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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2025

FINANCIAL HIGHLIGHTS		Six months ended 31 August		Change	Change in %
		2025	2024		
Revenue	<i>RMB million</i>	95.8	149.6	(53.8)	(36.0)
Gross profit	<i>RMB million</i>	55.6	79.4	(23.8)	(30.0)
Loss attributable to owners of the Company	<i>RMB million</i>	(31.4)	(38.0)		
Basic loss per share	<i>RMB cents</i>	(4.44)	(5.39)		
Dividend per share - interim	<i>HK cents</i>	-	-		

** For identification purpose only*

The board (the “Board”) of directors (the “Directors”) of Le Saunda Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together the “Group”) for the six months ended 31 August 2025. The unaudited condensed consolidated interim results for the six months ended 31 August 2025 have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 31 August 2025

		Unaudited	
		Six months ended 31 August	
		2025	2024
	<i>Note</i>	RMB'000	RMB'000
Revenue	4	95,808	149,591
Cost of sales	6	(40,223)	(70,176)
Gross profit		55,585	79,415
Other income	5	1,074	1,064
Other gains, net	5	1,509	1,426
Selling and distribution expenses	6	(50,455)	(83,334)
General and administrative expenses	6	(34,481)	(41,842)
Operating loss		(26,768)	(43,271)
Finance income, net	7	3,769	5,283
Loss before income tax		(22,999)	(37,988)
Income tax expense	8	(8,357)	(1,630)
Loss for the period		(31,356)	(39,618)
Loss for the period attributable to:			
- owners of the Company		(31,356)	(38,038)
- non-controlling interest		-	(1,580)
		(31,356)	(39,618)
Loss per share attributable to owners of the Company (<i>express in RMB cents</i>)			
- Basic	9	(4.44)	(5.39)
- Diluted	9	(4.44)	(5.39)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME**

For the six months ended 31 August 2025

	Unaudited	
	Six months ended 31 August	
	2025	2024
	RMB'000	RMB'000
Loss for the period	<u>(31,356)</u>	<u>(39,618)</u>
Other comprehensive loss		
<i>Item that will be reclassified to profit or loss</i>		
- Currency translation differences	<u>(7,277)</u>	<u>(5,745)</u>
Other comprehensive loss for the period	<u>(7,277)</u>	<u>(5,745)</u>
Total comprehensive loss for the period	<u>(38,633)</u>	<u>(45,363)</u>
Total comprehensive loss for the period, attributable to:		
- owners of the Company	(38,633)	(43,783)
- non-controlling interest	<u>-</u>	<u>(1,580)</u>
	<u>(38,633)</u>	<u>(45,363)</u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 31 August 2025

		Unaudited 31 August 2025 <i>RMB'000</i>	Audited 28 February 2025 <i>RMB'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Investment properties		66,304	67,946
Property, plant and equipment		6,688	7,434
Right-of-use assets		16,300	16,857
Long-term deposits and prepayments		331	699
Deferred income tax assets		13,969	22,407
		<u>103,592</u>	<u>115,343</u>
Current assets			
Inventories		78,148	76,133
Trade receivables and other receivables	11	16,743	23,348
Deposits and prepayments		18,678	31,510
Cash and bank balances		308,993	327,911
		<u>422,562</u>	<u>458,902</u>
Total assets		<u>526,154</u>	<u>574,245</u>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		59,979	59,979
Reserves			
Others		384,795	423,428
Total equity		<u>444,774</u>	<u>483,407</u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)*As at 31 August 2025*

		Unaudited 31 August 2025 <i>RMB'000</i>	Audited 28 February 2025 <i>RMB'000</i>
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		12,614	12,819
Lease liabilities		1,509	968
		14,123	13,787
Current liabilities			
Trade payables, other payables and contract liabilities	12	60,848	68,764
Lease liabilities		4,996	6,780
Current income tax liabilities		1,413	1,507
		67,257	77,051
Total liabilities		81,380	90,838
Total equity and liabilities		526,154	574,245

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 and accessories. The Group mainly operates in Mainland China.

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”).

This condensed consolidated interim financial information is presented in thousands of units of Renminbi (RMB’000), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the board (“the Board”) of directors (the “Directors”) on 27 October 2025.

