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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: 00738)**

# ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2024

**FINANCIAL HIGHLIGHTS**

| | | **Year ended 29 February 2024** | Year ended 28 February 2023 | change | change in % |
|---|---|---|---|---|---|
| Revenue | *RMB million* | **401.4** | 413.2 | (11.8) | (2.9%) |
| Gross profit | *RMB million* | **250.8** | 269.2 | (18.4) | (6.8%) |
| Loss attributable to owners of the Company | *RMB million* | **(23.5)** | (50.3) | | |
| Basic losses per share | *RMB cents* | **(3.34)** | (7.12) | | |
| Diluted losses per share | *RMB cents* | **(3.34)** | (7.12) | | |
| Dividends per share | | | | | |
| - interim, paid | *HK cents* | **-** | - | | |
| - interim special, paid | *HK cents* | **5.0** | - | | |
| - final, proposed | *HK cents* | **-** | - | | |
| - final special, proposed | *HK cents* | **5.0** | - | | |

**For identification purpose only*

The board (the "Board") of directors (the "Directors") of Le Saunda Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 29 February 2024 together with the comparative figure for the previous year. The consolidated results have been reviewed by the Company's Audit Committee.

## CONSOLIDATED INCOME STATEMENT

| | | **Year ended** | |
|---|---|---|---|
| | *Note* | **29 February 2024** *RMB'000* | 28 February 2023 *RMB'000* |
| Revenue | *3* | **401,428** | 413,227 |
| Cost of sales | *5* | **(150,629)** | (143,997) |
| Gross profit | | **250,799** | 269,230 |
| Other income | *4* | **2,285** | 5,451 |
| Other gains/(losses), net | *4* | **3,218** | (7,843) |
| Write-back of impairment/(impairment losses) on trade receivables, net | *5* | **385** | (4) |
| Selling and distribution expenses | *5* | **(204,830)** | (240,194) |
| General and administrative expenses | *5* | **(83,982)** | (86,862) |
| Operating loss | | **(32,125)** | (60,222) |
| Finance income, net | *6* | **10,666** | 7,065 |
| Loss before income tax | | **(21,459)** | (53,157) |
| Income tax (expense)/credit | *7* | **(2,867)** | 1,890 |
| Loss for the year | | **(24,326)** | (51,267) |
| Loss for the year attributable to: | | | |
| - owners of the Company | | **(23,542)** | (50,271) |
| - non-controlling interest | | **(784)** | (996) |
| | | **(24,326)** | (51,267) |
| Losses per share attributable to the owners of the Company *(express in RMB cents)* | | | |
| - Basic | *8* | **(3.34)** | (7.12) |
| - Diluted | *8* | **(3.34)** | (7.12) |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | **Year ended** | |
|---|---|---|
| | **29 February 2024** | 28 February 2023 |
| | ***RMB'000*** | *RMB'000* |
| Loss for the year | **(24,326)** | (51,267) |
| Other comprehensive (loss)/income for the year, net of tax | | |
| *Item that will not be reclassified to consolidated income statement* | | |
| - Actuarial (losses)/gains on retirement benefit obligation | **(227)** | 6 |
| *Item that will be reclassified to consolidated income statement* | | |
| - Currency translation differences | **13,776** | 9,779 |
| Total comprehensive loss for the year | **(10,777)** | (41,482) |
| Total comprehensive loss for the year, attributable to: | | |
| - owners of the Company | **(9,993)** | (40,486) |
| - non-controlling interest | **(784)** | (996) |
| | **(10,777)** | (41,482) |

## CONSOLIDATED BALANCE SHEET

| | Note | **As at 29 February 2024** *RMB'000* | As at 28 February 2023 *RMB'000* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investment properties | | **76,038** | 73,200 |
| Property, plant and equipment | | **10,338** | 14,534 |
| Right-of-use-assets | | **28,678** | 34,869 |
| Long-term deposits and prepayments | | **981** | 3,118 |
| Deferred income tax assets | | **29,490** | 32,390 |
| | | **145,525** | 158,111 |
| **Current assets** | | | |
| Inventories | | **164,511** | 192,376 |
| Trade and other receivables | *10* | **36,275** | 42,290 |
| Deposits and prepayments | | **33,116** | 38,067 |
| Cash and bank balances | | **364,655** | 371,606 |
| | | **598,557** | 644,339 |
| **Total assets** | | **744,082** | 802,450 |
| **EQUITY** | | | |
| Capital and reserves attributable to the owners of the Company | | | |
| Share capital | | **59,979** | 59,979 |
| Reserves | | | |
| Proposed dividend | *9* | **32,173** | - |
| Others | | **521,632** | 595,546 |
| | | **613,784** | 655,525 |
| **Non-controlling interest** | | **4,327** | 8,111 |
| **Total equity** | | **618,111** | 663,636 |

## CONSOLIDATED BALANCE SHEET (CONTINUED)

| | Note | **As at 29 February 2024** *RMB'000* | As at 28 February 2023 *RMB'000* |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | **18,016** | 18,312 |
| Lease liabilities | | **6,908** | 14,564 |
| | | **24,924** | 32,876 |
| **Current liabilities** | | | |
| Trade payables, other payables and contract liabilities | *11* | **85,820** | 81,755 |
| Lease liabilities | | **13,551** | 22,735 |
| Current income tax liabilities | | **1,676** | 1,448 |
| | | **101,047** | 105,938 |
| **Total liabilities** | | **125,971** | 138,814 |
| **Total equity and liabilities** | | **744,082** | 802,450 |

