le saunda holdings ltd.

利 信 達 集 團 有 限 公 司

annual report 2011

(Stock Code : 738)

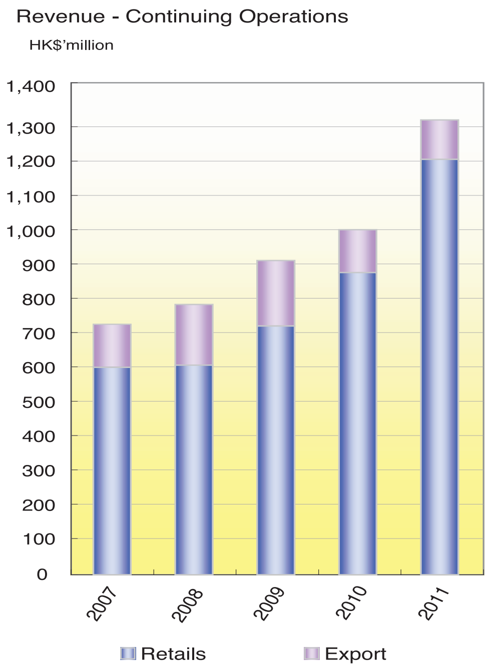
CONTENTS

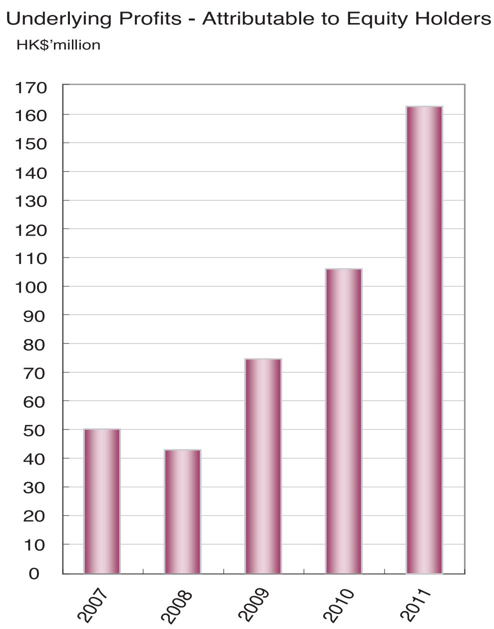
Note: All monetary values are expressed in Hong Kong Dollars unless stated otherwise.

FINANCIAL HIGHLIGHTS

	Year ended 28 February 2011 HK$m	Year ended 28 February 2010 HK$m	Change %
Profit and Loss Highlights			
Revenue	**1,319.9**	1,000.0	32.0
Underlying Profit Attributable to Equity Holders	**162.7**	106.0	53.5
Profit Attributable to Equity Holders	**168.5**	123.0	37.0
Basic Earnings per Share (HK Cents)	**26.36**	19.25	36.9
Dividend per Share (HK Cents)	**13.0**	10.0	30.0
Balance Sheet Highlights			
Total Equity	**1,054.2**	910.9	15.7
Net Cash Balances	**344.9**	285.3	20.9
Net Assets Value per Share (HK$)	**1.65**	1.42	16.2
Net Cash per Share (HK$)	**0.54**	0.45	20.0
Other Key Ratios			
Stock Turnover (Days)	**170**	148	
Quick Ratio (Times)	**2.1**	2.9	
Gearing Ratio (%)	**0.3**	—	

Note: Underlying profit is a performance indicator of the Group's core sale of footwear business. It is arrived at by excluding the share of profit of a jointly controlled entity, rental income, profit on disposal of investment properties, foreign exchange gain/losses, unrealised fair value changes on investments properties, available-for-sale financial assets and impairment loss for the amount due from available-for-sale financial assets from profit for the year attributable to equity holders of the Company.





EXECUTIVE DIRECTORS
Lee Tze Bun, Marces *(Chairman)*
Lau Shun Wai *(Chief Executive Officer)*
Wong Sau Han
Chu Tsui Lan
Wong Tai Chung, Kenneth
(resigned on 22 June 2010)
Chui Kwan Ho, Jacky *(Managing Director)*
(resigned on 1 September 2010)

INDEPENDENT NON-EXECUTIVE DIRECTORS
Lam Siu Lun, Simon
Leung Wai Ki, George
Hui Chi Kwan

NON-EXECUTIVE DIRECTOR
James Ngai
(appointed on 25 March 2011)

AUDIT COMMITTEE
Lam Siu Lun, Simon *(Chairman)*
Leung Wai Ki, George
Hui Chi Kwan

REMUNERATION COMMITTEE
Lam Siu Lun, Simon *(Chairman)*
Leung Wai Ki, George
Hui Chi Kwan
Lee Tze Bun, Marces

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY
Wong Tai Chung, Kenneth
(resigned on 22 June 2010)

COMPANY SECRETARY
Yuen Chee Wing
(appointed on 17 September 2010)

PRINCIPAL BANKERS
The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank (Asia) Corporation Limited
Standard Chartered Bank (HK) Limited

AUDITOR
PricewaterhouseCoopers
22/F Prince's Building
Central
Hong Kong

LEGAL ADVISERS
Wilkinson & Grist
6th Floor, Prince's Building
Chater Road
Hong Kong

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL OFFICE
17/F
1063 King's Road
Quarry Bay
Hong Kong

REGISTRAR (IN BERMUDA)
HSBC Securities Services (Bermuda) Limited
6 Front Street
Hamilton HM 11
Bermuda

REGISTRAR (IN HONG KONG)
Computershare Hong Kong Investor Services Limited
Units 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

LISTING INFORMATION
Listing: The Stock Exchange of Hong Kong Limited
Stock Code : 738
Board Size : 2,000 Shares

INVESTOR RELATIONS
Email address: ir@lesaunda.com.hk

WEBSITE ADDRESS
http://www.lesaunda.com.hk

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

2010/11 Interim Results Announcement	**27 October 2010**
Payment of 2010/11 Interim Dividends	**26 November 2010**
2010/11 Annual Results Announcement	**26 May 2011**
Closure of Register of Members (both days inclusive)	**15 - 18 July 2011**
Annual General Meeting	**18 July 2011**
Proposed Payment of 2010/11 Final Dividend	**26 July 2011**

SHAREHOLDER SERVICES

For enquiries about share transfer and registration, please contact the Company's Registrar:

Computershare Hong Kong Investor Services Limited.
17M Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Telephone : (852) 2862 8555
Facsimile : (852) 2865 0990

Holders of the Company's ordinary shares should notify the Registrar promptly of any change of their address.

INVESTOR RELATIONS

For enquiries relating to investor relations, please email to ir@lesaunda.com.hk or write to the Company at:

Le Saunda Holdings Limited
17/F
1063 King's Road
Quarry Bay, Hong Kong

Telephone : (852) 3678 3200
Facsimile : (852) 2554 9304

MAY TO SEPTEMBER 2010

1a

1b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1. Two retail outlets were opened in Tsimshatsui, the prime tourist spot in Hong Kong:
   a. Parklane Shopper's Boulevard Shop
   b. Haiphong Road Shop

2. A fashion show with a theme of "Jungle Fever" was held at the Atrium of Teemall, a prime shopping mall in Guangzhou in May 2010.

3. A fashion show themed at "City of Vogue" was held in Ito Yokado Shopping Mall, Chengdu in September 2010.

4. le saunda participated again in MICAM SHOEVENT in Milan, Italy, to showcase le saunda's products in September 2010 and March 2011, respectively.

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NOVEMBER TO DECEMBER 2010

1. Ms. Alice Lau, CEO of le saunda, won "The 5th Capital Leaders of Excellence 2010" presented by South China Media and Capital Magazine.

2. le saunda launched "Alpine Wonderland Fall/Winter 2010" fashion show at Harbour Grand Hotel Hong Kong, to present the new footwear and handbag collections.

3. With the opening of the new le saunda store in 北京國泰百貨通州店, Beijing in November 2010, the Group's number of stores in Mainland China exceeded 700 for the first time.

4. Phase I of the Gaoming production base was completed and its first production line commenced production in November 2010.

5. le saunda won the "2010 Service Retailer of the Year - Footwear Category" presented by Hong Kong Retail Management Association.

APRIL 2011

A fashion show themed at "SERA DI DUO" was held at Sky Theater, 1933 Old Millfun, Shanghai, displaying le saunda's Spring & Summer 2011 Collection and announcing the new brand launch of Linea Rosa.

DEAR SHAREHOLDERS,

On behalf of the Board of Directors ("the Board"), I am pleased to present the annual report of Le Saunda Holdings Limited ("Le Saunda" or "the Company") and its subsidiaries (together, "the Group") for the year ended 28 February 2011.

2010/11 was a thriving yet challenging year for the Group that resulted in fruitful returns. With positive retail sentiment and purchasing power turning more robust in Hong Kong and the PRC, the Group was able to tap into the opportunities provided by the market with its continuously expanding retail sales network, enhanced supply chain and inventory management system, and consolidated business strategies. For fiscal year 2010/11, the Group recorded consolidated revenue of HK$1.3 billion, a year-on-year increase of 32.0%. Consolidated profit attributable to equity holders of the Company rose to a record HK$168.5 million, a year-on-year increase of 37.0%. Our retail operations, in particular, witnessed strong growth during the year under review. Underlying profits from core businesses, which reflected the performance of the retail business in the fiscal year, grew 53.5% compared to the corresponding period of the previous year.

The Group has been worked tirelessly on various business aspects to enhance our operational efficiency and hence improve our profitability. In terms of retail network expansion, our store optimization program has continued to roll out in a prudent yet progressive manner. During the year under review, we continued to look for prime locations offering reasonable rental agreements to set up retail outlets in Hong Kong and the PRC that successfully extended our geographical coverage, while shutting down any underperforming stores. As at the end of fiscal year 2010/11, we had a network of 766 retail outlets in Hong Kong, Macau and the PRC, 198 more compared to the same time last year. Nevertheless, we are endeavoring to further expand in China and have set a target of having 1,000 outlets in operation by 2012.

Apart from putting our emphasis on network expansion, our team has strived to improve and upgrade our supply chain and inventory management system so as to enhance our operational efficiency and reduce our production lead time. Such initiatives included the continuous enhancement of our ERP inventory management system, the employment of professional experts in supply chain management to increase the relevant industry intelligence of the team, as well as improved merchandizing and transportation arrangements. With such efforts, we witnessed continuous optimization in our work flow, enabling us to respond to market trends more promptly. With quicker turnaround times for new products, we generally saw higher average selling prices and same-store sales across our different markets.

