a surging and frenetic Mainland China property market in 2016. In response, the Group attempted to stimulate sales by launching more casual products and handbags.

Hong Kong and Macau

According to statistics announced by the Hong Kong government, the Hong Kong's retail sales for 2016 decreased by 8.1% year-on-year, representing the largest setback since the Asian financial crisis in 1998. As a result of the continuous depreciation of RMB against HKD and more convenient for outbound travel, Mainland China tourists preferred regions with more favourable exchange rates, which inevitably affected the retail consumption in Hong Kong. The Group's sales in Hong Kong and Macau decreased by 33.2% year-on-year to RMB73,900,000 (2015/16: RMB110,700,000), enlarging the operating loss in Hong Kong and Macau. For the year under review, the number of outlets in Hong Kong and Macau remained unchanged at 12. Given the high shop rental in Hong Kong is still undergoing correction, the Group will consider to open new stores in Hong Kong and Macau when the rental has further adjusted.

E-commerce business

According to statistics announced by the PRC Ministry of Commerce, online purchases in China grew by 26.2% in 2016, which significantly slowed down by 7.1 percentage points as compared to the previous year, which also hinted a quick decline in growth momentum of e-commerce. The Group was vigorously unifying the style of its physical stores and online stores as well as online and offline marketing activities. Leveraging the increase in ratio of online shopping via mobile terminals, our e-commerce team also focused on mobile shopping and launched targeted marketing promotions. For the year under review, the Group's revenue from e-commerce dropped by approximately 32.4% year-on-year due to the continuous increase in cost of securing online customers. In the future, with the support of data analysis, the e-commerce team will further refine its operation and reduce its costs in a bid to increase the output ratio.

Marketing activities with innovative ideas

The booming of crossover marketing in recent years has changed the monotonous old marketing programs. The companies from different industries complement each other to achieve a win-win outcome: increasing corporate exposure and brand awareness across industries at lower cost and from a new perspective. During the year under review, the Group continued to enhance brand building by organizing a number of mega branding campaigns. These included collaboration with GRAZIA, the high-end ladies' fashion magazine in China, to hold roadshows in a total of 20 office buildings in four cities, namely Shanghai, Beijing, Guangzhou and Wuhan, to present the youthful and playful attributes of le saunda brand to the white-collars. Together with iLady, the high-end ladies' fashion and lifestyle magazine in China, le saunda and LINEA ROSA held "Outdoor Cinema Party", to celebrate the 5th anniversary of LINEA ROSA. The Group also held a number of VIP sharing sessions in different cities to increase the interaction with VIP members.

The Group always emphasizes on serving its customers with quality services and put every effort on providing a variety of trainings to its frontline staff. During the year under review, a senior associate of the Group has been awarded the first prize of "2016 Service & Courtesy Award – Footwear Category (Junior Frontline Level)" by the Hong Kong Retail Management Association. Besides, the Group has also won the "2016 Service Retailers of the Year – Footwear Category" in "Mystery Shoppers Programme", exemplifying the quality of customer services by the frontline sales personnel.

OUTLOOK AND LONG-TERM STRATEGIES OF THE GROUP

In 2016, the economic growth was under substantial pressure arising from the impact of global economic uncertainties, such as the emergence of trade protectionism, the Brexit and the United States entering into the cycle of interest rates hike. The retail market further deteriorated in the past few years due to the growth rate of household income and consumer expectations being affected by a continued sluggish economy in Mainland China, as well as the market share of physical consumption being seized up by e-commerce.

Consumption upgrade and experiential shopping are the new trends in the market. Consumers' pursuit of quality shifts the market to medium-to high-end brands. The Group is always focused on product quality, which coincides with the concept of consumption upgrade. As a result of the RMB depreciation, the price difference between domestic and foreign markets for fashionable and luxury items has been narrowed, hence driving the return of overseas consumption and benefiting domestic consumption. While the offline retailing has been squeezed by the rapid development of online retailing in recent years, online brands are actively expanding into offline operation under the increasing pressure from online traffic, suggesting that retail enterprises are returning to offline channels. Guided by the concept of "New Retail", online and offline operations are merging towards integration. The close combination of online traffic and physical stores is a major trend for future consumption development. The Group is of the view that, following the past few years' consolidation, there are new development opportunities awaiting retail enterprises. As the Group is one of first retail enterprises that focus on dual development of online and offline businesses and concerned with the trend of consumption upgrade and experiential shopping, it is expected that the Group will act in a prompt response to opportunities for an accelerated development.

Although the ladies' footwear industry has faced enormous challenges in recent years, the Group believes that by adhering to its core competitiveness and consistently concentrating on offering premium formal and casual footwear to the consumers in mid to high-end market, there is still room for development. In the future, the Group will seek to gain further understanding on consumers' preferences, spending habits and behaviors, so as to target refined customer segments with specific marketing programs and provide products that may meet the various tastes among consumers. On the other hand, the Group will enhance its efforts in internal restructuring by transforming the mode of operation that will significantly slash expenses and improve efficiency. In addition, the Group will actively dispose its inventory and optimize its supply chain and retail networks by closing down the stores that are underperformed and opening up new ones in locations with potential, especially in shopping malls.

Though troubled by structural issues, the ladies' footwear sector has been actively seeking breakthroughs in recent years. With no exception, the Group has attempted to supply more casual footwear and handbags, and the results are still under review. The Group will seek opportunities at a macro level in the future that will generate synergy with its existing businesses and improve the cash utilization rate.