This condensed consolidated interim financial information has not been audited, but has been reviewed by the Company’s audit committee.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information of the Group for the six months ended 31 August 2025 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 ‘Interim Financial Reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 28 February 2025, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3 PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied in the condensed consolidated interim financial information for the six months ended 31 August 2025 are consistent with those adopted in the consolidated financial statements for the year ended 28 February 2025, except for the adoption of new and amended standards as set out below.

New and amended standards adopted by the Group

The Group has applied the following new and amended standards for the first time for their reporting period beginning on 1 March 2025 as set out below:

HKAS 21 (Amendments)

Lack of Exchangeability

The adoption of the above new and amended standards did not have any material impact on the Group’s accounting policies.

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 perspective and assess the performance of operations on a geographical basis (Mainland China and other regions 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 gross rental income from an investment property, other gains, net, 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.

- (i) The segment information provided to the executive Directors for the reportable segments for the six months ended 31 August 2025 is as follows:

	Unaudited		
	Six months ended 31 August 2025		
	Mainland China RMB'000	Others RMB'000	Total RMB'000
Revenue from external customers	<u>95,808</u>	<u>-</u>	<u>95,808</u>
Reportable segment loss	<u>(29,150)</u>	<u>(102)</u>	<u>(29,252)</u>
Gross rental income from an investment property			980
Other gains, net			1,509
Finance income, net			3,769
Unallocated items			<u>(5)</u>
Loss before income tax			(22,999)
Income tax expense			<u>(8,357)</u>
Loss for the period			<u>(31,356)</u>
Depreciation and amortisation	<u>5,952</u>	<u>-</u>	<u>5,952</u>
Additions to non-current assets (Other than deferred income tax assets and long-term deposits and prepayments)	<u>5,484</u>	<u>-</u>	<u>5,484</u>

The segment information provided to the executive Directors for the reportable segments for the six months ended 31 August 2024 is as follows:

	Unaudited Six months ended 31 August 2024		
	Mainland China RMB'000	Others RMB'000	Total RMB'000
Revenue from external customers	<u>149,591</u>	<u>-</u>	<u>149,591</u>
Reportable segment loss	<u>(45,481)</u>	<u>(155)</u>	<u>(45,636)</u>
Gross rental income from an investment property			946
Other gains, net			1,426
Finance income, net			5,283
Unallocated items			<u>(7)</u>
Loss before income tax			(37,988)
Income tax expense			<u>(1,630)</u>
Loss for the period			<u>(39,618)</u>
Depreciation and amortisation	<u>13,165</u>	<u>-</u>	<u>13,165</u>
Additions to non-current assets (Other than deferred income tax assets and long-term deposits and prepayments)	<u>5,601</u>	<u>1,702</u>	<u>7,303</u>

For the six months ended 31 August 2025 and 31 August 2024, revenues from external customers are mainly derived from the Group's own brands, LE SAUNDA, le saunda MEN and LINEA ROSA.

An analysis of the Group's assets and liabilities as at 31 August 2025 by reportable segment is set out below:

	Unaudited		
	As at 31 August 2025		
	Mainland China RMB'000	Others RMB'000	Total RMB'000
Segment assets	<u>252,579</u>	<u>237,625</u>	490,204
Deferred income tax assets			13,969
Unallocated assets			<u>21,981</u>
Total assets per condensed consolidated interim balance sheet			<u><u>526,154</u></u>
Segment liabilities	<u>62,490</u>	<u>4,845</u>	67,335
Current income tax liabilities			1,413
Deferred income tax liabilities			12,614
Unallocated liabilities			<u>18</u>
Total liabilities per condensed consolidated interim balance sheet			<u><u>81,380</u></u>

An analysis of the Group's assets and liabilities as at 28 February 2025 by reportable segment is set out below:

	Audited As at 28 February 2025		
	Mainland China <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	<u>292,020</u>	<u>237,974</u>	529,994
Deferred income tax assets			22,407
Unallocated assets			<u>21,844</u>
Total assets per consolidated balance sheet			<u><u>574,245</u></u>
Segment liabilities	<u>71,417</u>	<u>5,058</u>	76,475
Current income tax liabilities			1,507
Deferred income tax liabilities			12,819
Unallocated liabilities			<u>37</u>
Total liabilities per consolidated balance sheet			<u><u>90,838</u></u>

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

REVENUE

	Unaudited Six months ended 31 August	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Mainland China	<u><u>95,808</u></u>	<u><u>149,591</u></u>

For the six months ended 31 August 2025 and 31 August 2024, there was no transaction with a single external customer that amounted to 10% or more of the Group's revenue.

