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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 2019

FINANCIAL HIGHLIGHTS

		Year ended 28 February 2019	Year ended 28 February 2018	change	change in %
Revenue	*RMB million*	**908.8**	1,130.6	(221.8)	(19.6)
Gross profit	*RMB million*	**570.2**	743.5	(173.3)	(23.3)
(Loss)/profit attributable to owners of the Company	*RMB million*	**(28.0)**	59.7		
Basic (losses)/earnings per share	*RMB cents*	**(3.97)**	8.45		
Dividends per share					
- interim, paid	*HK cents*	**-**	3.3		
- interim special, paid	*HK cents*	**-**	1.7		
- final, proposed	*HK cents*	**-**	3.6		
- final special, proposed	*HK cents*	**35.0**	4.4		

**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 2019 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 2019 *RMB'000***	Year ended 28 February 2018 *RMB'000*
Revenue	*4*	**908,784**	1,130,560
Cost of sales	*6*	**(338,568)**	(387,065)
Gross profit		**570,216**	743,495
Other income	*5*	**15,244**	25,958
Other (losses)/gains, net	*5*	**(7,226)**	42,682
Impairment losses on trade receivables	*6*	**(5,454)**	-
Selling and distribution expenses	*6*	**(436,745)**	(548,478)
General and administrative expenses	*6*	**(160,982)**	(178,127)
Operating (loss)/profit		**(24,947)**	85,530
Finance income, net	*7*	**11,508**	8,239
Share of profit of a joint venture		**-**	74
(Loss)/profit before income tax		**(13,439)**	93,843
Income tax expense	*8*	**(13,889)**	(33,600)
(Loss)/profit for the year		**(27,328)**	60,243
(Loss)/profit for the year attributable to:			
- owners of the Company		**(28,032)**	59,676
- non-controlling interest		**704**	567
		(27,328)	60,243
(Losses)/earnings per share attributable to the owners of the Company *(express in RMB cents)*			
- Basic	*9*	**(3.97)**	8.45
- Diluted	*9*	**(3.97)**	8.45
Dividends	*10*	**210,428**	78,577

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended **28 February 2019** *RMB'000*	28 February 2018 *RMB'000*
(Loss)/profit for the year	**(27,328)**	60,243
Other comprehensive income for the year, net of tax		
Item that will not be reclassified to consolidated income statement		
- Actuarial (losses)/gains on retirement benefit obligation	**(524)**	24
Items that will be reclassified to consolidated income statement		
- Currency translation differences	**19,918**	(45,985)
- Reversal of impairment of interest in an available-for-sale financial asset	**-**	2,500
- Disposal of an available-for-sale financial asset	**-**	(2,500)
Total comprehensive (loss)/income for the year	**(7,934)**	14,282
Total comprehensive (loss)/income for the year, attributable to:		
- owners of the Company	**(8,638)**	13,715
- non-controlling interest	**704**	567
	(7,934)	14,282

CONSOLIDATED BALANCE SHEET

	Note	**As at 28 February 2019** *RMB'000*	As at 28 February 2018 *RMB'000*
ASSETS			
Non-current assets			
Investment properties		**56,360**	128,594
Property, plant and equipment		**153,306**	94,391
Land use rights		**20,442**	21,239
Long-term deposits and prepayments		**4,632**	5,898
Deferred income tax assets		**54,302**	53,538
		289,042	303,660
Current assets			
Inventories		**325,444**	331,355
Trade and other receivables	*11*	**74,940**	116,705
Deposits and prepayments		**45,471**	49,705
Pledged bank deposit		**665**	624
Cash and bank balances		**590,596**	603,123
		1,037,116	1,101,512
Total assets		**1,326,158**	1,405,172
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**59,979**	59,979
Reserves			
Proposed dividends		**210,428**	47,698
Others		**905,309**	1,124,653
		1,175,716	1,232,330
Non-controlling interest		**10,450**	10,451
Total equity		**1,186,166**	1,242,781

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	**As at 28 February 2019** ***RMB'000***	As at 28 February 2018 *RMB'000*
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**27,869**	30,086
Current liabilities			
Trade payables, other payables and contract liabilities	*12*	**106,378**	127,173
Current income tax liabilities		**5,745**	5,132
		112,123	132,305
Total liabilities		**139,992**	162,391
Total equity and liabilities		**1,326,158**	1,405,172

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 Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These 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 Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountant ("HKICPA") and the 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, 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 and interpretation adopted by the Group

The Group has adopted the following new and amended standards and interpretation that have been issued and effective for the Group's financial year beginning on or after 1 March 2018:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures
HKAS 40 (Amendment)	Transfers of Investment Property
HKFRS 1 (Amendment)	First Time Adoption of HKFRS
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendment)	Clarifications to HKFRS 15
HK(IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration

Detailed impact of the adoption of HKFRS 9 and HKFRS 15 are disclosed in Note 3 below. The adoption of the other amended standards and interpretation has no material impact on the results and financial of the Group.