Innovative and trendsetting product offerings are essential assets of the Group, with the Group focusing abundant resources towards both product development and the enrichment of the product portfolio during the year under review. As a result, a brand new mid-to-high end women shoes label will be unveiled in the year to come, while new men's footwear collections adopting the latest Italian designs and materials are also in the pipeline. We believe that continuous enhancement in our design and development capabilities will enable us to tap into different markets and hence continue the impressive expansion of our market share. To maintain and boost our brand awareness, the Group invested hugely yet prudently in carrying out aggressive brand-building campaigns, as well as marketing and advertising initiatives, across the entire network during the year under review. In this endeavor, we held fashion shows with celebrities, and various road shows and exhibitions to showcase our latest product offerings.

In the past three years, the Group has demonstrated its ability to deliver steady and quality growth. Through hard work and perseverance we pushed through a series of strategic reforms to improve and optimize our operations. Some of the notable achievements include the turnaround and return to profitability of the CnE brand, the success of using factory outlets to handle off-season stock, the progressive expansion of our retail coverage and production capacity, the continuing uptrend in our margins and profitability. They are a testament to our work in the past years and we are now beginning to reap the rewards of our efforts. Although we see a challenging year ahead with uncertainties posed by potential inflation, increasing operating expenses, rising labour and rental costs, and changes in government policies, we still envision a promising future for the Group. We are confident that we will be able to overcome the challenges while taking full advantage of the opportunities ahead and thereby create greater value for our shareholders.

I would like to take this opportunity to extend my heartfelt appreciation to the Group's management and employees for their commitment and hard work over the years.

Lee Tze Bun, Marces
Chairman

Hong Kong, 26 May 2011

OVERVIEW

For the year ended 28 February 2011, the Group's consolidated revenue reached HK$1,319.9 million, which marked a solid growth of 32.0% compared to the corresponding period of the previous year. This growth was mainly attributable to a remarkable increase in retail sales generated by the China market. Consolidated gross profit jumped by 36.9% year-on-year to HK$829.8 million, while gross profit margin rose 2.3 percentage points to 62.9%. Gross profit margin increased as a result of higher margins driven by positive retail sentiment and strengthening purchasing power. Consolidated operating profit increased 33.5% year-on-year to HK$201.4 million while consolidated profit attributable to equity holders reached HK$168.5 million, a year-on-year increase of 37.0%. Underlying profit, which indicates the profitability of the Group's footwear business, also increased by a remarkable growth of 53.5% to HK$162.7 million.

OVERVIEW (CONTINUED)

The Board resolved to declare a final dividend of HK8.7 cents per ordinary share (2009/10: HK7.0 cents). Together with the interim dividend of HK4.3 cents (2009/10: HK3.0 cents), total dividend for fiscal year 2010/11 amounted to HK13.0 cents per ordinary share (2009/10: HK10.0 cents), a 30.0% increase from the previous year.

Note: Underlying profit is a performance indicator of the Group's core sale of footwear business. It is arrived at by excluding the share of profit of a jointly controlled entity, rental income, profit on disposal of investment properties, foreign exchange gain/losses, unrealised fair value changes on investment properties and available-for-sale financial assets and impairment loss for the amount due from available-for-sale financial assets from profit for the year attributable to equity holders of the Company.

BUSINESS REVIEW

Retail Operations and Sales Network

Retail operations continued to be the Group's major revenue contributor, accounting for 91.3% of consolidated revenue. The Group's total consolidated revenue for the retail segment increased by 37.7% year-on-year to HK$1,204.6 million, thanks to strong sales growth in Hong Kong, Macau and Mainland China. During the year under review, overall same store sales grew about 14%.

Consolidated Revenue	Year ended 28 February 2011 (HK$ Million)	% to Total	Year-on-year Growth (%)
Retail Operations:			
Mainland China	1,046.2	79.3	41.6
Hong Kong and Macau	158.4	12.0	16.7
Retail Sub-total	**1,204.6**	**91.3**	**37.7**
Export	**115.3**	**8.7**	**(8.1)**
Group's Total Revenue	**1,319.9**	**100.0**	**32.0**

During the year under review, the Group continued to expand its footprint nationwide to capture the market opportunities brought along by China's rapid urbanization and increasing purchasing power, particularly in the country's lower-tier cities. As at 28 February 2011, the Group had a network of 766 retail outlets in Hong Kong, Macau and Mainland China, 198 more than a year earlier.

BUSINESS REVIEW (CONTINUED)

Retail Operations and Sales Network (Continued)

	As at 28 February 2011		
Number of Outlets by Region	**Self-owned**	**Franchise**	**Total**
Mainland China	**569**	**182**	**751**
• Northern, Northern East & Northern West	106	118	224
• Eastern	176	12	188
• Central & Southern West	121	35	156
• Southern	166	17	183
Hong Kong and Macau	**15**	**—**	**15**
Total	**584**	**182**	**766**

Product Mix & Offerings

In terms of product mix, ladies' footwear remained the Group's major revenue driver by product category, achieving a year-on-year growth of 45.3% during the year under review. Men's footwear also grew by a remarkable 22.8% in revenue.

Product Category	**Year-on-year Growth %**	**Sales Mix %**
Ladies' footwear	45.3	76.6
Men's footwear	22.8	12.9
Ladies' handbags	15.1	10.5
Total		**100.0**

The Group stepped up its efforts and invested heavily in product development in a move to enrich its product portfolio during the reporting year. As a result, on top of our existing Le Saunda and CnE brands, the Group launched a new series of modern prestige men's footwear named "Itauomo", which from design, selection of materials to craftsmanship all employ Italian experts. Through this new series the Group hopes to enhance Le Saunda's brand image in the men's footwear market and tap the high end segment.

BUSINESS REVIEW (CONTINUED)

Geographical Review

Hong Kong and Macau

With improving retail sentiment and a notable increase in consumer spending, total revenue generated from Hong Kong and Macau reached HK$158.4 million, representing a year-on-year increase of 16.7%.

In view of the competitive operating environment in Hong Kong and Macau the Group has adopted flexible and responsive store optimization strategies to set up outlets in prime locations with reasonable rental costs. Amongst the 3 new retail outlets opened during the reporting year, one is located at Haiphong Road, Tsim Sha Tsui, one of the famous spots for tourists.

Apart from gaining a foothold in tourist districts, the Group also actively carried out a series of promotional activities and marketing campaigns to enhance our brand image and recognition. In March 2010, the Group staged a fashion show in Festival Walk, Kowloon Tong, where the Group has a retail outlet, to showcase its 2010 Spring/Summer collections. Another fashion show was held at Harbour Grand Hotel Hong Kong in November 2010 for the unveiling of the Group's 2010 Fall/Winter designs and product offerings. All the shows were performed by famous celebrities and top models while numerous celebrities also attended as honorable guests. As a result of Hong Kong's proximity to Mainland China, especially Southern China, the promotional activities and marketing campaigns in Hong Kong also spilled over the border where they had generated extra exposure for the brand.

BUSINESS REVIEW (CONTINUED)

Geographical Review (Continued)

Mainland China

Over 79% of the Group's turnover was generated from the PRC market. Benefiting from the fast-growing consumer market, the Group generated a total revenue of HK$1,046.2 million from Mainland China, representing an increase of 41.6% year-on-year. The CnE brand swung back to profitability in the fiscal year with a moderate profit. The revitalization of the CnE business, including the closing down of underperforming stores, will continue with the goal of successfully re-positioning it as a mid-end fashionable footwear brand while improving its competitiveness in the market.

The Group continued to expand its footprint during the reporting year by setting up more retail outlets and counters, particularly in second- and third-tier cities. The Group set up 195 self-owned outlets and 65 franchised outlets during the year and tapped into new markets such as Yixing, Xuzhou, Liuzhou, Nantong, Jingjiang and Guilin. As at 28 February 2011, the Group had a nationwide network of 569 self-owned outlets and 182 franchised outlets.

Meanwhile, the Group increased heavily its investment in marketing and advertising campaigns in Mainland China in a bid to maintain and enhance its nationwide brand exposure. They included the staging of various star-studded fashion shows, store opening events, road shows and extensive advertising campaigns across the country during the reporting year. Recently, the Group held a super fashion show at a chic location called "1933" in Shanghai to spotlight the 2011 Spring/Summer collections of Le Saunda's ladies and men's products and to introduce the new high-end brand Linea Rosa targeted at young and glamorous customers. Hong Kong pop star Ms. Miriam Yeung was one of the guest models of the event, which had generated much publicity in Mainland China and Hong Kong.

Export Business

The export market remained sluggish during the year under review as a result of weak demand from European countries. The Group's revenue in the OEM segment dropped 37.9% year-on-year. To cope with this decline, the Group is exploring the OBM market in order to make a push into overseas markets and establish Le Saunda as an international brand. Nevertheless, OEM and OBM orders as a whole represented less than 10% of total orders during the year under review and the Group expects no significant upside in this segment in the foreseeable future.

BUSINESS REVIEW (Continued)

Inventory & Supply Chain Management

As at 28 February 2011, the inventory balance was HK$386.9 million, up 58.0% from HK$244.9 million at the same date last year. A breakdown of the increase in inventory balance is as follows:

HK$ (million)	As at 28 February 2011	As at 28 February 2010	Increase in value	Year-on-year increase %
Raw materials and work-in-progress	106.9	68.2	38.7	56.7
Finished goods	280.0	176.7	103.3	58.5
Total	386.9	244.9	142.0	58.0

The increase in raw materials and work-in-progress inventory held by our manufacturing plants in Guangdong Province was mainly attributable to (i) the Group's policy of stocking up on basic materials in order to shorten production lead time and (ii) an increase in annual production by more than 20% during the year under review.

Our finished goods increased at a rate faster than our sales growth, and the Group had closely monitored the composition of the inventory. As at year end date, nearly 90% of the finished goods inventory was less than a year old. These inventories included next season items as our financial year end date falls on a period straddling of the current and next seasons. The continuous improvement in gross profit margin indicated that most of the inventories are popular items. As the Group has been growing rapidly in the past few years, keeping a relatively high inventory level is one of the ways for us to grasp the often fleeting sales opportunities in the market. As at 28 February 2011, the Group stock turnover days was 170 days (28 February 2010: 148 days).

The Group seeks to manage its stock in the early stage at the upstream of the value chain. The inventory level at the Group's production plants is optimized through continuous improvement in the supply chain, procurement and logistics arrangements. Upgrades to a more efficient ERP management system, recruiting logistic talents or engaging external consultant's assistance are also part of the enhancement program. On the shop level, an optimization process is in place to retire underperforming stores in order to maintain a healthy turnover of stock. Last but not the least, the Group also operated 31 factory outlets during the year under review to clear off-season items. This operation turned out to be profitable and had a stable and healthy margin. By taking these measures the Group is confident that it will sustain inventory at a healthier and more optimal level.

FINANCIAL REVIEW

Operating results

Revenue increased by 32.0% to HK$1,319.9 million (2009/10: HK$1,000.0 million). Although the Chinese government introduced a series of credit tightening and austerity measures in the latter half of 2010 to check the expansionary credit growth, continuing robust rebound of the Hong Kong economy in 2010 help the Group maintain its growth momentum in the second half of the fiscal year. In fact, the Group recorded a 33.8% growth in revenue in the second half of the fiscal year, 4.4% higher than the growth rate achieved in the first half.