- (iii) 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

	Unaudited 31 August 2025 RMB'000	Audited 28 February 2025 RMB'000
Mainland China	24,925	25,922
Hong Kong	754	1,428
Macau	<u>63,944</u>	<u>65,586</u>
Total	<u><u>89,623</u></u>	<u><u>92,936</u></u>

5 OTHER INCOME AND OTHER GAINS, NET

	Unaudited Six months ended 31 August 2025 RMB'000	2024 RMB'000
Other income		
Government incentives	94	118
Gross rental income from an investment property	<u>980</u>	<u>946</u>
	<u><u>1,074</u></u>	<u><u>1,064</u></u>
Other gains, net		
Net exchange gains (Note)	<u>1,509</u>	<u>1,426</u>
	<u><u>1,509</u></u>	<u><u>1,426</u></u>

Note:

Net exchange gains arose from the settlement of transactions denominated in foreign currencies and from the translation at period-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:

	Unaudited	
	Six months ended 31 August	
	2025	2024
	RMB'000	RMB'000
Auditors' remuneration	777	804
Depreciation of property, plant and equipment	2,028	4,408
Depreciation of right-of-use assets	3,924	8,757
Loss on write off/disposal of property, plant and equipment	478	432
Costs of sales	40,223	70,176
Expenses relating to short-term leases and variable lease payments	15,697	26,359
Freight charges	1,389	1,872
Postage and express charges	702	672
Advertising and promotional expenses	6,221	5,850
Employee benefit expenses (including directors' emoluments)	40,187	59,332
(Write back of impairment)/impairment losses on inventories, net	(17,891)	3,323
Impairment losses on trade receivables, net	-	165
Direct operating expenses arising from an investment property that generated rental income	87	84

7 FINANCE INCOME, NET

	Unaudited	
	Six months ended 31 August	
	2025	2024
	RMB'000	RMB'000
Interest income on bank deposits	3,948	5,848
Interest expense on lease liabilities	(179)	(414)
Interest expense on short-term bank loan	-	(151)
	3,769	5,283

8 INCOME TAX EXPENSE

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

	Unaudited	
	Six months ended 31 August	
	2025	2024
	RMB'000	RMB'000
Current income tax		
People's Republic of China ("the PRC") corporate income tax	(55)	449
Deferred income taxation	8,412	1,181
	8,357	1,630

No provision for Hong Kong profits tax has been made during the period (2024: Nil).

The PRC corporate income tax is provided for on the profits of the Group's subsidiaries in the PRC at 25% (2024: 25%).

9 LOSS PER SHARE

Basic

Basic loss 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 period.

	Unaudited	
	Six months ended 31 August	
	2025	2024
Loss attributable to owners of the Company (RMB'000)	(31,356)	(38,038)
Weighted average number of ordinary shares in issue ('000)	705,895	705,895
Basic loss per share (RMB cents)	(4.44)	(5.39)

Diluted

For the six months ended 31 August 2025 and 31 August 2024, the diluted loss per share was the same as the basic loss per share as there was no dilutive potential ordinary share outstanding.

10 DIVIDEND

	Unaudited	
	Six months ended 31 August	
	2025	2024
	RMB'000	RMB'000
No interim dividend (six months ended 31 August 2024: No interim dividend)	-	-
No interim special dividend (six months ended 31 August 2024: No interim special dividend)	-	-

At the Board meeting held on 27 October 2025, the Directors did not recommend the payment of an interim dividend for the six months ended 31 August 2025.