(b) New and amended standards and interpretations not yet adopted

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for the financial year ended 28 February 2019 and have not been early adopted by the Group. The Group's assessment of the impact of these new and amended standards and interpretations is set out below.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[(1)]
Conceptual framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[(2)]
HKAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement[(1)]
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures[(1)]
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation[(1)]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[(4)]
HKFRS 16	Leases[(1)]
HKFRS 17	Insurance Contracts[(3)]
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments[(1)]

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

(2) Effective for the accounting period beginning on or after 1 March 2020

(3) Effective for the accounting period beginning on or after 1 March 2021

(4) Effective date to be determined

HKFRS 16 Leases

HKFRS 16 will result in almost all leases being recognised on the consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. In the consolidated income statement, rental expenses are not recognised while amortisation arising from the right-of-use assets and interest expense on the lease liabilities are recognised. The only exceptions are short-term and low value leases.

Impact

HKFRS 16 will primarily affect the accounting for the Group's operating leases. The Group applies the modified retrospective approach permitted by HKFRS 16. As at 28 February 2019, the Group had non-cancellable operating lease commitments of RMB69,735,000. The Group expects to recognise right-of-use assets of approximately RMB43,427,000 on 1 March 2019, lease liabilities of RMB46,414,000 (after adjustments for prepayments and accrued lease payments recognised as at 28 February 2019) with a corresponding adjustment of RMB2,987,000 to the opening balance of retained earnings.

Date of adoption by the Group

The Group will apply the standard from its mandatory adoption date of 1 March 2019. The Group intends to apply the modified retrospective approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 CHANGE IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 and HKFRS 15 on the Group's financial statements.

The Group elected to adopt HKFRS 9 and HKFRS 15 without restating comparatives. The reclassifications and the adjustments are therefore not reflected in the consolidated balance sheet as at 28 February 2018, but are recognised in the opening consolidated balance sheet on 1 March 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

	28 February 2018 as originally presented *RMB'000*	Effects of the adoption of HKFRS 9 *RMB'000*	Effects of the adoption of HKFRS 15 *RMB'000*	1 March 2018 as restated *RMB'000*
Consolidated balances sheet (extract)				
Current liabilities				
Other payables, included in trade payables, other payables and contract liabilities	127,173	-	(7,272)	119,901
Contract liabilities, included in trade payables, other payables and contract liabilities	-	-	7,272	7,272

(a) HKFRS 9 "Financial Instruments" – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

(i) Classification and measurement

On 1 March 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial assets into the appropriate HKFRS 9 categories. There were no changes to the classification and measurement of financial instruments. All financial assets and liabilities were at amortised cost.

(ii) Impairment of financial asset

The Group has two types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- Trade receivables; and
- Other financial assets carried at amortised cost

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

While other receivables, deposits, pledged bank deposits, short-term bank deposits and cash and cash equivalents are also subject to the impairment requirement of HKFRS 9, the identified impairment losses were immaterial.

Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the expected credit losses, receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance. Expected credit losses are also estimated by grouping the remaining receivables based on the ageing and shared credit risk characteristics, and applying expected credit loss rates to the respective gross carrying amounts of the receivables. The expected credit loss rates are determined based on historical credit losses experienced from the past 3 years and are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. Management has closely monitored the credit qualities and the collectability of the trade receivables. The adoption of the simplified expected credit loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade receivables as at 1 March 2018.

Other financial assets carried at amortised cost

For other financial assets carried at amortised cost, the expected credit loss is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the impairment will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and considers that the expected credit loss is immaterial.

(b) HKFRS 15 "Revenue from Contracts with Customers" – Impact of adoption

HKFRS 15 replaces HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. Under the new standard, revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The impacts of the adoption of HKFRS 15 are as follows:

Presentation of contract liabilities

"Receipt in advance from customers" and "deferred revenue" which were previously included in other payables, amounting to RMB3,699,000 and RMB3,573,000, respectively, as at 1 March 2018, are now included under contract liabilities to reflect the terminology of HKFRS 15.

Timing of revenue recognition

The adoption of HKFRS 15 does not have a significant impact when the Group recognises revenue from sales of goods.

4 REVENUE AND SEGMENT INFORMATION

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

The Executive Directors review the Group's financial information mainly from a retail and non-retail perspective. For the retail business, the Executive Directors further assess the performance of operations on a geographical basis (Mainland China, Hong Kong and Macau 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/(loss). This measurement basis excludes other income (excluding government incentives), other (losses)/gains, net, finance income, net, share of profit of a joint venture and unallocated expenses.

Segment assets mainly exclude deferred income tax assets and other assets that are managed on a central basis.

Segment liabilities mainly exclude 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.