In 2017, the Chinese government will facilitate adjustment on industry structure, de-stocking and expansion of domestic demand. It is also a crucial year for the retail industry to boost its business by capturing the new consumption era induced by the post-1990s and post-2000s generations. To celebrate its 40^{th} anniversary, le saunda will launch a series of cross-discipline innovative marketing activities to bring its customers a "changing le saunda but unchanged companion". Being the exclusive shoe brand for the global IP "Minions", le saunda together with the "Minions" will release a shoe series "le saunda X Minions," which is a special edition for the Asian market. The shoe series will be sold both online and offline and will feature youthful designs that are cutie and funny so as to attract the eyeballs of the young generation.

Overall offline retail sales began to show signs of recovery in the fourth quarter of 2016, which was the first time since 2013 and suggesting a fundamental bottoming out of offline retail market. Notwithstanding the current slowdown in economic growth of Mainland China, the effect of economic structural changes in recent years has been emerged, as evidenced by the greater contribution from private consumption to the GDP growth year by year, which has become a major force in contributing to the growth of China's economy. As China's economy is on its way to shift from an investment-driven model towards a consumption-driven model, there should be ample room for growth for the retail sector. The Group will make efforts to seize opportunities and embrace the era of New Retail by leveraging on its strong brand awareness and high quality products, and generate stable return for its shareholders in the long run.

PLEDGE OF ASSETS

As at 28 February 2017, bank deposits of RMB1,300,000 (29 February 2016: RMB2,300,000) 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 RMB220,900,000 (29 February 2016: RMB210,800,000), of which RMB3,200,000 (29 February 2016: RMB3,600,000) was utilised as at 28 February 2017.

DIVIDEND

The Board has recommended to declare a final dividend of HK4.3 cents (the "Final Dividend") per ordinary share and a final special dividend of HK5.7 cents (the "Final Special Dividend") per ordinary share for the year ended 28 February 2017 (29 February 2016: a final dividend of HK7.0 cents and a final special dividend of HK3.0 cents) to the shareholders of the Company (the "Shareholders") whose names appear on the Register of Members of the Company on Tuesday, 18 July 2017. The proposed Final Dividend and the Final 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 the Final Special Dividend are expected to be paid on or around Thursday, 27 July 2017, 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 HK4.3 cents (2015/2016: HK5.7 cents) per ordinary share and an interim special dividend of HK1.4 cents (2015/2016: Nil) per ordinary share for the six months ended 31 August 2016.

EMPLOYEES AND REMUNERATION POLICIES

As at 28 February 2017, the Group had a staff force of 4,652 people (29 February 2016: 5,286 people). Of this number, 120 were based in Hong Kong and Macau and 4,532 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 employee benefit expenses for the twelve months ended 28 February 2017, including Directors' emoluments, net pension contributions and the value of employee services, amounted to RMB369,300,000 (2015/2016: RMB392,900,000). 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

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 2017.

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 28 February 2017 and discussed the overall effectiveness of the internal control system of the Group with the management of the Company.

EVENT AFTER THE REPORTING PERIOD

The Group has the following major event occurred after the reporting period:

On 20 February 2017, Blooming On Limited, as a purchaser, entered into a Sale and Purchase Agreement with Freedom Resources Limited, which is a company wholly and beneficially owned by Mr. Lee Tze Bun, Marces ("Mr. Lee"), as a vendor, and Mr. Lee as the vendor's guarantor, to acquire the entire issued share capital of Super Billion Properties Limited, which solely owns a property located at Units 3005-3009 on Level 30, Metro Plaza, 183-187 Tian He North Road, Guangzhou, PRC (the "Property"), for a cash consideration of RMB10,800,000 (the "Acquisition"). The consideration had been determined by reference to the fair value of the Property as at 20 February 2017 of RMB10,800,000 as appraised by an independent professional valuer to the Company. The Acquisition was completed on 1 March 2017. The Group will continue to use the Property as office. The relevant announcement was published on the respective websites of the Stock Exchange and the Company on 20 February 2017.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The AGM is scheduled to be held on Monday, 10 July 2017. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 5 July 2017 to Monday, 10 July 2017 (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 Tuesday, 4 July 2017.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND AND FINAL SPECIAL DIVIDEND

The proposed Final Dividend and Final Special Dividend are subject to the approval of the Shareholders at the AGM. The record date for entitlement to the proposed Final Dividend and Final Special Dividend is 18 July 2017. In order to ascertain the entitlement to the proposed Final Dividend and Final Special Dividend, the register of members of the Company will be closed from Monday, 17 July 2017 to Tuesday, 18 July 2017 (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 Final Special Dividend will be Wednesday, 12 July 2017. In order to qualify for the proposed Final Dividend and Final 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, 14 July 2017.

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, 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. Lau Shun Wai, an executive Director as she then was (who resigned with effect from 31 August 2016) and Mr. Lee Tze Bun, Marces, a non-executive Director, were unable to attend the annual general meeting of the Company held on 11 July 2016.

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 of Conduct, 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 2017 and up to the date of this announcement.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 28 February 2017 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the respective 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 2017.

ACKNOWLEDGEMENT

On behalf of the Board, I would also like to take this opportunity to express my gratitude to all our staff for their respective 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, 25 May 2017

As at the date of this announcement, the Company's executive Directors are Mr. Cheng Wang, Gary, Ms. Chu Tsui Lan and Ms. Chui Kwan Ho, Jacky; 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.)