**NOTES:**

## 1 GENERAL INFORMATION

Le Saunda Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in trading and sales of footwear, accessories and cosmetic products. 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 ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Companies Ordinance (Cap. 622, the Laws of Hong Kong). 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 HKFRSs 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 standard and amendments to standards adopted by the Group

The Group has applied the following new standard and amendments to standards for the first time for their annual reporting period commencing 1 March 2023:

| | |
|---|---|
| HKAS 1 (Revised) (Amendments) | Disclosure of Accounting Policies |
| HKFRS Practice Statement 2 (Amendment) | Making Materiality Judgements |
| HKAS 8 (Amendments) | Accounting Policies, Change in Accounting Estimates and Errors |
| HKAS 12 (Amendments) | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| HKAS 12 (Amendment) | International Tax Reform - Pillar Two Model Rules |
| HKFRS 17 | Insurance Contract |

The new standard and amendments to standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### (b) Amendments to standards and interpretation not yet adopted

Certain amendments to standards and interpretation have been published that are not mandatory for 29 February 2024 reporting periods and have not been early adopted by the Group:

| | | Effective for accounting periods beginning on or after |
|---|---|---|
| HKAS 1 (Amendments) | Classification of Liabilities as Current or Non-current | 1 March 2024 |
| HKAS 1 (Amendments) | Non-current Liabilities with Covenants | 1 March 2024 |
| HKFRS 16 (Amendments) | Lease Liability in a Sale and Leaseback | 1 March 2024 |
| HK (IFRIC)-Int 5 (Revised) | Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause | 1 March 2024 |
| HKAS 7 and HKFRS 7 (Amendments) | Supplier Finance Arrangements | 1 March 2024 |
| HKAS 21 (Amendments) | Lack of Exchangeability | 1 March 2025 |
| HKFRS 10 and HKAS 28 (Amendments) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |

These amendments to standards and interpretation are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## 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 perspective and 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 result. This measurement basis excludes other income (excluding government incentives), net exchange losses, finance income, net and unallocated items.

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.

The segment information provided to the executive directors for the reportable segments for the year ended 29 February 2024 is as follows:

| | Mainland China<br>*RMB'000* | Hong Kong and Macau<br>*RMB'000* | Total<br>*RMB'000* |
|---|---|---|---|
| Revenue from external customers | **394,164** | **7,264** | **401,428** |
| Reportable segment loss | **(26,960)** | **(3,588)** | **(30,548)** |
| Other income (excluding government incentives) | | | **927** |
| Net exchange losses | | | **(2,486)** |
| Finance income, net | | | **10,666** |
| Unallocated items | | | **(18)** |
| Loss before income tax | | | **(21,459)** |
| Income tax expense | | | **(2,867)** |
| Loss for the year | | | **(24,326)** |
| Depreciation | **26,441** | **959** | **27,400** |
| Impairment losses on property, plant and equipment | **3,010** | **-** | **3,010** |
| Impairment losses on right-of-use assets | **2,291** | **-** | **2,291** |
| Additions to non-current assets (other than deferred income tax assets) | **27,761** | **99** | **27,860** |

The segment information provided to the executive directors for the reportable segments for the year ended 28 February 2023 is as follows:

| | Mainland China<br>*RMB'000* | Hong Kong and Macau<br>*RMB'000* | Total<br>*RMB'000* |
|---|---|---|---|
| Revenue from external customers | 410,426 | 2,801 | 413,227 |
| Reportable segment loss | (23,535) | (28,717) | (52,252) |
| Net exchange losses | | | (8,199) |
| Finance income, net | | | 7,065 |
| Unallocated items | | | 229 |
| Loss before income tax | | | (53,157) |
| Income tax credit | | | 1,890 |
| Loss for the year | | | (51,267) |
| Depreciation | 30,287 | 6,527 | 36,814 |
| Impairment losses on property, plant and equipment | 3,115 | 2,954 | 6,069 |
| Impairment losses on right-of-use assets | 583 | 10,972 | 11,555 |
| Additions to non-current assets (other than deferred income tax assets) | 15,772 | 19,056 | 34,828 |

For the years ended 29 February 2024 and 28 February 2023, revenues from external customers are mainly derived from the Group's own brands, le saunda, le saunda MEN, LINEA ROSA, PITTI DONNA and self-owned cosmetic store, charm & easy.

An analysis of the Group's assets and liabilities as at 29 February 2024 by reportable segment is set out below:

| | **Mainland China** *RMB'000* | **Hong Kong and Macau** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|
| Segment assets | **430,232** | **262,903** | **693,135** |
| Deferred income tax assets | | | **29,490** |
| Unallocated assets | | | **21,457** |
| Total assets per consolidated balance sheet | | | **744,082** |
| Segment liabilities | **100,893** | **5,331** | **106,224** |
| Current income tax liabilities | | | **1,676** |
| Deferred income tax liabilities | | | **18,016** |
| Unallocated liabilities | | | **55** |
| Total liabilities per consolidated balance sheet | | | **125,971** |

An analysis of the Group's assets and liabilities as at 28 February 2023 by reportable segment is set out below:

| | Mainland China *RMB'000* | Hong Kong and Macau *RMB'000* | Total *RMB'000* |
|---|---|---|---|
| Segment assets | 442,228 | 306,752 | 748,980 |
| Deferred income tax assets | | | 32,390 |
| Unallocated assets | | | 21,080 |
| Total assets per consolidated balance sheet | | | 802,450 |
| Segment liabilities | 96,466 | 22,544 | 119,010 |
| Current income tax liabilities | | | 1,448 |
| Deferred income tax liabilities | | | 18,312 |
| Unallocated liabilities | | | 44 |
| Total liabilities per consolidated balance sheet | | | 138,814 |