Cost of sales increased by 24.5% to HK$490.1 million (2009/10: HK$393.7 million). During the year under review, materials cost on average increased by a moderate single-digit. With the appreciation of the RMB, the pressure from rising materials costs was partially offset, as major materials were mostly imported. Labour cost on average increased by a moderate double digit during the year under review. On one hand, rising wages affected all enterprises in the PRC without exception. On the other hand, an inflationary environment has made it easier for companies to pass the increased cost to consumers who already have high inflationary expectations and whose purchasing power has increased as a result of higher wages. Still, the Group is committed to keeping its operation lean and effective at all times and regards rising wages as an opportunity for making it even more efficient and competitive.

Other gains, net decreased by HK$13.4 million to HK$2.0 million in 2010/11 (2009/10: HK$15.4 million). The decrease was attributable to (i) a HK$5.6 million gain from the disposal of investment properties in previous fiscal year and (ii) net exchange loss of HK$1.2 million for the year ended 28 February 2011 compared to a net exchange gain of HK$5.1 million in previous year.

Selling and distribution costs increased by 37.0% to HK$471.7 million (2009/10: HK$344.2 million). The costs were mainly comprised of concessionaire fees and shop rentals, sales staff salaries and commissions, depreciation of shop fittings, advertising and promotional expenses and merchandise freight cost. The costs increased at a rate that outstripped the increase in sales because (i) there was a change in the business mix as export sales, which generally incur lower selling and distribution costs, accounted for only 8.7% of total revenue versus 12.5% in fiscal 2009/10; and (ii) it took time for the new stores to achieve operational efficiency as they incurred fixed costs such as salaries, depreciation of shop fittings and additional advertising and promotional expenses. In terms of sales ratio, selling and distribution costs accounted for 35.7% of revenue (2009/10: 34.4%)

FINANCIAL REVIEW (Continued)

Operating results (Continued)

General and administrative expenses increased by 23.9% to HK$160.6 million (2009/10: HK$129.6 million). In terms of sales ratio, general and administrative expenses was 12.2% of revenue (2009/10: 13.0%). The expenses consisted of mostly fixed costs and in theory they should drop as a percentage to sales as revenue increases. However, as the Group is undergoing a relatively fast expansion period and it has set up new facilities such as regional offices and warehouses, expenses were increased as a result and it will take time to achieve an optimal return.

Income tax expense increased by HK$13.4 million to HK$42.6 million (2009/10: HK$29.2 million) for the year under review while the effective tax rate increased marginally to 20.1% during the year versus 19.2% in fiscal 2009/10. All the PRC tax benefits enjoyed by the Group currently will expire by the end of 2011 and it is expected that the effective tax rate will gradually increase to close to 25%. For our Hong Kong business, the applicable tax rate is maintained at 16.5%.

Share of profit of a jointly controlled entity amounted to HK$8.6 million (2009/10: HK$0.4 million) during the year under review. This jointly controlled entity is principally engaged in property development business in the PRC. As at 28 February 2011, it had completed the project on hand and there was no plan to launch new projects. It is expected that the profit contributed by this jointly controlled entity will be insignificant in the coming years.

OUTLOOK

In its 12th five-year-plan, the Chinese Government included the "expansion of domestic demand" as one of its main development priorities. The implementation will speed up further the transition from an export-led economy to one that is led by domestic consumption. Continued urbanization and reforms in income distribution also will further support the rise of middle class in China. All these in the medium-to long-term are expected to have positive impacts on the fast-growing consumer market in China.

As such, the Group will continue to focus on growing our retail business in Mainland China, with a target of setting up a total of 1,000 outlets by August 2012. Geographically, in addition to developing the Pearl River Delta and Yangzi River Delta markets, the Group will allocate more resources to expand to other potentially promising markets such as Fujian, Liaoning, Yunnan, Hunan and Anhui provinces.

To meet the increasing demand of its retail business, the Group has expanded the scale of its production bases in Shunde and Gaoming. The new production base in Gaoming, equipped with a new production line, started pilot production in July 2010 to supplement Shunde's production capacity. The Gaoming plant has a maximum operating capacity of 3 production lines in total.

The plant in Shunde is undergoing a series of programs aimed at enhancing its operational efficiency on various fronts, including sample development, materials sourcing and purchasing, production planning, quality control and warehouse management. Experienced and knowledgeable industry professionals have been recruited to carry out the programs. The Group believes enhanced efficiency is the best defense against any negative impacts brought by rising labour and materials costs.

OUTLOOK (Continued)

Despite the many opportunities ahead, the Group expects 2011/12 to be a challenging year. Chief among these challenges are growing inflationary pressures and increasing operating expenses, plus an uncertain global economy and operating environment in China. High rental expenses for retail outlets also is a big challenge for us. Despite these challenges, the Group will continue to move forward its strategies of operational enhancement, and implement stringent cost control measures. We are well-placed to capture market opportunities and are well-equipped to overcome any challenges in the operating environment on the strength of our responsiveness to market changes and nimble operational strategies. By leveraging our competitive edges, we believe Le Saunda will be able to continue to achieve remarkable results and hence create greater value for our shareholders in the year ahead.

LIQUIDITY AND FINANCIAL RESOURCES

Liquidity Ratio

As at 28 February 2011, the Group's cash position remains strong and healthy with net cash balances of HK$348.4 million (28 February 2010: HK$285.3 million). Total equity is maintained at HK$1,054.2 million (28 February 2010: HK$910.9 million), along with a quick ratio of 2.1 times (28 February 2010: 2.9 times).

Capital Structure and Financial Resources of the Group

During the year ended 28 February 2011, the Group's cash and bank balances were in Hong Kong dollars, US dollars, Euro and Renminbi and were deposited in leading banks with maturity dates falling within one year. The Group borrows HK$3.5 million (28 February 2010: HK$Nil) bank loans during the year under review. The Group's gearing ratio is 0.3% (28 February 2010: Nil) calculated on the basis of bank borrowings of HK$3.5 million over total equity of HK$1,054.2 million. Forward contracts will be used, if necessary, for hedging of purchases from overseas, related debts and bank borrowings. The Group did not enter into any forward contract to hedge its foreign exchange risk during the year. In addition, working capital requirements for business operations in Mainland China will be financed, if necessary, by local bank loans, denominated in Renminbi.

Based on the Group's steady cash inflow from operations and coupled with its existing cash and bank facilities, the Group has adequate financial resources to fund its future expansion.

Pledge of Assets

As at 28 February 2011, bank deposit of HK$2.2 million (28 February 2010: HK$1.7 million) have been pledged as rental deposits for certain subsidiaries of the Group.

DIVIDEND

The Directors declared an interim dividend of HK4.3 cents (2010: HK3.0 cents) per ordinary share in respect of the year ended 28 February 2011.

The Directors recommend the payment of a final dividend of HK8.7 cents (2010: HK7.0 cents) per ordinary share for the year ended 28 February 2011.

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 HK$120.0 million (2010: HK$50.0 million) of which HK$19.0 million (2010: HK$20.4 million) was utilised as at 28 February 2011.

EMPLOYEES AND REMUNERATION POLICIES

As at 28 February 2011, the Group had a staff force of 5,072 people (28 February 2010: 3,970 people). Of this, 168 were based in Hong Kong and 4,904 in Mainland China. The remuneration of employees was in line with the market trend and commensurable to the level of pay in the industry. Remuneration of the Group's employees comprised basic salaries, bonuses and long-term incentives. Total staff costs for the year ended 28 February 2011, including Directors' emoluments and net pension contributions, amounted to HK$269.2 million (2010: HK$197.8 million). The Group has all along organized structured and diversified training programmes for staff of different levels. Outside consultants would be invited to broaden the contents of the programmes. (Note: The basis of determining the directors' emoluments are set out in the Corporate Governance Report on pages 34 and 35 and the particulars are set out in notes 9 and 10 to the Consolidated Financial Statements pursuant to Appendix 16 of the Listing Rules)

EXECUTIVE DIRECTORS

Lee Tze Bun, Marces, aged 77, is executive Director, founder of the Group and Chairman of the Company. With more than 32 years of experience in the shoes retailing business, Mr. Lee has a strong, established and extensive business relation with a vast range of shoe suppliers in Italy. Mr. Lee is the winner of the "Owner-Operator Award" at the DHL/SCMP Hong Kong Business Awards 2009. He is responsible for the Group's leadership and management of the Board and the Group's strategy.

Lau Shun Wai, aged 40, is executive Director and chief executive officer of the Group. She first joined the Group in 1992 and has over 17 years of experience in retailing, merchandising and marketing in both Hong Kong and Mainland China markets. She holds a master's degree in business administration (financial management) from The University of Hull in the United Kingdom, an Honours Diploma in marketing from Lingnan College in Hong Kong and a diploma in marketing from The Chartered Institute of Marketing in the United Kingdom. She left the Group in August 2004 and then served as deputy director of the retail operations of Moiselle International Holdings Limited. Ms. Lau re-joined the Group in February 2007. She is responsible for the Group's operations and development and implementing the Group's strategies, especially in monitoring the Group's product development, merchandising, marketing and shop and brand image.

Wong Sau Han, aged 51, is executive Director and Head of Human Resources and General Affairs of the Group. She first joined the Group in 1989 and was appointed as an executive Director of the Group in March 1998. Ms. Wong has over 28 years of professional experience in human resources management for Hong Kong and Mainland China operations, of which the past 18 years were in the retail industry. She holds a master's degree in human resources management from Salford University in the United Kingdom. She left the Group in November 2001 and re-joined the Group in January 2008. Prior to re-joining the Group, Ms. Wong was the vice president of human resources of Sa Sa International Holdings Limited, a company whose securities are listed on The Stock Exchange of Hong Kong Limited. She is responsible for the Group's human resources, training and development, warehouse and administration functions.

Chu Tsui Lan, aged 41, is executive Director and general manager, China of the Group. She joined the Group in 1992. She has over 19 years of retail experience in Hong Kong and Mainland China. She is responsible for the Group's retail and franchise business operations and development in Mainland China.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lam Siu Lun, Simon, aged 61, joined the Group in January 2006. Mr. Lam graduated from the University of Hong Kong in 1973. After graduation, he worked at KPMG London and Hong Kong and obtained his qualification as a chartered accountant and certified public accountant from the Institute of Chartered Accountants in England and Wales and The Hong Kong Institute of Certified Public Accountants respectively. Mr. Lam has been a practising accountant for over 21 years and is the proprietor of Messrs. S. L. Lam & Company. He has served as a member of the Insider Dealing Tribunal on a number of occasions. Mr. Lam is an independent non-executive Director of Lifestyle International Holdings Limited and Kiu Hung Energy Holdings Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

Leung Wai Ki, George, aged 52, joined the Group in September 2004, Mr. Leung has over 23 years of experience in accounting, financial management, auditing and receivership. Mr. Leung is acting as director and financial controller of a real estate development company in Hong Kong.