Sales of goods are recognised at a point in time when a group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

The segment information provided to the Executive Directors for the reportable segments for the year ended 28 February 2019 is as follows:

	Retail		Others	Total
	Mainland China	**HK & Macau**		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	**850,949**	**57,835**	**-**	**908,784**
Reportable segment loss	**(10,551)**	**(6,891)**	**-**	**(17,442)**
Other income (excluding government incentives)				**78**
Other losses, net				**(7,226)**
Finance income, net				**11,508**
Unallocated expenses				**(357)**
Loss before income tax				**(13,439)**
Income tax expense				**(13,889)**
Loss for the year				**(27,328)**
Depreciation and amortisation	**31,858**	**1,784**	**-**	**33,642**
Additions to non-current assets (other than deferred income tax assets)	**23,482**	**2,586**	**-**	**26,068**

The segment information provided to the Executive Directors for the reportable segments for the year ended 28 February 2018 is as follows:

	Retail		Others	Total
	Mainland China	HK & Macau		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	1,068,724	61,836	-	1,130,560
Reportable segment profit/(loss)	47,349	(11,436)	-	35,913
Other income (excluding government incentives)				6,961
Other gains, net				42,682
Finance income, net				8,239
Share of profit of a joint venture				74
Unallocated expenses				(26)
Profit before income tax				93,843
Income tax expense				(33,600)
Profit for the year				60,243
Depreciation and amortisation	33,817	1,514	-	35,331
Additions to non-current assets (other than deferred income tax assets)	37,913	2,320	-	40,233

For the years ended 28 February 2019 and 2018, revenues from external customers are mainly derived from the Group's own brands, le saunda, le saunda MEN, LINEA ROSA, PITTI DONNA and CNE.

An analysis of the Group's assets and liabilities as at 28 February 2019 by reportable segment is set out below:

	Retail		Others	Total
	Mainland China	HK & Macau		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	**929,287**	**314,366**	**145**	**1,243,798**
Deferred income tax assets				**54,302**
Unallocated assets				**28,058**
Total assets per consolidated balance sheet				**1,326,158**
Segment liabilities	**99,521**	**6,005**	**13**	**105,539**
Current income tax liabilities				**5,745**
Deferred income tax liabilities				**27,869**
Unallocated liabilities				**839**
Total liabilities per consolidated balance sheet				**139,992**

An analysis of the Group's assets and liabilities as at 28 February 2018 by reportable segment is set out below:

	Retail		Others	Total
	Mainland China	HK & Macau		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	994,979	321,049	140	1,316,168
Deferred income tax assets				53,538
Unallocated assets				35,466
Total assets per consolidated balance sheet				1,405,172
Segment liabilities	116,962	9,364	11	126,337
Current income tax liabilities				5,132
Deferred income tax liabilities				30,086
Unallocated liabilities				836
Total liabilities per consolidated balance sheet				162,391

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

Revenue

	2019	2018
	RMB'000	*RMB'000*
Mainland China	**850,949**	1,068,724
Hong Kong	**54,550**	56,512
Macau	**3,285**	5,324
Total	**908,784**	1,130,560

For the years ended 28 February 2019 and 2018, 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 segments is as follows:

Non-current assets

	2019	2018
	RMB'000	*RMB'000*
Mainland China	**151,262**	167,096
Hong Kong	**13,937**	14,870
Macau	**69,541**	68,156
Total	**234,740**	250,122

5 OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

	2019	2018
	RMB'000	*RMB'000*
Other income		
Gross rental income from investment properties	**78**	164
Government incentives	**15,166**	18,997
Dividend income from an available-for-sale financial asset	**-**	6,797
	15,244	25,958
Other (losses)/gains, net		
Fair value losses on investment properties	**(6,909)**	(7,455)
Net exchange (losses)/gains *(Note)*	**(4,531)**	7,833
Write back of impairment on amount due from an available-for-sale financial asset	**-**	7,500
Gain on disposal of interest in an available-for-sale financial asset	**-**	33,131
Gain on disposal of equity investment	**-**	1,673
Gain on disposal of property, plant and equipment	**4,214**	-
	(7,226)	42,682

Note : *Net exchange (losses)/gains 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.*

6 EXPENSES BY NATURE

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

	2019	2018
	RMB'000	*RMB'000*
Auditors' remuneration		
- Audit services	**1,912**	1,713
- Non-audit services	**228**	707
Amortisation of land use rights	**791**	809
Depreciation of property, plant and equipment	**32,851**	34,522
Loss on write off of property, plant and equipment	**3,725**	3,073
Cost of sales	**338,568**	387,065
Operating lease rentals in respect of land and buildings		
- minimum lease payments	**52,230**	65,123
- contingent rents	**1,299**	1,929
Freight charges	**8,841**	8,373
Postage and express charges	**3,815**	4,335
Advertising and promotional expenses	**40,536**	40,235
Concessionaire fees	**144,903**	223,395
Employee benefit expenses (including directors' emoluments)	**301,325**	332,901
(Write back of impairment)/impairment losses on inventories	**(409)**	8,933
Impairment losses on trade receivables	**5,454**	-
Direct operating expenses arising from investment properties that generated rental income	**10**	28