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

**Revenue**

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Mainland China | **394,164** | 410,426 |
| Hong Kong | **6,870** | 2,801 |
| Macau | **394** | - |
| Total | **401,428** | 413,227 |

For the years ended 29 February 2024 and 28 February 2023, 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**

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Mainland China | **41,591** | 44,057 |
| Hong Kong | **766** | 6,828 |
| Macau | **73,678** | 74,836 |
| Total | **116,035** | 125,721 |

## 4 OTHER INCOME AND OTHER GAINS/(LOSSES), NET

| | 2024 *RMB'000* | 2023 *RMB'000* |
|---|---|---|
| Other income | | |
| Government incentives *(Note (a))* | **1,358** | 5,451 |
| Gross rental income from an investment property | **927** | - |
| | **2,285** | 5,451 |
| Other gains/(losses), net | | |
| Net exchange losses *(Note (b))* | **(2,486)** | (8,199) |
| Gains on early termination of leases | **7,472** | 356 |
| Compensation for early termination of leases | **(1,768)** | - |
| | **3,218** | (7,843) |

*Notes :*

*(a) Government incentives mainly represent grants received from the PRC and Hong Kong governments in subsidising the Group's general operations and employee salaries. There are no unfulfilled conditions or other contingencies attaching to these grants.*

*(b) 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, write-back of impairment/(impairment losses) on trade receivables, net, selling and distribution expenses, and general and administrative expenses are analysed as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Auditors' remuneration | | |
| - Audit services | **1,413** | 1,610 |
| - Non-audit services | **38** | 97 |
| Depreciation of property, plant and equipment | **7,872** | 13,191 |
| Depreciation of right-of-use assets | **19,528** | 23,623 |
| Loss on write off/disposal of plant and equipment | **3,261** | 1,607 |
| Cost of sales | **150,629** | 143,997 |
| Expenses relating to short-term leases and variable lease payments | **71,532** | 72,229 |
| Freight charges | **4,963** | 4,877 |
| Postage and express charges | **1,356** | 1,711 |
| Advertising and promotional expenses | **16,403** | 16,286 |
| Employee benefit expenses (including directors' emoluments) | **121,694** | 135,893 |
| Impairment losses/(write-back of impairment) on inventories, net | **1,281** | (3,839) |
| (Write-back of impairment)/impairment losses on trade receivables, net | **(385)** | 4 |
| Impairment losses on property, plant and equipment *(Note (a))* | **3,010** | 6,069 |
| Impairment losses on right-of-use assets *(Note (a))* | **2,291** | 11,555 |
| Direct operating expenses arising from an investment property that generated rental income | **279** | - |

*Note:*

(a) *Certain retail stores with operation were making losses during the year and the Group is uncertain whether the stores could meet the sales target. The Group regards each individual retail store as a separately identifiable cash-generating unit and carried out impairment assessment for the retail stores which have indicators of impairment. As a result, impairment loss of approximately RMB3,010,000 (2023: RMB6,069,000) and approximately RMB2,291,000 (2023: RMB11,555,000) against leasehold improvements and right-of-use assets, respectively, were recognised in selling and distribution expenses of the Group. The estimates of the recoverable amounts were based on value-in-use calculations using discounted cash flow projections based on the sales forecast.*

## 6 FINANCE INCOME, NET

| | 2024 *RMB'000* | 2023 *RMB'000* |
|---|---|---|
| Interest income on bank deposits | **11,756** | 8,641 |
| Interest expense on lease liabilities | **(1,090)** | (1,491) |
| Interest expense on short-term bank loan | **-** | (85) |
| | **10,666** | 7,065 |

## 7 INCOME TAX EXPENSE/(CREDIT)

| | 2024 *RMB'000* | 2023 *RMB'000* |
|---|---|---|
| Current income tax | | |
| - Hong Kong profits tax | **-** | - |
| - Macau complementary tax | **-** | - |
| - People's Republic of China ("the PRC") corporate income tax | **576** | 9,523 |
| Deferred income taxation | **2,291** | (11,413) |
| | **2,867** | (1,890) |

The PRC corporate income tax is provided for on the profits of the Group's subsidiaries in the PRC at 25% (2023: 25%).

The applicable rate of Hong Kong profits tax is 16.5% (2023: 16.5%). No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group does not have any assessable profit arising in Hong Kong during each of the two years ended 29 February 2024 and 28 February 2023.

The applicable rate of Macau complementary tax is 12% (2023: 12%). No provision for Macau complementary tax has been made in the consolidated financial statement as the Group does not have any assessable profit arising in Macau during each of the two years ended 29 February 2024 and 28 February 2023.

## 8 LOSSES PER SHARE

### Basic

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

| | **2024** | 2023 |
|---|---|---|
| Loss attributable to owners of the Company *(RMB'000)* | **(23,542)** | (50,271) |
| Weighted average number of ordinary shares in issue *('000)* | **705,895** | 705,895 |
| Basic losses per share *(RMB cents)* | **(3.34)** | (7.12) |

### Diluted

For the years ended 29 February 2024 and 28 February 2023, the diluted losses per share were the same as basic losses per share as there were no dilutive potential ordinary shares outstanding.

## 9 DIVIDENDS

| | **2024**<br>***RMB'000*** | 2023<br>*RMB'000* |
|---|---|---|
| No interim dividend (2023: Nil) | **-** | - |
| Interim special, paid, of HK5.0 cents (2023: Nil) per ordinary share | **31,748** | - |
| No final dividend, proposed (2023: Nil) | **-** | - |
| Final special, proposed, of HK5.0cents (2023: Nil) per ordinary share | **32,173** | - |
| | **63,921** | - |

At the Board of Directors' meeting held on 30 October 2023, the Board of Directors has resolved to pay an interim special dividend of HK5.0 cents per ordinary share, totaling approximately RMB31,748,000.