11 TRADE RECEIVABLES AND OTHER RECEIVABLES

The ageing analysis of the trade receivables, net of provision, based on invoice date is as follows:

	Unaudited	Audited
	31 August	28 February
	2025	2025
	RMB'000	RMB'000
Trade receivables (<i>Note</i>)		
Current to 30 days	12,695	18,442
31 to 60 days	478	820
61 to 90 days	80	309
Over 90 days	104	366
	13,357	19,937
Other receivables	3,386	3,411
Total	16,743	23,348

Note:

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

The carrying amounts of trade receivables 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.

12 TRADE PAYABLES, OTHER PAYABLES AND CONTRACT LIABILITIES

The ageing analysis of the trade payables based on invoice date is as follows:

	Unaudited 31 August 2025 RMB'000	Audited 28 February 2025 RMB'000
Trade payables (<i>Note</i>)		
Current to 30 days	13,586	9,073
31 to 60 days	-	-
61 to 90 days	-	-
91 to 120 days	-	-
Over 120 days	75	75
	13,661	9,148
Other payables	39,912	49,992
Value added tax payables	6,446	7,923
Contract liabilities	829	1,701
	60,848	68,764
Total	60,848	68,764

Note:

The credit periods granted by suppliers are generally ranged from 7 to 60 days.

The carrying amounts of trade payables, other payables, value added tax payables and contract liabilities approximate their fair values.

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. The major proprietary brands of the Group include LE SAUNDA, le saunda MEN and LINEA ROSA, which aim to appeal to diversified target customer groups with their distinctive product lines.

In the first half of fiscal year 2025/26, the total revenue of the Group decreased by 36.0% year-on-year to RMB95,800,000 (2024/25: RMB149,600,000). Consolidated gross profit decreased by 30.0% year-on-year to RMB55,600,000 (2024/25: RMB79,400,000). The Group recorded an overall gross profit margin of 58.0%, representing an increase of 4.9 percentage points as compared to the corresponding period last year. During the period under review, consolidated loss attributable to owners of the Company was RMB31,400,000 (2024/25: consolidated loss of RMB38,000,000).

RMB (million)	1H 2025/26	1H 2024/25	Change
Revenue	95.8	149.6	(36.0%)
Gross profit	55.6	79.4	(30.0%)
Gross profit margin	58.0%	53.1%	4.9 percentage points
Consolidated loss attributable to owners	(31.4)	(38.0)	
Basic loss per share (RMB cents)	(4.44)	(5.39)	
Interim dividend (HK cents)	-	-	
Dividend pay-out ratio	N/A	N/A	

PROFITABILITY ANALYSIS

During the period under review, footwear retail consumption in Mainland China remained sluggish, significantly impacting the Group's sales performance. However, as slow-moving inventory gradually decreased, the Group's sales mix improved, as a result of a higher sales proportion of new-season products compared to the previous year, resulting in a year-on-year increase in gross profit margin. Overall, the total revenue of the Group decreased by 36.0% year-on-year to RMB95,800,000 (2024/25: RMB149,600,000). Consolidated gross profit decreased by 30.0% to RMB55,600,000 (2024/25: RMB79,400,000). Gross profit margin increased by 4.9 percentage points to 58.0% as compared to the corresponding period of last year.

To cope with the sluggish retail environment, the Group continued to evaluate its stores, consolidate its sales network and close underperforming outlets to save fixed selling and distribution expenses during the period under review. Hence, selling and distribution expenses decreased by 39.5% year-on-year to RMB50,500,000 (2024/25: RMB83,300,000). The ratio of selling and distribution expenses to total revenue decreased by 3.0 percentage points to 52.7% (2024/25: 55.7%).

During the period under review, general and administrative expenses decreased by 17.6% to RMB34,500,000 as compared to the corresponding period of last year (2024/25: RMB41,800,000). As many of the back office costs are fixed in nature and the significant decline in sales of the Group, the ratio of general and administrative expenses to total revenue of the Group consequently increased by 8.0 percentage points to 36.0% (2024/25: 28.0%).

The Group recorded other income of RMB 1,100,000 during the period under review, mainly from property rental, remaining flat compared to the corresponding period of the previous year (2024/25: RMB1,100,000). Other gains comprised of exchange gains or losses. During the period under review, as the exchange rate of renminbi appreciated, the Group recorded an exchange gain of RMB1,500,000 (2024/25: RMB1,400,000).