7 FINANCE INCOME, NET

	2019	2018
	RMB'000	*RMB'000*
Interest income on bank deposits	**8,308**	7,039
Interest expense on short-term bank loan	**-**	(29)
Other finance income	**3,200**	1,229
	11,508	8,239

8 INCOME TAX EXPENSE

	2019	2018
	RMB'000	*RMB'000*
Current income tax		
- Hong Kong profits tax	**-**	-
- People's Republic of China ("the PRC") corporate income tax	**16,839**	36,173
Deferred income taxation	**(2,950)**	(2,573)
	13,889	33,600

The PRC corporate income tax is provided on the profits of the Group's subsidiaries in the PRC at 25% (2018: 25%).

The applicable rate of Hong Kong profits tax is 16.5% (2018: 16.5%). No provision for Hong Kong profits tax has been made in the financial statements as the Group does not have any assessable profit arising in Hong Kong during the years ended 28 February 2019 and 2018.

The applicable rate of Macau complementary tax is 12% (2018: 12%). No provision for Macau complementary tax has been made in the financial statement as the Group does not have any assessable profit arising in Macau during each of the two years ended 28 February 2019 and 2018.

9 (LOSSES)/EARNINGS PER SHARE

Basic

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

	2019	2018
(Loss)/profit attributable to owners of the Company *(RMB'000)*	**(28,032)**	59,676
Weighted average number of ordinary shares in issue *('000)*	**705,895**	705,895
Basic (losses)/earnings per share *(RMB cents)*	**(3.97)**	8.45

Diluted

For the years ended 28 February 2019 and 2018, diluted (losses)/earnings per share equals basic (losses)/earnings per share as there was no dilutive potential shares.

10 DIVIDENDS

	2019 *RMB'000*	2018 *RMB'000*
No interim dividend (2018: HK3.3 cents per ordinary share)	**-**	20,380
No interim special dividend (2018: HK1.7 cents per ordinary share)	**-**	10,499
No final, proposed, (2018: HK3.6 cents per ordinary share)	**-**	21,464
Final special, proposed, of HK35.0 cents (2018: HK4.4 cents) per ordinary share	**210,428**	26,234
	210,428	78,577

On 21 May 2019, the Directors did not propose a final dividend but proposed a final special dividend of HK35.0 cents per ordinary share totalling approximately RMB210,428,000. These proposed dividend 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 29 February 2020.

11 TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**77,686**	113,739
Provision for impairment	**(5,454)**	(980)
	72,232	112,759
Other receivables	**2,708**	3,946
	74,940	116,705

The Group's concessionaire sales through department stores are generally collectible within 30 to 60 days. The carrying amounts of trade and other receivables approximate their fair values. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

The ageing analysis of the trade receivables as at the end of reporting period, and net of provision, based on invoice date is as follows:

	2019	2018
	RMB'000	*RMB'000*
Current to 30 days	**61,588**	100,491
31 to 60 days	**6,312**	4,947
61 to 90 days	**1,999**	2,849
Over 90 days	**2,333**	4,472
	72,232	112,759

12 TRADE PAYABLES, OTHER PAYABLES AND CONTRACT LIABILITIES

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**19,203**	36,429
Other payables	**77,360**	90,744
Contract liabilities	**9,815**	-
	106,378	127,173

The credit periods granted by suppliers are generally ranged from 7 to 60 days. The ageing analysis of the trade creditors at the end of the reporting period, based on invoice date is as follows:

	2019	2018
	RMB'000	*RMB'000*
Current to 30 days	**9,637**	15,114
31 to 60 days	**5,706**	17,933
61 to 90 days	**1,909**	948
91 to 120 days	**803**	-
Over 120 days	**1,148**	2,434
	19,203	36,429

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, PITTI DONNA and CNE, which aim to appeal to diversified target customer groups with their distinctive product lines.

During 2018/19 financial year, owing to retail shops consolidation and decline in same-store sales, total revenue of the Group decreased by 19.6% to RMB908,800,000 (2017/18: RMB1,130,600,000). At the same period, in response to the unhealthy market sentiment, the Group changed its pricing strategies, resulting in a decrease of overall gross profit margin by 3.1 percentage points to 62.7% as compared with last year, and the consolidated gross profits decreased by 23.3% to RMB570,200,000 (2017/18: RMB743,500,000). Also, non-core gains decreased significantly during the year as the Group had recorded a net gain of RMB33,100,000 on the disposal of an available-for-sale financial asset in the corresponding period of last year. As a result, the consolidated loss attributable to owners of the Company amounted to RMB28,000,000 (2017/18: profit of RMB59,700,000).