At the Board of Directors' meeting held on 27 May 2024, the Board of Directors proposed a final special dividend of HK5.0 cents per ordinary share totalling approximately RMB32,173,000. The proposed dividend is not reflected as dividend payable in the consolidated financial statements, but will be reflected as an appropriation of retained earnings of the Company for the year ending 28 February 2025.

## 10 TRADE AND OTHER RECEIVABLES

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | **31,026** | 43,682 |
| Less: loss allowance | **(1,057)** | (5,674) |
| | **29,969** | 38,008 |
| Other receivables | **6,306** | 4,282 |
| | **36,275** | 42,290 |

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 the reporting period, and net of provision, based on invoice date is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current to 30 days | **28,655** | 36,796 |
| 31 to 60 days | **617** | 341 |
| 61 to 90 days | **154** | 246 |
| Over 90 days | **543** | 625 |
| | **29,969** | 38,008 |

## 11 TRADE PAYABLES, OTHER PAYABLES AND CONTRACT LIABILITIES

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade payables | **18,628** | 12,012 |
| Other payables | **42,684** | 46,483 |
| Value added tax payables | **8,603** | 9,863 |
| Contract liabilities | **15,905** | 13,397 |
| | **85,820** | 81,755 |

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current to 30 days | **18,539** | 11,802 |
| 31 to 60 days | **14** | 75 |
| 61 to 90 days | **-** | - |
| 91 to 120 days | **-** | - |
| Over 120 days | **75** | 135 |
| | **18,628** | 12,012 |

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

## OPERATING RESULTS

The Group is engaged in the design, development and retailing of ladies' and men's footwear, handbags and fashionable accessories in Mainland China and engaged in the retail business of cosmetic products in Hong Kong. The major proprietary brands of the Group include le saunda, le saunda MEN, LINEA ROSA and PITTI DONNA, which aim to appeal to diversified target customer groups with their distinctive product lines.

For the financial year 2023/24, total revenue of the Group decreased by 2.9% year-on-year to RMB401,400,000 (2022/23: RMB413,200,000). Consolidated gross profit decreased by 6.8% year-on-year to RMB250,800,000 (2022/23: RMB269,200,000), and an overall gross profit margin of 62.5% was recorded, representing a decrease of 2.7 percentage points as compared to the corresponding period in the previous financial year. For the financial year 2023/24, consolidated loss attributable to owners of the Company was RMB23,500,000 (2022/23: consolidated loss of RMB50,300,000).

| **RMB (million)** | **2023/24** | **2022/23** | **Change** |
|---|---|---|---|
| Revenue | **401.4** | 413.2 | (2.9%) |
| Gross profit | **250.8** | 269.2 | (6.8%) |
| Gross profit margin | **62.5%** | 65.2% | (2.7 percentage points) |
| Consolidated loss attributable to owners | **(23.5)** | (50.3) | |
| Final dividend (HK cents) | **-** | - | |
| Final special dividend (HK cents) | **5.0** | - | |
| Annual dividend pay-out ratio | **N/A** | N/A | |

## PROFITABILITY ANALYSIS

During the year under review, the recovery progress of the retail markets in Mainland China and Hong Kong was not as satisfactory as expected. Economic activities and consumer confidence continued to be volatile, and the upward momentum was not sustainable. Hence, the total revenue of the Group decreased by 2.9% year-on-year to RMB401,400,000. Meanwhile, the Group recorded a gross profit of RMB250,800,000 (2022/23: RMB269,200,000), representing a year-on-year decrease of 6.8%. The gross profit margin decreased by 2.7 percentage points to 62.5%, as compared to last year.

The Group’s selling and distribution expenses for the year decreased by 14.7% year-on-year to RMB204,800,000 (2022/23: RMB240,200,000). During the year under review, overall selling and distribution expenses decreased, mainly because the Group actively optimised the physical store network in Mainland China to save further fixed selling and distribution expenses and the closure of cosmetic business in Hong Kong during the year under review also reduced the related selling expenses. Overall, the ratio of selling and distribution expenses to total revenue decreased by 7.1 percentage points to 51.0% (2022/23: 58.1%).

The Group continued to strictly control the costs of back office and save unnecessary expenditures in order to achieve operational efficiency. General and administrative expenses for the year decreased by 3.3% to RMB84,000,000 as compared to the corresponding period of last year (2022/23: RMB86,900,000). However, as a result of the decline in total revenue, the ratio of general and administrative expenses to total revenue decreased by 0.1 percentage point to 20.9%. (2022/23: 21.0%).

Other income comprised property rental income of RMB900,000 and local government subsidies of RMB1,400,000. Local government subsidies decreased, compared with last year, mainly because the retail market remained sluggish during the year under review, which reduced the Group's revenue and contribution made to certain regions in Mainland China. Other income decreased by 58.1% year-on-year to RMB2,300,000 (2022/23: RMB5,500,000).

Other gains or losses recorded a net gain of RMB3,200,000 (2022/23: loss of RMB7,800,000). During the year under review, the Group has closed its cosmetics business in Hong Kong. As a result of the early surrender of leases for retail stores, an one-off gains on early termination of leases of RMB7,400,000 were recorded, and on the other hand the compensations of RMB1,800,000 were paid to landlords for early termination of such leases. In addition, the Group's other losses was exchange losses of approximately RMB2,500,000 (2022/23: RMB8,200,000) because Renminbi continued to depreciate whereas the magnitude was lower than that of last year.