Hui Chi Kwan, aged 62, joined the Group in November 2007. Mr. Hui has been a solicitor practising in Hong Kong since 1983. He graduated from the University of Hong Kong with a Bachelor degree in laws in 1980. Before joining the Group, Mr. Hui was a partner of a law firm in Hong Kong. He retired from the partnership in 2007 and remained as a consultant of the said law firm.

NON-EXECUTIVE DIRECTOR

James Ngai, aged 48, joined the Group in March 2011. He is a Certified Public Accountant (Practising) in Hong Kong and a member of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants. He is also a fellow member of the Taxation Institute of Hong Kong. Mr. Ngai graduated from the University of Toronto with a Bachelor Degree in Economics. He has over 20 years of experience in accounting, auditing and taxation matters. Mr. Ngai is the director of James Ngai & Partners CPA Limited, which provides advisory and audit services to private companies owned by Mr. Lee Tze Bun, Marces, Chairman of the Board.

SENIOR MANAGEMENT

Yuen Chee Wing, aged 45, joined the Group in August 2010 as Group Finance Director of the Group and acts as Company Secretary with effect from September 2010. Mr. Yuen graduated from the City University of Hong Kong with a bachelor degree in Business, Chinese University of Hong Kong with a master degree in Business Administration, and Manchester Metropolitan University with a bachelor degree in Laws. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. He has over 16 years of experience in audit and accounting. Prior to joining the Group, Mr. Yuen was the financial controller of a machinery manufacturer listed in Hong Kong. He is responsible for the Group's financial control and accounting, treasury, tax, legal and secretarial, investor relations as well as information technology functions.

Mak Ping Fai, aged 45, holds a bachelor degree in business administration. He joined the Group in 1992. Mr. Mak serves as human resources Director and is responsible for the Group's human resources and training functions.

Ho King Wing, aged 48, joined the Group in 1996. He has over 24 years of experience in shoes production management. Mr. Ho serves as production director of Shunde factory and is responsible for manufacturing management and monitoring the quality of products.

SENIOR MANAGEMENT (CONTINUED)

An You Ying, aged 41, holds a master degree in business administration from Dong Hua University in Shanghai, China. She joined the Group in 1997. Ms. An is the general manager, China (business operations) of the Group. She has over 14 years of retail experience in Mainland China and is responsible for the Group's retail business operations in the regions in North Changjiang River of Mainland China.

Li Jing Bo, aged 41, graduated from Wuhan University and majored in public relations. Mr. Li is the general manager, China (business development and men shoes) of the Group. He first joined the Group in 1992 and left in October 2001. He re-joined the Group in June 2008. He has over 19 years of experience in business development and retail management in Mainland China. He is responsible for the Group's business development and men shoes business in Mainland China.

Lai Siu Ying, Sylvia, aged 42, holds a bachelor degree of applied arts in fashion merchandising retail management from Ryerson Polytechnic University in Canada. She joined the Group in 1998. Ms. Lai serves as deputy product director of the Group and is responsible for monitoring all ladies shoes and handbag products of the Group.

The Group continues to commit itself to maintaining a high standard of corporate governance with an emphasis on enhancing transparency and accountability and ensuring the application of these principles within the Group and thereby, enhancing shareholder value and benefiting our stakeholders at large.

During the year under review, the Company has complied with the provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

The Board is pleased to present the following key corporate governance principles and practices under the Code as implemented by the Group for the year ended 28 February 2011:

A. DIRECTORS

A1 The Board

Code Principle
The board should assume responsibility for leadership and control of the company and be responsible for directing and supervising the company's affairs.

Summary of Code provisions		Compliance	Corporate Governance Practices adopted by the Group
A1.1	The board should meet at least 4 times a year	√	Four Board meetings were held during the year under review.
A1.2	All directors should be given the opportunity to include matters in the agenda for regular board meetings.	√	Agenda for regular Board meetings are sent to all Directors in advance and that they are given opportunities with reasonable time to include relevant matters for discussion in the Board meetings.
A1.3	14 days' notice should be given for regular board meetings and reasonable notice should be given for other board meetings.	√	Timetable for regular Board meetings are scheduled at least 14 days in advance to facilitate and maximize the attendance and participation of Directors whilst reasonable notices are given for all other Board meetings.
A1.4	Directors should have access to the company secretary's advice and services.	√	Directors have direct access to the company secretary of the Company ("Secretary"). The Secretary is responsible for ensuring that the Board procedures and all applicable rules and regulations are complied with and advising the Board on corporate governance and compliance matters.

A. DIRECTORS (continued)

A1 The Board (continued)

Code Principle (continued)

Summary of Code provisions		Compliance	Corporate Governance Practices adopted by the Group
A1.5	Minutes of board meetings and committee meetings should be kept by secretary of the meeting and open for inspection by any director.	√	All minutes have been kept by the Secretary and are open for inspection upon reasonable notice by Directors.
A1.6	Minutes should be recorded in sufficient detail, including concerns raised and dissenting views, and that the draft and final versions of minutes should be sent to directors for comments and record.	√	Minutes of the Board meetings and Board committees meetings have been recorded in sufficient detail in respect of the matters considered by the Directors and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft versions of minutes were sent to all the relevant Directors for their comments and final versions were also sent to them for their record within a reasonable time.
A1.7	Upon reasonable request, there should be procedure agreed by the board to enable directors to seek independent professional advice at the company's expenses.	√	There are procedures to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expense.
A1.8	If a substantial shareholder/a director has conflict of interest in a material matter, the matter should be dealt with by board meeting with independent non-executive directors with no material interest present.	√	If a substantial shareholder of the Company or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would not be dealt with by way of circulation or by a committee but a Board meeting would be held, during which such Director must abstain from voting. Independent non-executive Directors who have no material interest in the transaction would be present at such Board meeting.

A. DIRECTORS (continued)

A1 The Board (continued)

Code Principle (continued)

The Directors' attendance at the Board and other Board committee meetings during the year under review is set out in the following table:-

Name of Directors	Board	Audit Committee	Remuneration Committee
Executive Directors			
Mr. LEE Tze Bun, Marces (Chairman)	3	N/A	0
Ms. LAU Shun Wai (Chief Executive Officer)	4	3 (Note 1)	N/A
Ms. WONG Sau Han	4	N/A	1 (Note 2)
Ms. CHU Tsui Lan	4	N/A	N/A
Ms. CHUI Kwan Ho, Jacky (Managing Director) (resigned on 1 September 2010)	1	N/A	N/A
Mr. WONG Tai Chung, Kenneth (resigned on 22 June 2010)	1	2 (Note 1)	N/A
Independent non-executive Directors			
Mr. LAM Siu Lun, Simon	4	3	3
Mr. LEUNG Wai Ki, George	4	3	3
Mr. HUI Chi Kwan	4	3	3
Total meetings held during the year under review	4	3	3

Note:

1. Ms. LAU Shun Wai and Mr. WONG Tai Chung, Kenneth attended the audit committee meetings as invitees.

2. Ms. WONG Sau Han attended the remuneration committee meeting as an invitee.

A. DIRECTORS (continued)

A2 Chairman and Chief Executive Officer

Code Principle

There should be a clear division of responsibilities between the management of the board and the day-to-day management of the company's business at the board level to ensure a balance of power and authority.

Summary of Code provisions		Compliance	Corporate Governance Practices adopted by the Group
A2.1	Roles of chairman and chief executive officer ("CEO") should be separate, clearly established and set out in writing.	√	The roles of Chairman and CEO are exercised by separate persons. Besides, power and authority are not concentrated in any one individual as responsibilities are also currently shared with the other two executive Directors and all major decisions are made in consultation with members of the Board and appropriate Board committees, as well as top management. There are three independent non-executive Directors and one non-executive Director (Mr. James Ngai, the non-executive Director was appointed with effect from 25 March 2011) on the Board offering independent and/or different perspectives. The Board is therefore of the view that there are adequate balance-of-power and safeguards in place at the Board level.
A2.2	The chairman should ensure that all directors are properly briefed on issues arising at board meetings.	√	The Chairman accepts his responsibility to ensure that major issues of the Company are addressed by the Board, and that these issues are presented in a manner which facilitates thorough discussion and resolution, and all Directors are properly briefed on issues arising at the Board meetings. The Chairman would also ensure that Directors could receive adequate information, which must be complete, reliable and in a timely manner.
A2.3	The chairman should ensure that directors receive adequate, complete and reliable information in a timely manner.	√	

A. DIRECTORS (continued)

A3 Board Composition

Code Principle

The board should have a balance of skills and experience appropriate for the requirements of the business of the company and shall include a balanced composition of executive and non-executive directors so that independent judgment can effectively be exercised.

Summary of Code provisions		Compliance	Corporate Governance Practices adopted by the Group
A3.1	Independent non-executive directors should be expressly identified as such in all corporate communications that disclose the names of directors of the company.	√	The independent non-executive Directors are expressly identified in all corporate communications that disclose the names of the Directors.

The Board is consisted of a total of nine Directors during the year under review, including six executive Directors, namely Mr. LEE Tze Bun, Marces, Ms. LAU Shun Wai, Ms. WONG Sau Han, Ms. CHU Tsui Lan, Ms. Chui Kwan Ho, Jacky (resigned on 1 September 2010) and Mr. Wong Tai Chung, Kenneth (resigned on 22 June 2010) and three independent non-executive Directors, namely Mr. LAM Siu Lun, Simon, Mr. LEUNG Wai Ki, George and Mr. HUI Chi Kwan. They offered diversified expertise and served to advise the Board and management on strategic development and provided checks and balances for safeguarding the interest of the shareholders and the Group as a whole. At least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The Company has received annual written confirmation from each of the independent non-executive Directors that they have met all the independence guidelines set out in Rule 3.13 of the Listing Rules.

Mr. James Ngai was also appointed as a non-executive Director with effect from 25 March 2011. The Board therefore currently consists of four executive Directors, one non-executive Director and three independent non-executive Directors.

The Directors have no relationships (including financial, business, family or other material relationships) among themselves (except that Mr. James Ngai is the director of James Ngai & Partners CPA Limited, which provides advisory and audit services to private companies owned by Mr. Lee Tze Bun, Marces).

A. DIRECTORS (continued)

A4 Appointment, Re-election and Removal

Code Principle

There should be a formal, considered and transparent procedure for the appointment of new directors to the board and plans in place for orderly succession for appointments to the Board. All directors should be subject to re-election at regular intervals.