RMB (million)	**2018/19**	**2017/18**	**Change**
Revenue	908.8	1,130.6	(19.6%)
Gross profit	570.2	743.5	(23.3%)
Gross profit margin	62.7%	65.8%	(3.1 percentage points)
Consolidated (loss)/profit attributable to owners	(28.0)	59.7	
Final dividend (HK cents)	-	3.6	
Final special dividend (HK cents)	35.0	4.4	
Annual dividend pay-out ratio	N/A	131.7%	

PROFITABILITY ANALYSIS

During the year under review, the retail market of department stores in Mainland China remained feeble. The Group's total sales and same-store sales both recorded negative growth. The Group recorded a gross profit of RMB570,200,000 (2017/18: RMB743,500,000), representing a year-on-year decline of 23.3% and the gross profit margin decreased to 62.7%, representing a decrease of 3.1 percentage points as compared to last year.

In response to the drop in sales, the Group controlled the selling and distribution expenses to cut it by 20.4% year-on-year to RMB436,700,000 (2017/18: RMB548,500,000). The ratio of selling and distribution expenses to total revenue thus improved by 0.4 percentage point to 48.1% (2017/18: 48.5%).

General and administrative expenses were cut by 9.6% to RMB161,000,000 (2017/18: RMB178,100,000) as compared to last year. During the year, the Group proactively adopted measures to control the relevant cost items and the effects had gradually realised. However, as most of the general and administrative expenses are fixed in nature, this cost item as a percentage of total revenue still increased by 1.9 percentage points to 17.7% (2017/18: 15.8%).

Other income decreased by 41.3% year-on-year to RMB15,200,000 (2017/18: RMB26,000,000). This item mainly represented by the incentives from local government.

Other loss and gain mainly represented by the foreign exchange difference and the contribution from non-core businesses. During the year, due to the depreciation in Renminbi, the Group recorded foreign exchange loss of RMB4,500,000 (2017/18: gain of RMB7,800,000), representing a year-on-year unfavorable variance of RMB12,300,000. The significant decrease in non-core gain was mainly attributable to the transfer of equity interests in an available-for-sale financial asset, which brought an one-off gain of RMB33,100,000 in last year.

Consolidated loss attributable to owners of the Company was RMB28,000,000 (2017/18: gain of RMB59,700,000). Basic losses per share was RMB3.97 cents (2017/18: earnings of RMB8.45 cents). After reviewing the Group's existing liquidity position and financial needs of its future expansion plans, the Board recommended to declare a final special dividend of HK35.0 cents (2017/18: final dividend of HK3.6 cents per ordinary share and final special dividend of HK4.4 cents per ordinary share, together with interim dividend HK3.3 cents per ordinary share and interim special dividend of HK1.7 cents per ordinary share, total HK13.0 cents per ordinary share) per ordinary share to distribute the anticipated idle cash to the shareholders.

INCOME TAX EXPENSE

During the year under review, income tax expenses amounted to approximately RMB13,900,000 (2017/18: RMB33,600,000), representing a decrease of 58.7% 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.

INVENTORY MANAGEMENT

As at 28 February 2019, the Group's inventory balance was RMB325,400,000, representing a decrease of 1.8% as compared to last year.

A breakdown of inventory balance was as follows:

RMB (million)	**As at 28 February 2019**	**As at 28 February 2018**	**Changes in value**	**Changes in %**
Raw materials and work-in-progress	22.8	29.6	(6.8)	(23.0%)
Finished goods	302.6	301.8	0.8	0.3%
Total	325.4	331.4	(6.0)	(1.8%)

Following the change in operation scale, the inventory of raw materials and work-in-progress decreased by 23.0% year-on-year. On the other hand the inventory of finished goods slightly increased by 0.3% year-on-year and the items of current season and next season (both have stock age less than 1 year) accounted for 78.0% of this ending inventory (28 February 2018: 71.6%). This reflected, after the intensive program in clearing up off-season items, the Group had timely replenished new products to maintain a healthy product mix. Also, in light of the reduction in number of shops, the amount of new products kept per shop will increase, which is expected to have a positive impact to the same-store sales. Since the decline in sales outweighed the change in inventory, the inventory turnover days of finished goods increased by 21 days to 326 days (28 February 2018: 305 days).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position remained very strong and healthy. As at 28 February 2019, the Group's cash and bank balances amounted to RMB590,600,000 (28 February 2018: RMB603,100,000), representing a decrease of 2.1% year-on-year. The quick ratio was 5.9 times (28 February 2018: 5.5 times). During the year, the Group had not borrowed any bank loan (2017/2018: RMB20,000,000) and had no outstanding bank loan as at the fiscal year-end date (28 February 2018: 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 our business operations in Mainland China will be financed by RMB loans advanced from local banks when necessary.