The consolidated loss attributable to owners of the Company amounted to RMB23,500,000 (2022/23: loss of RMB50,300,000). Basic losses per share amounted to RMB3.34 cents (2022/23: losses of RMB7.12 cents). In return for shareholders’ longstanding support, the Board has recommended to declare the payment of a final special dividend of HK5.0 cents per ordinary share (2022/23: Nil).

**INCOME TAX**

During the year under review, income tax expenses amounted to approximately RMB2,900,000 (2022/23: credit of RMB1,900,000). Income tax expenses for the year under review was mainly attributable to deferred tax expenses made for the reversal of expenses provision. Since 2012, all business entities of the Group in Mainland China are subject to an income tax rate of 25%, while the profit tax rate for operations in Hong Kong remains at 16.5%. Pursuant to the Enterprise Income Tax Law of Mainland 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 29 February 2024, the Group's inventory balance, net of provision for impairment, was RMB164,500,000, representing an decrease of 14.5% as compared to that of last year.

Details of inventory balance were as follows:

| RMB (million) | As at 29 February 2024 | As at 28 February 2023 | Changes in value | Changes in % |
|---|---|---|---|---|
| **Finished goods** | **164.5** | 192.4 | (27.9) | (14.5%) |

The Group has been strictly planning and implementing inventory management in order to prevent excessive inventory balance. During the year under review, Mainland China's retail market had yet to show a growth momentum, and the Group had significantly reduced its purchases of finished goods for the current season. Accordingly, the proportion of the inventory of footwear aged less than one year decreased by 12.9 percentage points to 44.4% as at 29 February 2024 (28 February 2023: 57.3%). In addition, all cosmetic inventories had been cleared due to the closure of the cosmetic business and the value of footwear inventories had also decreased as compared to that of last year, inventory turnover of finished goods had therefore decreased by 48 days to 432 days (2023: 480 days).

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position remained very strong and healthy. As at 29 February 2024, the Group's cash and bank balances amounted to RMB364,700,000 (28 February 2023: RMB371,600,000), representing a slight decrease of 1.9% year-on-year. Even though being in a sluggish retail environment, the Group still maintains sufficient cash. If necessary, the Group can maintain sufficient working capital through banking facilities provided by its major banks in Hong Kong and Mainland China, including but not limited to revolving loans and trade finance, mainly at floating interest rates. At the end of the financial year, the quick ratio was 4.0 times (28 February 2023: 3.9 times). During the year under review, the Group did not borrow any bank loans. As at 29 February 2024, the Group has no outstanding bank loan (28 February 2023:Nil). Forward contracts will be used, if necessary, to hedge related debts and bank borrowings arising from overseas purchases. In addition, the Group did not enter into any forward contracts to hedge its foreign exchange risks during the year under review.

During the year ended 29 February 2024, the Group's cash and bank balances were held in Hong Kong dollars, United States dollars and Renminbi, respectively and all deposits maturing within one year were placed in leading banks. 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 in development.

## BUSINESS REVIEW

## OVERVIEW

The World Bank pointed out that although high interest rates can suppress inflation, they may also weaken the momentum of global economic growth in January 2024. It was estimated that the overall global economic growth would continue to slow down for the third consecutive year to 2.4% in 2024. As for Mainland China, despite the short-term uplift in economic activities after the Chinese government lifted the pandemic control measures, the effects of economic resurgence faded faster than expected, the pace of economic recovery is weak, and consumer confidence is still lower than pre-pandemic level. To cope with the uncertainties arising from the external environment and achieve the tasks and goals of domestic economic reform, various regions and segments in Mainland China have adopted the work principle of “seeking changes while maintaining stability” and implemented the concept of comprehensive development in order to pursue for national economic rebound with solid progress towards high-quality development. The annual gross domestic product (“GDP”) increased by 5.2% year-on-year in 2023, which was higher than the growth rate of 3.0% for last year.

During the year under review, the Group actively responded to the sluggish retail market and increased consumers’ consumption sentiments. In addition to optimising the logistics supply chain, integrating the retail network and decisively streamlining the Company’s operating structure, and striving to enhance the Group’s internal operation efficiency, the Group also invested resources in publicity and promotions and improved its membership system, with the goal to strengthen Le Saunda’s popularity in the female footwear market and maintaining customers’ loyalty to the Group’s products and services. Since consumers have become more cautious in their spending due to the lack of significant improvement in domestic consumption activities, slow growth in household income and high unemployment rate among young people, the Group’s overall retail revenue was negatively affected. However, annual same store sales of the year under review recorded an increase of 11.7% (2022/23: a decline of 27.7%). The significant improvement in same store sales of the year, as compared to last year, reflects the Group’s flexible marketing strategy in response to the weak market environment, and the performances of individual stores had successfully improved. Nevertheless, the Group’s overall retail revenue for the year under review decreased by 2.9% to RMB401,400,000 as compared to that of last year (2022/23: RMB413,200,000).

## RETAIL NETWORK

Mainland China is currently the key market of the Group’s retail business. As at the end of the year under review, the Group had a total of 283 physical stores in Mainland China. The number of self-owned stored dropped by 38, while the number of franchised stores decreased by 5 during the year under review.

As at 29 February 2024, there were 202 stores under the core brand le saunda, representing a net decrease of 41 stores as compared to the end of last financial year. The high-end fashion brand, LINEA ROSA, saw a net reduction of 1 store, bringing the total number of stores to 26, as compared to the end of last financial year. 2 cosmetic stores in Hong Kong were closed during the year under review.