Summary of Code provisions		Compliance	Corporate Governance Practices adopted by the Group
A4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	√	All the non-executive Directors of the Company were appointed for a specific term, subject to re-election pursuant to the Bye-laws of the Company. Currently, the terms of appointment of Mr. Lam Siu Lun, Simon, Mr. Leung Wai Ki, George, Mr. Hui Chi Kwan and Mr. James Ngai, the non-executive Directors, are for 2 years.
A4.2	All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting; every director subject to retirement by rotation at least once every three years.	√	In accordance with the Bye-laws of the Company, all the Directors appointed to fill casual vacancy would be subject to election at the first general meeting after their appointment, and every Director would be subject to rotation at least once every three years.

The Chairman of the Board is responsible for making recommendations to the Board on the appointment of Directors, evaluation of Board composition and the management of Board succession. The Board carries out the process of selecting and recommending suitable candidates for directorship and the Board may engage external recruitment professionals when it considers appropriate.

In reviewing the suitability of a potential candidate, the Board considers various factors including but not limited to:-

(i) the skills, experience, expertise and personal qualities that will best complement the Board's effectiveness;

(ii) the capability of the candidate to devote the necessary time and commitment to the role and this involves consideration of matters such as other board or executive appointments of the candidate; and

(iii) potential conflicts of interests and independence of the candidate.

A. DIRECTORS (continued)

A4 Appointment, Re-election and Removal (continued)

Code Principle (continued)
In order to meet the needs of the Company and to enhance the competencies of the Board, the Chairman of the Board recommended to the Board the appointment of Mr. James Ngai as a non-executive Director during the year under review. In considering the recommendation, the Chairman and the Board had regard to the following factors:

– the background, experience, professional skills and personal qualities required to operate successfully in the position;

– the extent to which Mr. Ngai was likely to contribute to the overall effectiveness of the Board and work constructively with the existing Directors;

– the skills and experience that Mr. Ngai would bring to the role and how they would enhance the skill sets and experience of the Board as a whole; and

– the time commitment required from a Director to actively discharge his duties to the Company.

Two Board meetings were held in relation to the appointment or removal of Directors during the year under review. The Board reviewed and considered at the relevant Board meetings the resignation of Mr. Wong Tai Chung, Kenneth and Ms. Chui Kwan Ho, Jacky as executive Directors with effect from 22 June and 1 September 2010 respectively, whose resignation were subsequently approved by the Board.

The Directors' attendance at the said meetings are set out in the following table:-

Name of Directors	Attendance
Executive Directors	
Mr. LEE Tze Bun, Marces	1
Ms. LAU Shun Wai	2
Ms. WONG Sau Han	2
Ms. CHU Tsui Lan	2
Ms. CHUI Kwan Ho, Jacky (resigned on 1 September 2010)	1
Mr. WONG Tai Chung, Kenneth (resigned on 22 June 2010)	N/A
Independent non-executive Directors	
Mr. LAM Siu Lun , Simon	0
Mr. LEUNG Wai Ki, George	0
Mr. HUI Chi Kwan	0
Total meetings held	2

The Board also discussed the appointment of and appointed Mr. Ngai as a non-executive Director of the Company in the Board Meeting held on 25 March 2011.

The Company will consider establishing a nomination committee to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes.

A. DIRECTORS (continued)

A5 Responsibilities of Directors

Code Principle

All directors (including non-executive directors) are required to keep abreast of their responsibilities as a director of a company and of the conduct, business activities and development of the company.

Summary of Code provisions		Compliance	Corporate Governance Practices adopted by the Group
A5.1	Every newly appointed director should receive a comprehensive, formal and tailored induction, as well as subsequent briefing and professional development as is necessary.	√	A tailored induction would be provided to familiarize the newly appointed Director with the Company's business operations and financial positions, his/her responsibilities under statute and common law, the Listing Rules, applicable legal and other regulatory requirements.
A5.2	Functions of non-executive directors should include those as set out in Code provision A5.2 of the Code.	√	The non-executive Directors would seek guidance and direction from the Chairman, the CEO and executive Directors on the future business direction and strategic plans in order to gain a comprehensive understanding of the business of the Company to facilitate their exercise of independent judgment. The non-executive Directors also reviewed the financial information and operational performance of the Group on a regular basis. The non-executive Directors also served on governance committees if invited during the year.
A5.3	Directors should give sufficient time and attention to company's affairs.	√	Directors accept their responsibilities to give appropriate and sufficient time and attention to the Company's affairs.

A. DIRECTORS (continued)

A5 Responsibilities of Directors (continued)

Code Principle (continued)

Summary of Code provisions		Compliance	Corporate Governance Practices adopted by the Group
A5.4	Every director must comply with the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules.	√	The Company has adopted the Model Code as its own code for Directors' dealings in securities of the Company. Employees of the Group who are likely to be in possession of unpublished price-sensitive information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code. Having made specific enquiries of all Directors, the Company confirmed that each of the Directors has complied with the required standards during the year under review.

A. DIRECTORS (continued)

A6 Supply of and Access to Information

Code Principle

Directors should be provided in a timely manner with appropriate information so as to enable them to make an informed decision and to discharge their duties and responsibilities.

Summary of Code provisions		Compliance	Corporate Governance Practices adopted by the Group
A6.1	Agenda and accompanying board papers should be sent to directors at least 3 days before the intended date of a board meeting or committee meeting.	√	Board papers are circulated not less than 3 days before Board meetings or Board committee meetings.
A6.2	Management should supply the Board and its committees with adequate information in timely manner. Each director should have separate and independent access to the company's senior management.	√	The Secretary and Group Finance Director of the Company are in attendance at regular Board and Board committee meetings to advise on corporate governance, statutory compliance, accounting and financial matters. The Directors are encouraged to make further enquiries where they require more information than those volunteered by management for discharging their responsibilities. Senior management are from time to time brought into formal and informal contact with the Board at Board meetings and other events.
A6.3	All directors are entitled to have access to board papers and related materials.	√	Board papers and minutes are made available for inspection by the Directors and Board committee members. Where queries are raised by Directors, the Company responds as promptly and fully as possible.

B. THE REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

B1 Level and Make-up of Remuneration and Disclosure

Code Principle

A formal and transparent procedure should be established for setting policy on executive directors' remuneration and for fixing the remuneration packages for all directors. No director should be involved in deciding his own remuneration.

Summary of Code provisions		Compliance	Corporate Governance Practices adopted by the Group
B1.1	The company should establish remuneration committee, majority of which shall be independent non-executive directors.	√	Please refer to the section on page 35.
B1.2	Remuneration committee should consult the chairman and /or CEO about their proposal to the remuneration of other executive directors and have access to professional advice if considered necessary.	√	
B1.3	The terms of reference of the remuneration committee should include the duties as specified in the Code provision B.1.3 of the Code.	√	
B1.4	Remuneration committee should make available its terms of reference explaining its role and the authority delegated to it by the Board.	√	
B1.5	The remuneration committee should be provided with sufficient resources to discharge its duties.	√	

B. THE REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT (continued)

B1 Level and Make-up of Remuneration and Disclosure (continued)

Code Principle (continued)

The Board established the Remuneration Committee in 2005. There are four members currently, namely Mr. LEE Tze Bun, Marces, Mr. LAM Siu Lun, Simon, Mr. LEUNG Wai Ki, George and Mr. HUI Chi Kwan, the majority of which are independent non-executive Directors. The role and authorities of the committee, including those set out in Code provision B.1.3 of the Code, are clearly set out in its terms of reference which are available at the Company's website. Mr. LAM Siu Lun, Simon is the chairman of the Remuneration Committee.

The primary function of the Remuneration Committee is to make recommendations to the Board on the Group's policy and structure for remuneration of the Directors and senior management and to ensure that executive Directors and senior management could be retained and motivated by being fairly rewarded for their individual contribution to the Group's overall performance as measured against corporate objectives, having regard to the interests of shareholders. The principal duties include the revision of the terms of the remuneration packages of all Directors and senior management as well as reviewing and approving performance-based remuneration on the basis of their merit, qualification and competence by reference to corporate goals and objectives resolved by the Board from time to time.

The chairman of the Remuneration Committee will report the findings and recommendations of the Remuneration Committee to the Board. No Director or senior management or any of his associate will be involved in deciding his own remuneration.

During the year under review, the Remuneration Committee held three meetings. The Remuneration Committee has, among others, reviewed the remuneration of the executive Directors of the Company and approved performance-based remuneration by reference to corporate goals and objectives resolved by the Board and/or the management from time to time.

C. ACCOUNTABILITY AND AUDIT

C1 Financial Reporting

Code Principle

The board should present a balanced, clear and comprehensible assessment of the company's performance, position and prospects.

Summary of Code provisions		Compliance	Corporate Governance Practices adopted by the Group
C1.1	Management should provide information to the Board to enable the Board to make an informed assessment of financial situation.	√	The management provides explanation and information to the Board so as to enable the Board to make an informed assessment of the financial and other information submitted to the Board for approval.
C1.2	Directors should acknowledge responsibility for preparing accounts, on a going concern basis and there should be a statement by auditors about their reporting responsibilities in the auditors' report on the financial statements. The corporate governance report should contain sufficient information to enable investors to understand severity and significance of matters at hand if the directors are aware of material uncertainties that cast significant doubt on the company's ability to continue as a going concern.	√	Please refer to the section on page 37.

C. ACCOUNTABILITY AND AUDIT

C1 Financial Reporting (continued)

Code Principle (continued)

Summary of Code provisions		Compliance	Corporate Governance Practices adopted by the Group
C1.3	The Board should present a balanced, clear and understandable assessment including in the reports and disclosures required under the Listing Rules, and reports to regulators and to information required to be disclosed pursuant to statutory requirements.	√	Please refer to the section below.

The Directors acknowledge their responsibility for preparation of financial statements which give a true and fair view of the Group's state of affairs, the results and cash flow for the year.

With the assistance of the finance department which is under the supervision of the Group Finance Director of the Group, the Directors have ensured that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards. In preparing the financial statements for the year under review, the Directors have:

(i) approved the adoption of all applicable Hong Kong Financial Reporting Standards which are issued by the Hong Kong Institute of Certified Public Accountants;

(ii) selected suitable accounting policies and applied them on a consistent basis;

(iii) made judgments and estimates that are prudent, fair and reasonable; and

(iv) prepared the financial statements on a going concern basis.

The Independent Auditor's Report on pages 61 to 62 of this annual report has set out the reporting responsibilities of PricewaterhouseCoopers, the auditor of the Company.

C. ACCOUNTABILITY AND AUDIT (continued)

C1 Financial Reporting (continued)

Code Principle (continued)
The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and the Group and for taking reasonable steps for the prevention of fraud and other irregularities.

The Board recognizes the importance of good corporate governance and transparency and its accountability to shareholders. It has exercised due diligence to ensure that it has presented a balanced, clear and understandable assessment in annual and interim reports, other price-sensitive announcements and other financial disclosures of the Group as required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

C. ACCOUNTABILITY AND AUDIT (continued)

C2 Internal Controls

Code Principle

The Board should ensure that the company maintains sound and effective internal controls to safeguard the shareholders' investments and the Group's assets.