During the financial year ended 28 February 2019, the Group's cash and bank balances were held in Hong Kong dollars, US dollars 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) of China achieved a growth rate of 6.6% in 2018, down 0.2 percentage point as compared to the corresponding period of last year, which was the lowest rate ever over the last 28 years. The growth of total retail sales of consumer goods was 9.0%, representing a decline of 1.2 percentage points as compared to the corresponding period of last year; disposable income per capita, net of price factor, achieved actual growth of 6.5%, representing a decrease of 0.8 percentage point as compared to the corresponding period of last year. All these data reflected a sign of slowdown in Mainland's economic growth. The performance of the retail sector varied from industry to industry, among which the ladies' fashion footwear industry had been suffered from the one of the greatest hits. Under such unfavorable environment, retail revenue of the Group decreased by 19.6% to RMB908,800,000 as compared to last year (2017/18: RMB1,130,600,000), and the same-store sales dropped by 13.2% (2017/18: decrease by 11.3%)

Facing challenges from the economic environment of the Mainland and the industry, retailers of the traditional ladies' fashion footwear sought for transformation and adopted the "New Retail" concept. Keeping abreast of the latest trend, the Group actively realigned its operating strategies, continued to close down physical stores of low efficiency and increased its resources on e-commerce business, so as to create a new online and offline shopping experience through the collaboration of our quality physical stores and e-shops. The Group also invested resources in developing its franchise and wholesale business, as well as in improving product quality and shopping experience, in order to cope with the challenging market environment.

RETAIL NETWORK

Mainland China is the key market of the Group's retail business. As at the year under review, the Group had a retail network comprised of 526 stores in Mainland China, Hong Kong and Macau, representing a net reduction of 161 stores compared to the corresponding period of last year. The number of self-owned stores dropped by 152, while the number of franchised stores decreased by 9 during the year.

As at 28 February 2019, there were 380 core brand le saunda stores, representing net reductions of 126, as compared to the end of last year. There were 67 LINEA ROSA stores, the Group's high-end fashionable brand, representing a net decrease of 5 stores as compared to the end of last year.

As at 28 February 2019, 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	453	(-151)	62	(-9)	515	(-160)
• Northern, Northeastern & Northwestern Regions	85	(-52)	52	(-9)	137	(-61)
• Eastern Region	161	(-36)	2	(0)	163	(-36)
• Central and Southwestern Regions	93	(-33)	8	(0)	101	(-33)
• Southern Region	114	(-30)	0	(0)	114	(-30)
Hong Kong and Macau	11	(-1)	-	-	11	(-1)
Total	464	(-152)	62	(-9)	526	(-161)

MAINLAND CHINA

Since 2014, the national retail sale of goods has shown a growing trend, maintaining a steady double-digit annual growth rate until 2017. However, the growth rate has been slowing down and dropped to single-digit by the end of October 2018. Furthermore, the change of consumer sentiment and the growing trend of online retailing have made it more difficult for the ladies' fashion footwear industry to overcome the bottleneck in the current business environment.

The Group's sales in Mainland China decreased by 20.4% to RMB850,900,000 (2017/18: RMB1,068,700,000), which was brought about by the following reasons: (1) the continued closing down of low-profit stores, as the Group sought to restructure its physical store network, resulting in a year-on-year decrease in sales; (2) the unfavourable business environment of the industry, due to the continued increase of online retailing in China as well as the establishment of physical retail experience stores by e-commerce operators to compete for market share; and (3) the reduction in disposable income, as a result of the continued increase in domestic real estate spending, making consumers more rational towards other types of spending.

Under the challenges brought about by the uncertainties of the market environment, the Group will continue to optimize its physical store network, integrate online and offline business and offer consumers a unique shopping experience to maintain customers' confidence in our brand and bring new opportunities to the Group.

HONG KONG AND MACAU

Hong Kong's real economic growth dropped from 4.1% in the first half of 2018 to 2.1% in the second half of the year, reaching a new low since the first quarter of 2016. The Hong Kong economy was adversely affected by external factors, including the Sino-US trade dispute, economic slowdown in Mainland China, rising interest rates and strengthening of US dollar. Although the number of visitors to Hong Kong increased significantly in 2018, the average time spent in Hong Kong by overnight visitors reduced. Furthermore, the average per-capita spending of overnight visitors for the third quarter of 2018 decreased by 1.7% year-on-year, showing that the increase of visitors has a relatively low contribution to retail sales. During the year under review, the Group's sales in Hong Kong and Macau decreased by 6.5% year-on-year to RMB57,800,000 (2017/18: RMB61,800,000) under the influence of various unfavourable economic factors. As at the end of the year under review, the Group's number of stores in Hong Kong and Macau reduced by 1 store to 11 stores. The Group will continue to improve its store efficiency, close down low-efficiency stores and open new stores at desirable locations.