As at 29 February 2024, 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 | 257 | (-38) | 26 | (-5) | 283 | (-43) |
| • Northern, Northeastern & Northwestern Regions | 66 | (-14) | 24 | (-5) | 90 | (-19) |
| • Eastern Region | 86 | (-11) | 0 | (-1) | 86 | (-12) |
| • Central and Southwestern Regions | 51 | (-6) | 2 | (+1) | 53 | (-5) |
| • Southern Region | 54 | (-7) | 0 | (0) | 54 | (-7) |
| Hong Kong and Macau | 0 | (-2) | - | - | 0 | (-2) |
| Total | 257 | (-40) | 26 | (-5) | 283 | (-45) |

**MAINLAND CHINA**

**RETAIL BUSINESS**

The Ministry of Commerce of Mainland China, together with the relevant departments, have organised a series of "Consumption-Boosting Year" activities at the beginning of 2023, launching different policies and measures to promote consumption in various sectors, such as automobiles, electronic products, and home furnishings. As a results, the overall total retail sales of consumer goods in Mainland China in 2023 recorded a year-on-year growth of 7.2% to RMB47.1 trillion. Among which, the retail sales of consumer goods in garments, footwear, hats and knitwear category also recorded a growth of 10.8%. However, the effectiveness of those policies failed to last, and public consumption sentiments gradually declined. During the period from January to February 2024, the retail sales of consumer goods in garments, footwear, hats and knitwear category only increased by 1.9% period-on-period, which demonstrated that the current footwear retail market has not yet reached a positive momentum. During the year under review, the Group's retail business in Mainland China was affected by the unexpected slow recovery in consumption, resulting in a drop in retail sales of 4.0% to RMB394,200,000 (2022/23: RMB410,400,000).

Since the government implemented return-to-normal measures and issued several policies last year, consumption potential has been stimulated, and the consumer market has shown both qualitative improvement and quantitative growth. To prepare for the next potential growth momentum, the Group has carried out cross-IP collaboration during such period to enhance brand appeal and increase brand exposure, increase consumer awareness and create a youthful image for its brands. Through the artistic crossover cooperation with Ms. Zhang Yingying (張穎瑩), an instructor of intangible cultural heritage paper-cutting technique, the Group made use of the environmentally friendly papers from shoe boxes of the le saunda brand to present the infinite glamour of modern women by combining the intangible cultural technique and environmental protection concept, and highlight the Group's ingenuity in footwear craftsmanship and pursuit of creativity in fashion.

Besides, the Group has applied the paper-cutting artworks as props for the current season's window displays, bringing an artistic atmosphere, visual sense and unique shopping experience to customers visiting the stores. In addition, the Group' s light luxury female footwear brand LINEA ROSA collaborated with "YOU JIAO DAI (有胶袋)" and "HAPPY ANGEL" of the DAYA family, an original trendy IP, to hold static exhibitions in Shenzhen Uniwalk Qianhai and Chengdu MIXC to create a check-in hotspot and topic buzz, and attract the attention of potential consumers, thereby penetrating the brands deeply into the young consumer market. The Group also organised special events for VIP members, as well as produced and gave away gifts, such as greeting cards, three-dimensional paper-engraved night lights, etc. as exclusive rewards for VIP members, enriching member experience and enhancing members' loyalty. The Group believes that crossovers and IP co-branding collaboration programs and member appreciation activities would reflect the Group's philosophy of keeping abreast of market trends and adopting various marketing strategies to maintain the sustainable development of the Group's retail business.

Furthermore, the Group constantly reviews the distribution and locations of its store network. The store optimisation policy still focuses on traditional department stores because most of the customer traffic of traditional department stores in the past has been replaced by online stores, shopping malls and outlets. The young generation has become the major consumer group in Mainland China, and these consumers focus on convenience, experience, and the pursuit of cost effectiveness. Many traditional department stores can no longer meet their needs. On the contrary, shopping malls and large outlets can better meet the diversified needs and the shopping experience of consumers. Nowadays, consumers are shifting from "product-centered" to "experience-oriented", so the results of traditional marketing strategies are limited. In an increasingly competitive retail environment, constructing a sales network in the private traffic is another new development trend. The Group believes that such strategy can encourage our VIP members to spend continuously on its products, which will become a new driving force for the steady development of the brand. Therefore, the Group is now strengthening its CRM system, reforming the existing VIP membership program and establishing new department to support new marketing strategies.

**E-COMMERCE BUSINESS**

According to the data released by the National Bureau of Statistics of Mainland China, the overall national online retail sales increased by 11.0% year-on-year in 2023. Among which, online retail sales of physical goods increased by 8.4%, accounting for 27.6% of the total retail sales of consumer goods and representing an increase of only 0.1 percentage point from last year. Competition in the e-commerce market is becoming increasingly fierce, and different retailers have adopted diversified promotional strategies to increase market share. At present, the most popular approach is for retailers to interact more closely with consumers through live streaming e-commerce, which can arouse consumers' consumption desire, and allow them to understand product features in real time and gain a great online shopping experience. With a great variety of e-commerce channels in the market, consumers have a wide range of online shopping options, therefore their loyalty to brands has become less persistent. As a result, retailers may need to continue to invest more resources and increase their e-commerce operating expenses. The Group actively reviewed e-commerce business expenses, controlled costs based on its revenue, and deployed more resources on e-commerce platforms with higher traffic and sales volume. In summary, the Group's promotion expenses and other selling expenses on e-commerce business as a percentage of sales during the year under review were similar to last year.