Overall, in the first half of financial year 2025/26, the consolidated loss attributable to owners of the Company was RMB31,400,000 (2024/25: consolidated loss of RMB38,000,000). Basic loss per share was RMB4.44 cents (2024/25: loss of RMB5.39 cents). The Directors did not recommend the payment of an interim dividend for the six months ended 31 August 2025 (2024/25: Nil).

INCOME TAX EXPENSE

During the period under review, income tax expenses amounted to approximately RMB8,400,000 (2024/25: RMB1,600,000). The income tax expenses were mainly due to deferred tax expenses related to reversal of provisions, including those previously made for slow-moving inventory. Effective from 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 the operations in Hong Kong remains at 16.5%. Pursuant to the Enterprise Income Tax Law of China, a withholding income tax of 5-10% shall be levied on the dividends remitted by a Chinese subsidiary to its foreign parent company starting from 1 January 2008. Excluding the effects of the items not subject to taxation, the effective income tax rate of the Group was 24.9% (2024/25: 24.7%).

INVENTORY MANAGEMENT

As at 31 August 2025, the Group's inventory balance was RMB78,100,000, representing a significant decrease of approximately 34.4% as compared to the inventory balance of RMB119,000,000 as at the corresponding date of last year.

A breakdown of inventory balance was as follows:

RMB (million)	As at 31 August 2025	As at 31 August 2024	Changes in value	Changes in %
Finished goods	<u>78.1</u>	<u>119.0</u>	<u>(40.9)</u>	(34.4%)

During the period under review, the retail environment remained sluggish and uncertain. The Group adhered to the prudent procurement strategy to ensure that the purchase of new season products remained at optimal level. Simultaneously, the Group effectively reduced overstock of off-season products through various sales channels. As at 31 August 2025, the proportion of the inventory of the Group aged less than one year therefore increased by 16.0 percentage points to 58.2% (31 August 2024: 42.2%). During the period under review, the Group's inventory turnover of finished goods decreased by 81 days to 298 days (31 August 2024: 379 days).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position remained strong and healthy. As at 31 August 2025, the Group's cash and bank balances amounted to RMB309,000,000 (28 February 2025: RMB327,900,000). With the sluggish retail market, the Group still maintains sufficient cash. Quick ratio was 4.8 times (28 February 2025: 4.6 times). When necessary, the Group would finance its operations and fulfil its working capital requirements by banking facilities provided by its principal bankers in Hong Kong, including but not limited to revolving loans and trade finance, which are primarily on a floating interest rate basis. During the period under review, the Group had not utilised any revolving loan or trade financing facilities. As at the end of the financial period, the Group had no outstanding bank loan (28 February 2025: 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 period under review.

During the period ended 31 August 2025, the Group's cash and bank balances were held in Hong Kong dollar, United States dollar and Renminbi, respectively, and all deposits maturing within one year were placed in several leading banks.

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

BUSINESS REVIEW

Overview

In the first half of 2025, trade relations between nations fluctuated frequently, and retail environment was still sluggish and consumer confidence remained low. These factors collectively resulted in global economic uncertainties and diminished future growth potential. Nevertheless, regions and departments in Mainland China steadfastly implemented the policies of the State Council, maintaining a work approach centred on stability, reasonably coordinating Mainland China's economic initiatives in response to international economic and trade challenges and timely implementing a series of reforms. While the economy of Mainland China faced various challenges, its overall operations maintained stable, featuring steady growth in production demand, new progress in high-tech development and relatively stable job market. As such, China's gross domestic product ("GDP") increased to 5.3% year-on-year. Its economy has overcome challenges and maintained steady growth with positive momentum.