Summary of Code provisions		Compliance	Corporate Governance Practices adopted by the Group
C2.1	Directors should at least annually conduct a review on the effectiveness of the system of internal control by the group and state so in corporate governance report.	√	Please refer to the section below.
C2.2	The board should consider the adequacy of resources, qualifications and experience of staff of the company's accounting and financial reporting function, and their training programmes and budget in the annual review.	√	Adequacy of resources, qualifications and experience of the Group's accounting staff and financial reporting function, and their training programmes and budget are reviewed by the Board from time to time.

One of the Board's main areas of responsibility is the Group's system of internal controls. To this end, policies and procedures have been put in place (i) to safeguard assets against unauthorized use or disposition; (ii) to maintain proper accounting records; (iii) to enhance the reliability of financial reporting and (iv) to ensure compliance with applicable laws and regulations. Such policies and procedures are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage and minimize rather than eliminate the risk of failure in the Group's operational systems. The Group's internal control system includes the following major components and practices:

(i) An organizational and governance structure with defined responsibility and delegated authority;

(ii) Review of the operational results prior to being adopted;

(iii) Stringent policies and procedures for the appraisal, review and approval of major capital and recurrent expenditures;

C. ACCOUNTABILITY AND AUDIT (continued)

C2 Internal Controls (continued)

Code Principle (continued)

(iv) Regular report to the Board on operations results;

(v) Strict internal procedures and controls for the handling and dissemination of price sensitive information.

The Board has overall responsibility for maintaining a sound and effective system of internal control particularly in respect of the controls on financial, operational, compliance and risk management, to achieve the Group's business strategies and business operations.

The internal audit department of the Group is responsible for carrying out systematic and periodic independent reviews of all business units and subsidiaries in the Group on an ongoing basis. The department reports directly to the Chief Executive Officer and the Audit Committee and is independent of the Group's daily operations. Its objective is to ensure that all material controls, including financial, operational and compliance controls and risk management functions are in place and functioning effectively.

During the year under review, the internal audit department reviewed the effectiveness of the Company's system of internal control of selected key business processes in various locations. The review covered the financial, operational and compliance controls and risk management of such business processes. Findings and recommendations on internal control deficiencies were well communicated with management and action plans were developed by management to address the issues identified.

The Board is generally satisfied as to the effectiveness of the system of internal controls of the Company and its subsidiaries during the year under review.

C. ACCOUNTABILITY AND AUDIT (continued)

C3 Audit Committee

Code Principle

An audit committee should be established with clear terms of reference. The board should establish formal and transparent arrangements for considering how it applies the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors.

<table>
<tr><th colspan="2">Summary of Code provisions</th><th>Compliance</th><th>Corporate Governance Practices adopted by the Group</th></tr>
<tr><td>C3.1</td><td>Full minutes of audit committee should be kept and sent to all members of the audit committee for comments and record within a reasonable time.</td><td>√</td><td>Pursuant to its terms of reference, minutes of Audit Committee are kept by the Secretary and sent to all committee members within a reasonable time.</td></tr>
<tr><td>C3.2</td><td>A former partner of the Company's audit firm should not act as a member of the audit committee.</td><td>√</td><td>No member of the Audit Committee is a partner or former partner of or has financial interest in the existing auditing firm of the Company.</td></tr>
<tr><td>C3.3</td><td>The terms of reference of audit committee should include terms set out in Code provision C3.3 of the Code.</td><td>√</td><td rowspan="2">The terms of reference of the Audit Committee, which have included the role and authority delegated to it by the Board together with the terms set out in the Code provision C3.3 of the Code, are available at the Company's website and on request.</td></tr>
<tr><td>C3.4</td><td>Audit committee should make available its terms of reference explaining its role and the authority delegated to it by the board.</td><td>√</td></tr>
</table>

C. ACCOUNTABILITY AND AUDIT (continued)

C3 Audit Committee (continued)

Code Principle (continued)

Summary of Code provisions		Compliance	Corporate Governance Practices adopted by the Group
C3.5	Disclosure of any disagreement between the board and audit committee on selection, appointment, resignation or dismissal of external auditors. The Company should state the recommendation of the audit committee and reasons for taking a different view by the Board in corporate governance report.	√	The Audit Committee has recommended to the Board to re-appoint PricewaterhouseCoopers as the Company's external auditor subject to shareholder's approval at the forthcoming annual general meeting.
C3.6	Sufficient resources should be provided to the audit committee to discharge its duties.	√	Pursuant to its terms of reference, the Audit Committee has been provided with sufficient resources, including advice from professional firms to assist in the discharge of duties, if necessary.

The Board has established the Audit Committee with written terms of reference since 1999. To comply with the requirements under the Code, new terms of reference were adopted on 4 October 2005. The current members are Mr. LAM Siu Lun, Simon, Mr. LEUNG Wai Ki, George and Mr. HUI Chi Kwan, all of whom are independent non-executive Directors and at least one of whom possesses the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10 (2) of the Listing Rules. Mr. LAM Siu Lun, Simon is the chairman of the Audit Committee.

For the year ended 28 February 2011, the remuneration charged by the Group's principal auditor, PricewaterhouseCoopers, for the provision of audit services and non-audit services amounted to approximately HK$1,485,000 and HK$336,000 respectively. The non-audit services mainly related to tax advisory services. The Audit Committee is of the view that the auditor's independence was not affected by the provision of non-audit related services.

C. ACCOUNTABILITY AND AUDIT (continued)

C3 Audit Committee (continued)

Code Principle (continued)

The primary responsibilities of the Audit Committee include overseeing the relationship with the Company's external auditors, review of financial information of the Group, overseeing the Group's financial reporting system, internal control procedures and risk management and making relevant recommendations to the Board.

Three Audit Committee meetings were held during the year under review and the Chief Financial Officer/Group Finance Director, other members of the senior management team and the external auditors of the Company were invited to join the discussion at the meetings. The following is a summary of work performed by the Audit Committee during the year under review:

(i) review the annual budget of the Group and the Group's performance against budget;

(ii) review the effectiveness of the audit process in accordance with the applicable standards;

(iii) review the draft interim and annual financial statements and related draft results announcements and documents including the external auditors' reports and other documents produced by the external auditors;

(iv) review the independence of the external auditors and engagement of external audit for audit related services;

(v) review the internal audit annual plan by the internal audit department;

(vi) review the internal audit reports and updates by the internal audit department in respect of the Group's internal control system and procedures, its effectiveness and key risk areas;

(vii) review the change in accounting standards and assessment of potential impacts on the Group's financial statements; and

(viii) discuss the relevant issues including financial, operational and compliance controls and risk management functions.

D DELEGATION BY THE BOARD

D1 Management Functions

Code Principle

A company should have a formal schedule of matters specifically reserved to the board for its decision. The board should give clear directions to management as to the matters that must be approved by the board before decisions are made on behalf of the company.

<table>
<tr><th colspan="2">Summary of Code provisions</th><th>Compliance</th><th>Corporate Governance Practices adopted by the Group</th></tr>
<tr><td>D1.1</td><td>Board must give clear directions as to powers of management, particularly on matters requiring reporting back to and prior approval from the board.</td><td>√</td><td rowspan="2">Please refer to the section below.</td></tr>
<tr><td>D1.2</td><td>Company should formalize functions reserved to the board and functions delegated to management.</td><td>√</td></tr>
</table>

In order to have a clear principle and guideline in relation to the matters specifically reserved to the Board for decisions, functions between the Board and the management are formalized. The Board established a written guideline at the Board meeting on 4 October 2005 which determined those issues that required a decision of the Board and those that were delegated to the management. The guideline is reviewed by the Board on a regular basis and has been delivered to the managerial staff of the Group. Matters reserved to the Board for decision include the establishment and implementation of corporate strategy, significant financial and legal commitments, material asset acquisition or disposal, the change of share capital, the approval of financial reporting, budgeting, management succession and communication with shareholders.

The management is responsible for the day-to-day running of the Group. Major corporate matters that are specifically delegated by the Board to the management include the preparation of financial statements for Board approval before publishing, execution of business strategies and initiatives adopted by the Board, implementation of internal controls and risk management procedures, and compliance with relevant statutory requirements, rules and regulations.

D DELEGATION BY THE BOARD (CONTINUED)

D2 Board Committees

Code Principle

Board committees should be formed with specific written terms of reference which deal clearly with the committees' authority and duties.

Summary of Code provisions		Compliance	Corporate Governance Practices adopted by the Group
D2.1	Board committees should have clear terms of reference to enable such committees to discharge their functions properly.	√	Please refer to terms of reference of the Audit Committee and Remuneration Committee of the Company. The Audit Committee and Remuneration Committee are required to report to the Board their decisions under the respective terms of reference.
D2.2	Terms of reference of board committees should require such committees to report their decisions to the board.	√	

E COMMUNICATION WITH SHAREHOLDERS

E1 Effective Communication

Code Principle

The board should endeavor to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.

Summary of Code provisions		Compliance	Corporate Governance Practices adopted by the Group
E1.1	A separate resolution at a general meeting on each substantially separate issue should be proposed by the chairman of that meeting.	√	Separate resolutions are proposed at the general meeting on each substantially separate issues, including election of individual Directors.
E1.2	Chairman of the board should attend AGM and arrange for chairman of audit, remuneration and nomination committees to attend and be available to answer questions.	√	The Chairman of the Board and the Board committees' members were present and available to answer question at the annual general meeting 2010 ("AGM 2010").
E1.3	Notice should be sent to shareholders at least 20 clear business days before AGM and at least 10 clear business days before other general meetings.	√	Notices were sent to shareholders at least 21 clear business days before the AGM 2010.

Investor Relations

The Company continues to promote and enhance investor relations and communications with potential investors. Communication channel has been established with media, analysts and fund managers via meetings and road shows. The management personnel responsible for investor relations held regular meetings with equity research analysts, fund managers and institutional shareholders and investors to keep them abreast of the Group's development. The Company believes that effective communication is essential for enhancing investor's understanding of the Group's performance and strategies. The Company will endeavour to continuously promote investor relations and communications so as to enable investors to have access to information on a timely basis which is reasonably required for making investment decisions.

E COMMUNICATION WITH SHAREHOLDERS (CONTINUED)

E1 Effective Communication (continued)

Code Principle (continued)

Shareholders' Rights

Shareholders are encouraged to attend the annual general meetings for which at least 21 clear days' notice is given. All shareholders have statutory rights to call for special general meetings and put forward agenda items for consideration by shareholders. The Chairman and/or Directors are available to answer questions on the Group's business at the meetings.

To foster effective communication with shareholders and investors, the Company is committed to providing clear and full performance information of the Group in its annual report, interim report, press interviews and press releases. In addition to dispatching circulars, notices, financial reports to shareholders, the Company also disseminates information relating to the Group and its business electronically through its website at www.lesaunda.com.hk.