The Group allocates resources in a timely manner to consolidate its traditional e-commerce platform and social media e-commerce platform business. The Group also works more closely with traditional e-commerce platforms to establish a co-prosperity business relationship for both parties. The Group provides the platform with diversified and cost-effective high-quality products to meet the needs of different consumer groups and continuously increase traffic for the e-commerce platform at the same time. Among which, the Group's long-term cooperation with JD.com has not only achieved mutual benefit and win-win results, but also set a good example within the industry in terms of innovation and strategic synergy, and thus won the "2023 Big Brand Outlet Award (2023年度大牌奧萊獎)" from JD.com's fashion division. In terms of social media, the Group has gradually expanded its membership base through WeChat Corporate Account. On the other hand, the Group has successively carried out live streaming e-commerce activities to communicate with target customer groups in real time, publish the latest brand information and continuously promote the Y series online to further meet the needs of young female customers with personalised products. The Group also focuses on establishing brand image and enhancing brand influence as well as maintaining its leading position in the e-commerce field. One of the Group's subsidiaries had been re-elected as the executive director unit of The Guangdong Electronic Commerce Association since May 2023, and has been actively performing its obligations and devoting its resources and time for the affairs of the association on behalf of the Group. In recognition of its outstanding achievements, such subsidiary was accredited as an "Outstanding Member Enterprise" in August 2023 and was awarded an honour certificate in recognition of the Group's contribution to the e-commerce field.

During the year under review, various issues such as volatile performance of domestic economy, consistently sluggish consumer sentiment, fierce competition among online brands, and rising product return rates within the industry have affected the Group's e-commerce business, causing its overall revenue to record a year-on-year decline of 8.6%. Despite such difficult times, the Group still emphasises the spirit of striving for progress while ensuring stability. To strengthen the integration of online and offline operations and consolidate e-commerce and physical store retail business, the Group is investing great efforts to construct a new CRM system that can be connected with the mini app stores, with a view to enhancing the Group's operating efficiency and effectively managing relationships and interactions with existing and potential customers so that consumers can have a convenient and fast shopping experience.

**HONG KONG AND MACAU**

In 2023, although Hong Kong's actual GDP grew by 3.2% year-on-year, and it seems that Hong Kong's economy has been gradually getting rid of the impact of the pandemic and has been ushering in an overall recovery, the pace of recovery in different aspects was not in sync. Factors such as uncertain external environment and high interest rates in Hong Kong have stifled local domestic demand. Therefore, Hong Kong's retail environment has not yet recovered. Moreover, the consumption pattern of Mainland China tourists visiting Hong Kong has also changed, hence even though the sales of the Group's cosmetic business recorded a significant year-on-year increase, it still failed to reach the sales target. After thorough consideration of the current business environment in Hong Kong and the Group's allocation of resources, the management decided to close its cosmetic business and concentrate resources on the footwear business in Mainland China. The Group's sales in Hong Kong and Macau increased by 159.3% year-on-year to RMB7,300,000 (2022/23: RMB2,800,000).

## OUTLOOK AND LONG-TERM STRATEGIES OF THE GROUP

Moving forward, the retail market is expected to remain in a very challenging economic environment. Consumer confidence continues to be undermined by high interest rate monetary policy and uncertain economic growth momentum. It is believed that the Chinese government will launch various measures to stimulate domestic demand, but the growth in domestic demand may not be sustainable due to other adverse economic factors. The Group remains cautiously optimistic about the future economic growth in Mainland China and will pay extra attention to domestic policy trends, decisively adjust its marketing strategies and internal structure, seize every opportunity in the market, and strive to achieve its growth targets. As a pure brand retailer, the Group will continue to leverage the core advantages of its brands, including but not limited to continuously improving the quality of its supply chain, focusing on details of craftsmanship, and striving to design fashionable and comfortable products for customers.

The Group has consolidated resources to optimise every aspect of the supply chain, coordinate multiple online and offline distribution channels, and meet the diversified consumer needs of customers in a speedy manner. It is expected that the Group could provide a consistent and seamless shopping experience to enhance customer's loyalty, thereby further strengthening the Group's competitiveness in the retail market. In addition, to effectively manage and strengthen the interactive relationship with the target customer groups, the Group will soon launch a new CRM system to manage the new VIP membership program. Such system is designed to effectively identify target members, precisely promote to them with personalised shoes and related products, and seamlessly assist these members in placing orders. This will not only improve the sales success rate, but will also provide members with satisfactory and convenient sales services.

In addition, the Group will soon utilise and combine offline and online resources with its existing VIP membership database to build its own traffic system that can be freely controlled and managed, and become an important channel for enhancing brand values. The Group will also launch a mini app store, which will automatically and accurately push notifications on exclusive activities to customers based on different categories such as new customers, existing customers, consumption habits and social identities to improve sales conversion. Moreover, the exclusive series will also be released in the mini app store and draw VIP members' attention to products of this exclusive series. The Group firmly believes that planning and implementing a series of new marketing plans will increase brand exposure and enhance brand influence.

In terms of operations, the Group will continue to focus on optimising the network of physical retail stores by eliminating those physical stores with substandard performance with a view to reaching target customer groups more effectively and thereby improving single-store performance. In addition to stores located in traditional small- and medium-sized department stores that have been closed due to poor operation, some stores located in shopping malls which are not well developed and have declining customer traffic will also be considered in its network optimisation. The contract renewal or withdrawal of existing stores will be based on profitability assessment and operating conditions, together with the stores' sales ranking in the department stores and shopping malls. To cope with the challenging business environment ahead, the Group's resource will not merely focus on the sales channels at physical store and e-commerce business, but will also devote more resources on its new business model, Direct Sales model. The mixture of existing sales channel and direct sales channel will facilitate the Group to optimise its sales operations, so as to reduce selling costs and increase sales contribution in the long run. If necessary, the Group will also explore new product types and introduce them into existing product mix with an aim to meet the diversified needs of consumable market.