While the economic landscape of Mainland China has gradually stabilised, the retail garments and footwear industries have yet to recover. During the period under review, in response to the continued downturn of the retail footwear market, the Group has closed its underperforming physical stores, resulting in its total retail revenue decreased by 36.0% to RMB95,800,000 (2024/25: RMB149,600,000) as compared to that of last year and same store sales decreased by 13.2% (2024/25: decreased by 19.5%). In response to shifting consumer pattern, during the period under review, the Group flexibly implemented various marketing initiatives, such as rebranding, enhanced product quality control and in-depth optimisation of offline store distribution. Furthermore, the Group has streamlined its internal structure and accelerated the turnover of its off-season stock in order to enhance internal operation efficiency and strengthen the Group's cash flow.

Retail Network

Mainland China is the key market of the Group's retail business. As at the end of the period under review, the Group had 91 physical stores in Mainland China, representing a net reduction of 133 stores compared to the corresponding date of last year. The number of self-owned stores dropped by 134 while the number of franchised stores increased by 1 during the period under review. Among these, there were an aggregate of 63 stores under the Group's core brands LE SAUNDA, le saunda MEN and LINEA ROSA, representing a net decrease of 111 stores as compared to the end of last corresponding period.

As at 31 August 2025, 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						
• Northern Region	11	(-42)	21	(0)	32	(-42)
• Eastern Region	28	(-40)	0	(0)	28	(-40)
• Southern Region	29	(-52)	2	(1)	31	(-51)
Total	68	(-134)	23	(1)	91	(-133)

Mainland China

Retail Business

From January to August 2025, the total retail sales of the overall consumer goods increased by 4.6% year-on-year. The growth rate was mainly driven by retail consumable items such as home appliances, audio-visual equipment, cultural and office supplies and furniture, with a year-on-year growth of over 22.0%. On the contrary, retail sales of garments, footwear, hats and knitwear only grew by 2.9% year-on-year, indicating that there is no significant growth in the demands of such items. Secondly, consumers remained cautious with their spending and shifted towards more rational consumption patterns, prioritising value for money, product quality and shopping experience. This, as well as recent involution among peers, has led to intensified competition within the footwear retail industry.

During the period under review, the retail consumption of footwear in Mainland China did not show significant recovery. The Group's revenue decreased by 36.0% to RMB95,800,000 (2024/25: RMB149,600,000) year-on-year. Same store sales also decreased by 13.2% (2024/25: decreased by 19.5%). During the period under review, the Group implemented multiple optimisation measures to continuously improve its operational and management system. Among these, the Group strengthened its product quality control to maintain high standard in product quality, thereby fostering customers' confidence and loyalty in the brand. In addition, the Group continued its effective inventory management, regularly reviewing out-of-season stock and promptly clearing them when needed. This aims to maintain healthy inventory levels, accelerate inventory turnover and enhance cash flow velocity, thereby sustaining the Group's operational stability and financial liquidity.

On the other hand, in order to address the shifting in consumer spending patterns and to reach target customers more effectively, the Group has implemented a brand revamp and reformed its retail store operations. With underperforming stores gradually closed, the current retail stores are now mainly located in sizeable department stores with high customer traffic and large shopping centres and outlets featuring dining and entertainment amenities while reducing their presence in traditional department stores. During the period under review, the Group has respectively launched two large flagship stores and one compact flagship store in Southern China, providing larger space to enrich customers' shopping experience. These flagship stores offer the most comprehensive range of products, featuring fast stocking of new items and professional staff introducing product characteristics to customers in details. Through the experiential marketing approach in the flagship stores, the Group could have in-depth communication with its customers, allowing the Group to provide trend setting outfit recommendations and better understand their actual needs with an aim to design high quality and comfortable footwear products that better suit their personalised demands in the future.

E-Commerce Business

As of August 2025, online retail sales of physical goods in Mainland China increased by 6.4% year-on-year while it increased by 8.1% for the corresponding period of last year. Among online retail sales of physical goods, sales of wearable goods increased by 2.4% for the year, which was significantly lower than the increase of 5.0% for the corresponding period of last year. The two statistics indicated a decline in consumers' emotional spending online. Meanwhile, consumers' needs for low-priced goods further increased. Such consumption downgrade led to the continued involution in the e-commerce industry, leading to fiercer market competition. This, coupled with persistently high product return rates in the industry, has increased the difficulty and cost of customer acquisition for the Group. During the period under review, the revenue from the Group's e-commerce business decreased by 5.4% year-on-year.