E2 Voting by Poll

Code Principle

The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.

Summary of Code provisions		**Compliance**	**Corporate Governance Practices adopted by the Group**
E2.1	Chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders regarding voting by way of poll.	√	The Chairman of the Board duly performed the terms as set out in Code provision E2.1 of the Code in the AGM 2010. The Company's share registrar acted as scrutineer for the poll.

DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 28 February 2011.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 18 to the consolidated financial statements.

Details of the analysis of the Group's performance for the year by business and geographical segments is set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 28 February 2011 are set out in the consolidated income statements on page 63.

The Directors declared an interim dividend of HK4.3 cents (2010: HK3.0 cents) per ordinary share in respect of the year ended 28 February 2011, totaling approximately HK$27,488,000, which was paid on 26 November 2010.

The Directors recommend the payment of a final dividend of HK8.7 cents (2010: HK7.0 cents) per ordinary share, totaling approximately HK$55,620,000 in respect of the year ended 28 February 2011 (2010: HK$44,749,000).

SHARE CAPITAL

Details of the issued share capital of the Company during the year under review are set out in note 27 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

The five-year financial summary of the Group is set out on page 136 and 137 of this annual report. The summary does not form part of the audited financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year under review are set out in note 29 to the consolidated financial statements.

CORPORATE GOVERNANCE

The Group is committed to maintaining a high standard of corporate governance and has complied throughout the year under review with the code provisions of the Code on Corporate Governance Practice (the "Corporate Governance Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year under review are set out in note 16 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the principal investment properties held by the Group are set out on page 138.

DIRECTORS

The Directors during the year and up to the date of the report were :

Executive Directors

Lee Tze Bun, Marces *(Chairman)*
Lau Shun Wai *(Chief Executive Officer)*
Wong Sau Han
Chu Tsui Lan
Chui Kwan Ho, Jacky *(Managing Director) (resigned on 1 September 2010)*
Wong Tai Chung, Kenneth *(resigned on 22 June 2010)*

Independent Non-Executive Directors

Lam Siu Lun, Simon
Leung Wai Ki, George
Hui Chi Kwan

Non-Executive Director

James Ngai *(appointed on 25 March 2011)*

RE-ELECTION OF DIRECTORS

Mr. James Ngai was appointed as non-executive Director with effect from 25 March 2011. According to Bye-law 86(2) of the Company, he will hold office only until the next following annual general meeting of the Company and will then be eligible for re-election at that meeting. Accordingly, at the forthcoming annual general meeting, Mr. Ngai will retire and, being eligible, offer himself for re-election.

In accordance with Bye-law 87 of the Company, at the forthcoming annual general meeting, Mr. Lee Tze Bun, Marces, Mr. Leung Wai Ki, George and Ms. Chu Tsui Lan will retire by rotation and, being eligible, offer themselves for re-election.

INDEPENDENCE CONFIRMATION

The Company confirms that it has received from each of the independent non-executive Directors an annual confirmation of their respective independence pursuant to rule 3.13 of the Listing Rules and the Company considers that all the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation other than statutory compensation. The service contract of Mr. Leung Wai Ki, George as an independent non-executive Director is for a fixed term commencing on 1 November 2009 and ending on 31 October 2011, and the service contract of Mr. James Ngai as a non-executive Director was entered for two years as from 25 March 2011. None of the service contracts between the Company and the executive Directors proposed for re-election has a fixed term.

DIRECTORS' INTERESTS IN SECURITIES

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 28 February 2011, the interests and short positions of the Directors and chief executives of the Company in the shares of HK$0.10 each in the capital of the Company (the "Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows :

Long positions in Shares

	Number of Shares					
Name of Directors	Personal interests	Family interests	Corporate interests	Other interests	Total	Approximate percentage of the issued share capital of the Company
Mr. Lee Tze Bun, Marces ("Mr. Lee")	35,266,000	—	31,384,000 *(Notes 1 & 2)*	205,000,000 *(Note 3)*	271,650,000	42.49%
Ms. Lau Shun Wai ("Ms. Lau")	1,400,000	—	—	—	1,400,000	0.22%
Ms. Wong Sau Han ("Ms. Wong")	964,000	350,000	—	—	1,314,000	0.21% *(Note 4)*
Ms. Chu Tsui Lan ("Ms. Chu")	2,100,000	—	—	—	2,100,000	0.33%

DIRECTORS' INTERESTS IN SECURITIES (Continued)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (continued)

Long positions in shares in associated corporation of the Company

Name of associated corporation	Name of Director	Personal interests	Approximate percentage of the issued share capital of the associated corporation of the Company
L. S. Retailing Limited	Mr. Lee	20,000 non-voting deferred shares *(Note 5)*	100% (in respect of non-voting deferred shares)

Notes :

1. 30,000,000 Shares are held by Succex Limited, which is wholly owned by Mr. Lee. Therefore, Mr. Lee is deemed to be interested in those Shares.
2. 1,384,000 Shares are held by Xin Chuan Middle School Foundation Limited ("Xin Chuan"), of which Mr. Lee is a governor. Therefore, Mr. Lee is deemed to be interested in those Shares.
3. Stable Gain Holdings Limited ("Stable Gain") holds 205,000,000 Shares, representing approximately 32.07% of the issued share capital of the Company. The entire issued share capital of Stable Gain is registered in the name of First Advisory Trustees Ltd. ("First Advisory") as trustee of The Lee Keung Family Trust ("Lee Family Trust"), a discretionary trust, of which Mr. Lee is the founder and an eligible beneficiary thereunder. Therefore, First advisory and Mr. Lee are deemed to be interested in those Shares.
4. Ms. Wong personally holds 964,000 Shares. Together with 350,000 Shares owned by the husband of Ms. Wong in which Ms. Wong is deemed to be interested, Ms. Wong is interested in an aggregate of 1,314,000 Shares, representing approximately 0.21% of the issued share capital of the Company.
5. Mr. Lee beneficially owns 20,000 non-voting deferred shares in L. S. Retailing Limited, a wholly-owned subsidiary of the Company.

DIRECTORS' INTERESTS IN SECURITIES (Continued)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (continued)

Long positions in underlying shares and debentures of the Company

Share Option Scheme

At the special general meeting of the Company held on 22 July 2002, the shareholders of the Company approved the adoption of a share option scheme (the "Scheme") pursuant to Chapter 17 of the Listing Rules.

The purpose of the Scheme is to enable the board of Directors (the "Board") to grant options to selected eligible persons (as defined under the Scheme) as incentives or rewards for their contribution or potential contribution to the Group. The maximum number of Shares that may be issued upon exercise of all options to be granted under the Scheme shall not in aggregate exceed 10% of the Shares in issue as at the date of the shareholders' approval. The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share options schemes of the Company must not exceed 30% of the Shares in issue from time to time.

As at the date of this annual report, a total of 31,541,960 shares, which represents 4.93% of the issued share capital of the Company, are available for issue under the Scheme.

The maximum number of Shares issued and to be issued upon exercise of options granted under the Scheme and any other share option schemes of the Company to any eligible person (including cancelled, exercised and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of option in excess of such limit must be separately approved by Shareholders with such eligible person and his associates abstaining from voting.

An option may be exercised in accordance with the terms of the Scheme at any time during a period commencing on such date on or after the date on which the option is granted as the Board may determine in granting the option and expiring at the close of business on such date as the Board may determine in granting the option but in any event shall not exceed 10 years from the date of grant (which is the date of offer of grant if the offer for the grant of the option is accepted). The minimum period for which an option must be held before it can be exercised is determined by the Board upon the grant of an option.

The amount payable on acceptance of an option is HK$1.00. The full amount of the exercise price for the subscription of Shares must be paid upon exercise of an option.

DIRECTORS' INTERESTS IN SECURITIES (Continued)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (continued)

Long positions in underlying shares and debentures of the Company (continued)

Share Option Scheme (continued)

The option price per Share payable on the exercise of an option is to be determined by the Board provided always that it shall be at least the higher of : (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange for the date of offer of grant (which is deemed to be the date of grant if the offer for the grant of an option is accepted by the eligible person), which must be a business day; and (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of grant.

The Scheme will remain in force until 21 July 2012.

Pursuant to the Scheme, the Company granted share options to certain Directors and employees of the Company to subscribe for the Shares. The movements of the outstanding share options under the Scheme during the year are set out below:—

		Number of Shares					
Name or category of participant	Date of share options granted	Outstanding as at 1 March 2010	Exercised during the year	Cancelled during the year	Outstanding as at 28 February 2011	Exercise price per Share	Exercise period
	(Notes 1 & 2)		*(Note 3)*				
Employee in aggregate	16 January 2006	48,000	48,000	—	—	HK$0.87	7 March 2008 – 15 January 2016

Notes :

1. The vesting period of the above share options is from the date of the grant until the commencement of the exercise period.

2. The closing price of the Shares immediately before 16 January 2006 on which the share options was granted was HK$0.87 per Share.

3. The weighted average closing market price per Share immediately before the respective dates on which the share options were exercised was HK$3.53 per Share.

Save as disclosed above, as at 28 February 2011, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the interests disclosed under the heading "Directors' Interests in Securities" above, (a) at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and (b) none of the Directors or any of their spouses or children under 18 years of age had any right to subscribe for Shares or debt securities of the Company, or had exercised any such rights during the year under review.

SUBSTANTIAL SHAREHOLDERS

As at 28 February 2011, according to the register of interests in Shares and short positions of the Company required to be kept under section 336 of the SFO, the following persons or corporations (other than the Director or chief executive of the Company) had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in Shares

		Number of Shares				
Name	*Note*	Personal interests	Corporate interests	Other interests	Total	Approximate percentage of the issued share capita of thel Company
First Advisory	1	—	205,000,000	—	205,000,000	32.07%
Stable Gain	1	205,000,000	—	—	205,000,000	32.07%
Ms. Lee Wing Kam Rowena Jackie ("Ms. Lee")	2	6,350,000	—	50,000,000	56,350,000	8.81%
Ms. Chui Kwan Ho, Jacky ("Ms. Chui")	3	3,946,000	—	50,000,000	53,946,000	8.44%
Ms. Tsui Oi Kuen ("Ms. Tsui")	4	1,180,000	—	50,000,000	51,180,000	8.01%
Ms. Lee, Ms. Chui and Ms. Tsui as trustees of The Lee Keung Charitable Foundation ("the Charitable Foundation")	5	—	—	50,000,000	50,000,000	7.82%

SUBSTANTIAL SHAREHOLDERS (Continued)

Long positions in Shares (continued)

Notes :

1. Stable Gain holds 205,000,000 Shares, representing approximately 32.07% of the issued share capital of the Company. The entire issued share capital of Stable Gain is registered in the name of First Advisory as trustee of the Lee Family Trust. Therefore, First Advisory is deemed to be interested in those Shares.
2. Ms. Lee is interested in an aggregate of 56,350,000 Shares (comprising 6,350,000 Shares personal interests and the 50,000,000 Shares jointly held with Ms. Chui and Ms. Tsui as trustees of the Charitable Foundation), representing approximately 8.81% of the issued share capital of the Company.
3. Ms. Chui is interested in an aggregate of 53,946,000 Shares (comprising 3,946,000 Shares personal interests and the 50,000,000 Shares jointly held with Ms. Lee and Ms. Tsui as trustees of the Charitable Foundation), representing approximately 8.44% of the issued share capital of the Company.
4. Ms. Tsui is interested in an aggregate of 51,180,000 Shares (comprising 1,180,000 Shares personal interests and the 50,000,000 Shares jointly held with Ms. Lee and Ms. Chui as trustees of the Charitable Foundation), representing approximately 8.01% of the issued share capital of the Company.
5. Ms. Lee, Ms. Chui and Ms. Tsui jointly hold 50,000,000 Shares as trustees of the Charitable Foundation, representing 7.82% of the issued share capital of the Company.