Last but not least, human resources have always been a key part of the Group's development. The Group will search for talents with more experience, innovative operational mindset and proficient special skills in the market, where necessary, to help the Group to gain a higher corporate competitive advantage. Moreover, the Group will retain and further cultivate existing outstanding employees who are motivated and creative to achieve continuous progress and sustainable development of the entire team.

As in the past, the Group continues to keep abreast of trends, understands the latest consumer preferences, combines its core advantages and implements business strategies that adapt to the changing environments. The Group is confident that it can overcome any difficulties and gain a foothold in the highly competitive footwear market.

## PLEDGE OF ASSETS

As at 29 February 2024, the Group had no pledge of assets (28 February 2023: Nil).

## CORPORATE GUARANTEES

The Company has given corporate guarantees in favour of banks for banking facilities granted to certain subsidiaries of the Company on letters of credit and bank loans to the extent of RMB101,400,000 (28 February 2023: RMB70,800,000), of which approximately RMB100,000 was utilised as at 29 February 2024 (28 February 2023: Nil).

## DIVIDEND

The Board has recommended to declare a final special dividend of HK5.0 cents (the "Final Special Dividend") per ordinary share for the year ended 29 February 2024 (28 February 2023: no final dividend and final special dividend) to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Tuesday, 23 July 2024. The proposed Final Special Dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting (the "AGM") of the Company. If approved, the Final Special Dividend is expected to be paid on or around Thursday, 1 August 2024, while a circular containing further details and notice of the AGM will be published as soon as practicable.

The Board has resolved to pay an interim special dividend of HK5.0 cents per ordinary share for the six months ended 31 August 2023 (six months ended 31 August 2022: no interim dividend and interim special dividend).

## EMPLOYEES AND REMUNERATION POLICIES

As at 29 February 2024, the Group had a full-time staff force of 927 people (28 February 2023: 1,120 people), of which 17 and 910 were based in Hong Kong and Mainland China respectively. 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 29 February 2024, including Directors' emoluments and net pension contributions, amounted to RMB121,700,000 (2022/23: RMB135,900,000). The Group has all along organised structured and diversified training programmes for staff at different levels. External 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 29 February 2024.

## AUDIT COMMITTEE

During the year under review, the audit committee (the "Audit Committee") of the Board comprises four independent non-executive Directors, namely Mr. Lam Siu Lun, Simon ("Mr. Lam") (chairman of the Audit Committee), Mr. Leung Wai Ki, George, Mr. Hui Chi Kwan and Ms. Chan Kit Yin (appointed with effect from 28 August 2023). Mr. Lam has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.21 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Group, reviewed the annual results of the Group for the year ended 29 February 2024 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, 15 July 2024. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 10 July 2024 to Monday, 15 July 2024 (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, 9 July 2024.

## CLOSURE OF REGISTER OF MEMBERS FOR FINAL SPECIAL DIVIDEND

The proposed Final Special Dividend is subject to the approval of the Shareholders at the AGM. The record date for entitlement to the proposed Final Special Dividend is Tuesday, 23 July 2024. In order to ascertain the entitlement to the proposed Final Special Dividend, the register of members of the Company will be closed from Monday, 22 July 2024 to Tuesday, 23 July 2024 (both days inclusive) during which no transfer of shares will be registered. 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Friday, 19 July 2024.

## 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 under review, the Company has complied with the code provisions of, and applied the principles in, the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix C1 to the Listing Rules save for the deviations described below. Since October 2019, the position of Chief Executive Officer has been vacant. To ensure the roles of the Chairman and the Chief Executive Officer not to be performed by the same individual, the responsibilities of the Chief Executive Officer for the conduct of the business of the Company have been taken up by other executive Directors, who have extensive knowledge of the Group's operations and business issues, particularly on corporate strategy matters, that they can exercise the appropriate judgement and make proposal to the Board.

While the Company intended to appoint a new independent non-executive Director, Dr. Lui Tsz Wai ("Dr. Lui"), at its annual general meeting on 18 July 2023 ("2023 AGM") in accordance with Code Provision B.2.4(b) of the CG Code, subsequent to the despatch of the notice of 2023 AGM, the Board received a notice from Dr. Lui notifying the Company that she had decided to withdraw her consent to act as an independent non-executive Director. Since the proposed appointment at the 2023 AGM did not materialise, the Board appointed Ms. Chan Kit Yin as a new independent non-executive Director with effect from 28 August 2023.

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 C3 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 29 February 2024 and up to the date of this announcement.

## SCOPE OF WORK OF THE EXTERNAL AUDITOR

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 29 February 2024 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 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 AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The annual report and environmental, social and governance report of the Company for the year ended 29 February 2024 containing all the information required by the Listing Rules will be despatched to the Shareholders (if printed copy is requested) 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 2024.

## 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, 27 May 2024

*As at the date of this announcement, the Company's executive Directors are Ms. Chui Kwan Ho, Jacky, Mr. Li Wing Yeung, Peter and Ms. Liu Tsz Yan; non-executive Director is Mr. James Ngai; independent non-executive Directors are Mr. Lam Siu Lun, Simon, Mr. Leung Wai Ki, George, Mr. Hui Chi Kwan and Ms. Chan Kit Yin.*

*(All monetary values in this announcement are expressed in Renminbi unless stated otherwise.)*