The Group actively reviewed and optimised its Customer Relationship Management (“CRM”) and membership rewards system during the period under review with an aim to foster closer engagement with online members, reignite their interest in the products of le saunda, and encourage repeat purchases. The current CRM system allows deeper understanding of the personalised needs and consumption habits of different members. Through online platforms, it can automatically disseminate diverse promotional and reward programs to target customer groups, thereby enhancing product visibility. By integrating online and offline resources and the internal member database, the Group could interact with members more proactively and efficiently, which would further cultivate brand loyalty among customers and enhance overall brand value.

Furthermore, the Group continued to invest in online resources, implement efficient online brand management strategy and extend the cooperation with major e-commerce platforms. Through traditional e-commerce and emerging social media platforms, the Group provides quality products to online consumers and regularly launches promotion campaigns, which not only meet the needs of its target customers, but also effectively increase online traffic in the partner platforms, achieving mutual benefits. During the period under review, the Group also entered into a short-term collaboration with the actress Janice Wu. With her elegant and stylish image, she demonstrates the revamped brand philosophy and characteristics through both online and offline, attracting the attention and recognition of potential young consumers for the brand while further extending the connections between its existing target customer bases.

In terms of e-commerce operation, for the purpose of lowering the cost of acquiring customers, the Group, through its mini program store and private traffic system, provides members with new channels to receive product information. The mini program store and private traffic are operated independently from traditional e-commerce platforms, which effectively eliminate sales expenses related to the platforms and reduce overall e-commerce operating expenses in the long term. The Group effectively implemented various online brand management initiatives, continuously enhancing brand awareness and market competitiveness through regular marketing campaigns, product promotions and optimisation of shopping experience for platform users. Meanwhile, the Group placed emphasis on its social media platform strategy, leveraging on influencer marketing and content seeding to build brand recognition while strengthening private traffic operations through direct marketing models. The Group also promoted products and provided latest updates to online users through livestreams on Douyin and its WeChat video channel, enabling real-time interaction with the online users. Hosts can accurately explain product features, effectively stimulating viewers' purchasing desire and guiding them to visit offline stores for physical experiences. This approach achieves synergistic development across online and offline channels, mutually driving performance growth.

OUTLOOK AND LONG-TERM STRATEGIES OF THE GROUP

It is expected that the global economic landscape in the second half of 2025 will remain complicated and volatile, with the slowdown in growth and continued uncertainties in trade policy posing challenges. In the short term, the economy of Mainland China will still face insufficient domestic demand, overcapacity and other structural pressure, but its long-term positive fundamentals remain sound. On the other hand, the retail industry of Mainland China is shifting from a discount promotion model to a value-based consumption model, which has been receiving support from the Chinese government, so as to further unfold the consumption potential of Mainland China. Even though the current consumer confidence will take some time to be rebuilt, the Group maintains a cautiously optimistic outlook on the medium-to-long-term prospects of China's retail market, firmly believing that growth potential of the current market will gradually expand.

The Group will remain steadfast in driving its business development with a proactive and cautious approach, progressing steadily while maintaining prudent operations during this interim transition phase. The Group also insists on its brand philosophy: “develop our brand with heart, craft our product with integrity, serve our customers with honesty”, improving the craftsmanship and comfort of its products, maintaining its relentless pursuit of quality while keeping up with market trends and the personalised needs of customers. The Group will closely monitor policy developments in China and other countries, as well as rapidly changing consumer trends, and implement various operational and administrative marketing strategies. The Group will continue to strengthen its sales and distribution management, optimise the supply chain and streamline its organisational structure to comprehensively enhance business resilience and adaptability.

In terms of brand promotion, the Group will successively seek collaborations with celebrities and influencers with fashion influence. By leveraging on social media matrix, the Group could expand the brand buzz and market presence, precisely reach its target audience, enhance its youthful brand image and market appeal, and expand its customer base with its elevated brand value, thereby driving future sales growth. The Group will also launch a brand’s annual event to mark its 48th anniversary, which will deepen engagement with customers and strengthen emotional connections to help solidify brand loyalty of customers. At the same time, the Group will customise holiday-themed gifts for customers as tokens of appreciation, enhancing their overall experience. In addition, the Group will be actively building its brand and showcasing its brand image through its flagship stores, thereby attracting franchisees to partner with the Group. This collaboration will enable both parties to effectively explore new markets and expand market coverage, achieving a mutually beneficial collaboration.