E-COMMERCE BUSINESS

In 2018, China's online retail sales exceeded RMB9 trillion with an annual growth rate of 23.9%, accounting for 23.6% of the total retail sales of consumer goods, indicating an increasing proportion of online retail sales against total retail sales of consumer goods. Even though the growth rate was slightly lower than that in 2017, the e-commerce market still represents good opportunities. However, in the past two to three years, many competitors had entered the e-commerce market and the competition among e-commerce platforms had become more intense. As a result, the e-commerce market became more diversified, offering more choices to the consumers. Such a diversified market effectively lowered customers' switching cost, leading to a significant cost increase for e-commerce operators to attract new customers and retain loyal customers. During the year under review, the Group has improved the integration of its online and offline business, improved supply chain efficiency and actively explored new sales channels on e-commerce platforms and social media. The Group saw a stable growth in e-commerce business and its revenue from e-commerce business increased by 8.1% year-on-year.

BRAND BUILDING

"le saunda" has been a popular brand among Hong Kong and Mainland China consumers for over 40 years since its establishment. Incorporating fashionable designs and state-of-the-art craftmanship, the Group is devoted to offer the best quality products to customers. Striving for better results, the Group collaborated with its partners to launch a number of new initiatives in 2018, including the launch of the topical crossover collection "le saunda X Jurassic World", the establishment of the Hong Kong official le saunda e-Shop, as well as organizing the Media Preview Day and a national college design competition.

The Jurassic movie series has been very popular in the market. “The Jurassic World 2: Fallen Kingdom” finished third in the global box office in 2018 and became one of the hot topics of the world. To capture this market opportunity, le saunda launched a crossover collection, the “le saunda X Jurassic World”. The said collection received broad coverage across different media in Mainland China and Hong Kong. Many fashion key opinion leaders (KOLs) were attracted by this collection and shared their fresh look in this easily-mixed-and-matched collection.

The fast-growing trend of e-commerce is expected to continue. To cope with this trend, the Hong Kong official e-Shop of le saunda was officially opened on 20 June 2018, extending offer of the fashionable and comfortable shoes as well as quality services from offline to online. The first promotion made available on the Hong Kong official e-shop was the “le saunda X Jurassic World” collection.

During the year under review, the Group held the 2018 Fall/Winter and 2019 Spring/Summer Media Preview Day for le saunda and LINEA ROSA at two top-class art hotels, namely Bulgari Hotel Shanghai and Hotel Éclat Beijing, and invited a number of fashion media editors, publishers, styling directors, fashion bloggers and KOLs to attend the events.

Utilizing le saunda MEN’s shoes collection and collaborating with NYLON, a fashion magazine targeting young people, the Group organized a design competition for selected colleges across China, attracting over 370,000 netizens on Weibo. This event enabled college students to recognize le saunda as one of the premium brands, thus gradually cultivating the next generation of potential customers.

Apart from marketing and promotion, the Group also fulfilled its corporate social responsibilities in collaboration with social service organizations by, among others, taking part in charitable activities and environmental protection initiatives, offering youth internship programmes and participating in youth training projects. During the year under review, the Group was honoured to be awarded the “10 Years Plus Caring Company Logo”, recognized as one of the “Manpower Developers 2012-2020” and was granted the award for supporting “Recognition of Prior Learning” and the “Happy Company” award. In addition, Ms. Lao Ka Chi, a Senior Service Associate, Mr. Chau Ka Chun, a Service Associate and Ms. Lam Ka Yee Chloe, a Service Associate of Hong Kong and Macau were awarded the 2018 Service & Courtesy Award - “Retail Ambassador”. In particular, Ms. Lao Ka Chi also achieved two rounds of full score at Mystery Shopper Assessment and was therefore awarded the “Excellent Service Star” award. The Group will continue to strive for impressive results in the future!

OUTLOOK AND LONG-TERM STRATEGIES OF THE GROUP

Given many uncertainties arising from the expected volatile status of Sino-US trading relationship and slowdown in global economic growth, the Group will adopt a progressive yet stable approach to overcome the unfavorable external condition.

Our top priority short term goal would be to set same store sales growth back on track so as to improve overall performance. After this year’s restructuring exercise, the Group believes that its physical store network has resumed to a relatively healthy level. The management team will continue to monitor closely the operating performances and timely eliminate low-efficient stores so that we can concentrate our resources in developing new stores with greater growth potentials. The Group will focus on opening new flagship stores in landmark shopping malls located in first and second tier cities in Mainland China. These flagship stores not only can promote our brand image, product quality, and excellent service, but also can stimulate sales growth in strategic regions. Moreover, a high quality and efficient physical store network is vital to the integration of our online and offline omni channel, which is one of the Group's key initiatives.

It is our long-term strategy to provide high quality fashionable products to the market. With over four decades of extensive experience in manufacturing and selling shoes, the Group possesses large volume of valuable data from targeted customers base. With a newly optimized CRM system and data analysis tools, the development team can design more personalized products tailored to the customers' needs, with an aim to alleviate the impact on sales caused by product similarity. In addition, after reforms in the Group's production base at Shunde, the Group's production efficiency and cost control are improving, gradually becoming a boutique production line with high development capability. Coping with the increasingly mature procurement team, the Group can continuously launch products with high price–performance ratio to the market, a solid foundation for the long run. It is critical for a retailer to be able to place the right product at the right place and at the right time, is the most critical success factor for a retailor. To this end, the Group will persistently enhance its logistic distribution efficiency by integrating regional warehouses, shortening lead time and adopting new system for online and offline goods complementation in order to deliver services to the satisfactory of customers.