In terms of internal operation, the Group will continue to prioritise selecting suppliers with excellent production capabilities while also focusing on enhancing quality control over their finished products to raise consumer confidence in the quality of le saunda’s products. Regarding strategies for offline sales channels, the Group will continue to evaluate the effectiveness of existing physical stores, focusing on strengthening the role of flagship stores so as to enhance offline sales services, respond flexibly to market evolution and meet customers' diverse needs. To align with the optimisation of its store network and operational structure, the Group is actively streamlining regional functions while centralising headquarters management. This initiative will accelerate decision-making processes, enhances overall operational efficiency and enable more agile responses to market changes. Furthermore, centralised functional management will help reducing redundant positions and avoid resource dispersion. While maintaining effective internal controls, it expands employees' scope of duties to enhance departmental execution, stimulate innovation and foster a sense of responsibility among employees.

Leveraging on the Group’s 48 years of experience in footwear retail, the Group will focus on providing products with high quality, great style and exquisite craftsmanship, and be committed to bringing greater brand value to our customers. It is believed that despite the challenging business environment, the Group will still remain united to demonstrate the core value of its brand and move forward steadily, so as to consolidate the brand’s position in the female footwear market in Mainland China.

PLEDGE OF ASSETS

As at 31 August 2025, the Group had no pledge of assets (28 February 2025: Nil).

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 RMB92,000,000 (28 February 2025: RMB111,500,000), of which no credit amount was utilised as at 31 August 2025 (28 February 2025: Nil).

INTERIM DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 31 August 2025 (2024: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 August 2025, the Group had a staff force of 379 people (28 February 2025: 595 people) out of which, 10 were based in Hong Kong and 369 were based in Mainland China. The remuneration level of the Group's employees was in line with market trends and commensurate to the level 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 six months ended 31 August 2025, including Directors' emoluments and net pension contributions, amounted to RMB40,200,000 (2024/25: RMB59,300,000). 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 six months ended 31 August 2025.

AUDIT COMMITTEE

As at 31 August 2025 and up to the date of this announcement, the audit committee of the Board (the "Audit Committee") 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. 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 policies 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 this announcement, which was prepared based on (i) the accounting policies and practices adopted by the Group, and (ii) the unaudited condensed consolidated interim financial information for the six months ended 31 August 2025. After review and discussions, the Audit Committee recommended the Board to approve the unaudited condensed consolidated interim financial information for the six months ended 31 August 2025.

CORPORATE GOVERNANCE PRACTICES

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 shareholders of the Company (the “Shareholders”) and create value for the Shareholders.

During the period 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 deviation described below. Since October 2019, the position of Chief Executive Officer of the Company has been vacant. To ensure the roles of the Chairman and the Chief Executive Officer not to be performed by the same individual, while Mr. James Ngai, a non-executive Director, is the chairman, the responsibilities of the Chief Executive Officer for the conduct of the business of the Company have been taken up by executive Director of the Company, who has extensive knowledge of the Group’s operations and business issues, particularly on corporate strategy matters, that he can exercise the appropriate judgement and make proposal to the Board.

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 standards 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 the Directors, all Directors have confirmed that they have complied with the Code of Conduct and the requirements set out in the Model Code during the six months ended 31 August 2025 and up to the date of this announcement.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 31 August 2025 containing all the information required by the Listing Rules will be despatched to the Shareholders (if a 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 November 2025.

ACKNOWLEDGEMENT

On behalf of the Board, I would also like to take this opportunity to express my gratitude to all our staff for their dedication and hard work, plus my sincere appreciation to all customers, business partners and Shareholders for their continuing supports.

By Order of the Board
Le Saunda Holdings Limited
James Ngai
Chairman

Hong Kong, 27 October 2025

As at the date of this announcement, the Company's executive Director is Mr. Li Wing Yeung, Peter; 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.)