Data shows that the e-commerce market still has great growth potentials. Therefore, the Group will continue to deploy resources for the development of e-commerce business. Targeting the younger generations, the Group will increase the use of social media platforms for promotion, and will work more closely with fashion bloggers and KOLs to explore new source of customers and retain loyal customers. With a more competitive environment, many small-scale e-commerce operators had been eliminated over the past two to three years. To maintain our competitiveness, the Group will exercise strict cost control to ensure a stable long-term growth of our e-commerce business.

In the face of challenges arising from the New Retail concept, the Group keeps abreast of the latest trend to actively facilitate online and offline business integration. Through cooperation with various omni channel department stores and e-commerce platforms, we can extend our reach to customers and further understand their needs and preferences so that we can deliver better and more convenient shopping experiences, thereby expanding our target customer base as well as enhancing operational efficiency and market penetration.

In respect of business expansion, the Group will focus on the stores at the first and second tier cities in Mainland China. For other regions with high growth potentials, the Group will work with the right strategic partners by ways of franchise or wholesale so as to obtain the most advantageous balance for the Group in terms of resources input, risks, and returns. Meanwhile, the Group will also actively consider extending our reach to nearby overseas markets.

The Group has proactively streamlined our sales and management structure, and successfully controlled our cost over the past few years. The Group will continue to enhance these relevant policies so as to maintain highly efficient and flexible operating structure. Under the New Retail market environment, the Group will adopt more advanced data analytic technologies to upgrade our corporate informationalizaton level, in order to provide excellent products and services to our customers.

The Group believes that the implementation of the said policies and measures will strengthen our core competitiveness, which will help to turnaround our performance and provide stable return to our shareholders.

PLEDGE OF ASSETS

As at 28 February 2019, bank deposit of RMB700,000 (28 February 2018: RMB600,000) has been pledged as rental deposit for a subsidiary of the Company.

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 RMB212,900,000 (28 February 2018: RMB202,400,000), of which RMB2,400,000 (28 February 2018: RMB3,500,000) was utilised as at 28 February 2019.

DIVIDEND

The Board has recommended a final special dividend of HK35.0 cents (the "Final Special Dividend") per ordinary share for the year ended 28 February 2019 (28 February 2018: a final dividend of HK3.6 cents per ordinary share and a final special dividend of HK4.4 cents per ordinary share) to the shareholders of the Company (the "Shareholders") whose names appear on the Register of Members of the Company on Tuesday, 16 July 2019. The proposed Final Special Dividend are subject to the approval of the Shareholders at the forthcoming annual general meeting (the "AGM") of the Company. If approved, the Final Special Dividend are expected to be paid on or around Thursday, 25 July 2019, while a circular containing further details of notice of the AGM will be despatched to the Shareholders as soon as practicable.

No interim dividend or interim special dividend was paid for the six months ended 31 August 2018. (six months ended 31 August 2017: interim dividend of HK3.3 cents per ordinary share and interim special dividend of HK1.7 cents per ordinary share).

EMPLOYEES AND REMUNERATION POLICIES

As at 28 February 2019, the Group had a staff force of 2,958 people (28 February 2018: 3,653 people). Of this number, 77 were based in Hong Kong and Macau and 2,881 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 2019, including Directors' emoluments, net pension contributions and the value of employee services, amounted to RMB301,300,000 (2017/2018: RMB332,900,000). 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 2019.

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 2019 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, 8 July 2019. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 3 July 2019 to Monday, 8 July 2019 (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, 17^{th} Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 2 July 2019.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL SPECIAL DIVIDEND

The proposed Final Special Dividend are subject to the approval of the Shareholders at the AGM. The record date for entitlement to the proposed Final Special Dividend is 16 July 2019. In order to ascertain the entitlement to the proposed Final Special Dividend, the register of members of the Company will be closed from Monday, 15 July 2019 to Tuesday, 16 July 2019 (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 Special Dividend will be Wednesday, 10 July 2019. In order to qualify for the proposed 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, 17^{th} Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Friday, 12 July 2019.

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 generally independent non-executive Directors and other non-executive Directors should attend general meetings. Due to other business engagement, Mr. Lee Tze Bun, Marces, a non-executive Director and Mr. Leung Wai Ki, George, an independent non-executive director, were unable to attend the annual general meeting of the Company held on 16 July 2018.

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 2019 and up to the date of this announcement.

SCOPE OF WORK OF THE EXTERNAL AUDITORS

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 28 February 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 28 February 2019 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 2019.

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, 21 May 2019

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