Save as disclosed above, as at 28 February 2011, the Company has not been notified of any other person or corporation who had an interest directly or indirectly and/or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DIRECTORS' INTERESTS IN CONTRACTS

Except for the continuing connected transactions as detailed below, no contracts of significance in relation to the Group's business to which the Company, its subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

CONTINUING CONNECTED TRANSACTIONS

During the year under review, for the purposes of the Listing Rules, the Group has the following tenancy agreements entered into with the connected persons of the Company (as defined under the Listing Rules):

(1) Pursuant to a tenancy agreement dated 21 January 2009 ("Macau Lease") in respect of AR/C 2-A; 2-B; 2-C, Beco Da Arruda, 32 Rua de S. Domingos, Macau (the "Macau Premises") entered into between Mr. Lee, being the chairman, executive Director and the controlling shareholder (as defined under the Listing Rules) of the Company, and Le Saunda Calcado, Limitada ("Le Saunda Calcado"), an indirect wholly-owned subsidiary of the Company, Mr. Lee leased the Macau Premises to Le Saunda Calcado for a term of two years commencing on 1 March 2009 and ending on 28 February 2011. The amount payable by Le Saunda Calcado is the aggregate of (i) the rental of HK$1,560,000 per annum, payable in advance on a monthly basis in cash, and (ii) the property tax of HK$156,000 based on the annual rent and the current property tax rate of 10% (Note a), payable annually to the Government of Macau, an independent third party. The Macau Premises is used as "Le Saunda" retail shop of the Group.

The total amount of rent paid by the Group to Mr. Lee under the Macau Lease for the year ended 28 February 2011 was HK$1,560,000.

On 31 January 2011, Mr. Lee as landlord and Le Saunda Calcado as tenant entered into a renewal lease agreement in respect of the Macau Premises for a further two-years' term commencing on 1 March 2011 and ending on 28 February 2013. The amount payable by Le Saunda Calcado under the renewed lease is the aggregate of (i) the rental of HK$2,160,000 per annum, payable in advance on a monthly basis in cash; and (ii) the annual property tax of HK$216,000 based on the annual rent and the current property tax of 10% (Note a), payable to the Government of Macau, an independent third party.

Note a: Property tax rate has been reduced from 16% to 10% with effect from 1 January 2010.

(2) Pursuant to a tenancy agreement dated 9 October 2009 ("Guangzhou 3504 Lease") in respect of Units 3504, 35/F Metro Plaza, 183-187 Tian He North Road, Guangzhou, PRC（中國廣州天河區天河北路183-187號大都會廣場三十五樓3504單位）("Guangzhou Premises 3504") entered into between Genda Investment Limited ("Genda Investment"), which is indirectly wholly and beneficially owned by Mr. Lee and his associates, and Le Saunda Business (China) Limited（利信達商業（中國）有限公司）("Le Saunda Business"), an indirect wholly-owned subsidiary of the Company, Genda Investment leased the Guangzhou Premises 3504 to Le Saunda Business for the period commencing on 15 October 2009 and ending on 28 February 2011. The amount payable by Le Saunda Business was the aggregate of (i) the rent of RMB101,640 (equivalent to approximately HK$114,850) per annum, payable in advance on a monthly basis in cash and (ii) the management fee of RMB24,201 (equivalent to approximately HK$27,490) per annum, payable in cash on a monthly basis by Le Saunda Business to Guangzhou Metro Plaza Management Company Limited（廣州大都會廣場物業管理有限公司）, an independent third party. The Guangzhou Premises 3504 is used as office premises for the Group's operation in the PRC.

CONTINUING CONNECTED TRANSACTIONS (Continued)

The total amount of rent paid by the Group to Genda Investment under the Guangzhou 3504 Lease for the year ended 28 February 2011 was RMB101,640 (approximately HK$117,291).

On 31 January 2011, Genda Investment as landlord and Le Saunda Business as tenant entered into a renewal lease agreement in respect of the Guangzhou Premises 3504 for a further two-years' term commencing on 1 March 2011 and ending on 28 February 2013. The amount payable by Le Saunda Business under the renewed lease is the aggregate of (i) the rent of RMB111,324 (equivalent to approximately HK$131,307) per annum, payable in advance on a monthly basis in cash; and (ii) the management fee of RMB24,201 (equivalent to approximately HK$28,545) per annum, payable in cash on a monthly basis by Le Saunda Business to Guangzhou Metro Plaza Management Company Limited（廣州大都會廣場物業管理有限公司）, an independent third party.

(3) Pursuant to a tenancy agreement dated 21 January 2009 ("Guangzhou 30/F Lease") in respect of Units 3005-3009, 30/F Metro Plaza, 183-187 Tian He North Road, Guangzhou, PRC（中國廣州天河區天河北路183-187號大都會廣場三十樓3005-3009單位）("Guangzhou Premises 30/F") entered into between Super Billion Properties Limited ("Super Billion"), which is indirectly wholly and beneficially owned by Mr. Lee and his associates, and Le Saunda Business. Super Billion leased the Guangzhou Premises 30/F to Le Saunda Business for a term of two years commencing on 1 March 2009 and ending on 28 February 2011. The amount payable by Le Saunda Business is the aggregate of (i) the rental of RMB574,799 (equivalent to approximately HK$649,500) per annum, payable in advance on a monthly basis in cash; and (ii) the management fee of RMB136,857 (equivalent to approximately HK$154,600) per annum, payable in cash on a monthly basis by Le Saunda Business to Guangzhou Metro Plaza Management Company Limited（廣州大都會廣場物業管理有限公司）, an independent third party. The Guangzhou Premises 30/F is used as office premises for the Group's operation in the PRC.

The total amount of rent paid by the Group to Super Billion under the Guangzhou 30/F Lease for the year ended 28 February 2011 was RMB574,799 (approximately HK$663,307).

On 31 January 2011, Super Billion as landlord and Le Saunda Business as tenant entered into a renewal lease agreement in respect of the Guangzhou Premises 30/F for a further two-years' term commencing on 1 March 2011 and ending on 28 February 2013. The amount payable by Le Saunda Business under the renewed lease is the aggregate of (i) the rent of RMB629,543 (equivalent to approximately HK$742,546) per annum, payable in advance on a monthly basis in cash; and (ii) the management fee of RMB136,857 (equivalent to approximately HK$161,423) per annum, payable in cash on a monthly basis by Le Saunda Business to Guangzhou Metro Plaza Management Company Limited（廣州大都會廣場物業管理有限公司）, an independent third party.

CONTINUING CONNECTED TRANSACTIONS (Continued)

(4) Pursuant to a tenancy agreement dated 21 January 2009 ("Car Park Lease") in respect of the Car Park No.V06 on the ground floor of Hing Wai Centre, 7 Tin Wan Praya Road, Aberdeen, Hong Kong (the "Car Park V06") entered into between Prosper Hon Investment Limited ("Prosper Hon"), which is indirectly wholly and beneficially owned by Mr. Lee and his associates, and L. S. Retailing Limited ("L. S. Retailing"), an indirect wholly-owned subsidiary of the Company. Prosper Hon leased the Car Park V06 to L. S. Retailing for a term of two years commencing on 1 March 2009 and ending on 28 February 2011. The amount payable by L. S. Retailing under the Car Park Lease is HK$38,400 per annum (inclusive of management fee, government rent and rates), payable in advance on a monthly basis in cash. The Car Park V06 is used for parking a lorry of the Group.

The total amount of rent paid by the Group to Prosper Hon under the Car Park Lease for the year ended 28 February 2011 was HK$38,400.

On 31 January 2011, Prosper Hon as landlord and L. S. Retailing as tenant entered into a renewal lease agreement in respect of the Car Park V06 for a further two-years' term commencing on 1 March 2011 and ending on 28 February 2013. The amount payable by L. S. Retailing under the renewed lease for Car Park V06 is HK$38,400 per annum (inclusive of management fee, government rent and rates), payable in advance on a monthly basis in cash.

The aggregate rental paid by the Group to Mr. Lee, Genda Investment, Super Billion and Prosper Hon under the Macau Lease, Guangzhou 3504 Lease, Guangzhou 30/F Lease and Car Park Lease was HK$2,378,998 for the year ended 28 February 2011.

Mr. Lee is the chairman, executive Director and the controlling shareholder of the Company. Each of Mr. Lee and his associates (as defined under the Listing Rules) is a connected person of the Company; as such the above lease agreements (together "Lease Agreements 2011") constituted continuing connected transactions of the Company. Based on the maximum aggregate annual rental payable under the Lease Agreements 2011 of approximately HK$3,072,253 for each of the financial years of the Company ending 29 February 2012 and 28 February 2013, the Lease Agreements 2011 constitute continuing connected transactions of the Company that are exempt from independent shareholders' approval requirements but are subject to the reporting and announcement requirements of the Listing Rules.

Announcements were published regarding the above continuing connected transactions in accordance with the Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in so far as they are applicable.

CONTINUING CONNECTED TRANSACTIONS (Continued)

The Directors (including the independent non-executive Directors) have reviewed the above continuing connected transactions and confirmed that they have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms;

(3) in accordance with the relevant agreements entered into on terms which are fair and reasonable, and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group from page 56 to page 59 of the Annual Report in accordance with paragraph 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

RELATED PARTY TRANSACTIONS

Certain connected transactions which are significant are also disclosed as related party transactions (see note 33 to the consolidated financial statements).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is a sufficiency of public float of the Company's securities as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

The Company has not redeemed, and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year under review.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or exercised during the year under review.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 28 February 2011, the five largest customers of the Group together accounted for approximately 5.5% of the Group's total turnover, with the largest customer accounted for approximately 2.2% of the Group's total turnover. The aggregate purchases attributable to the Group's five largest suppliers was approximately 26.8% of the total purchase of the Group for the year ended 28 February 2011, with the largest supplier accounted for approximately 7.2% of the Group's total purchase. At no time during the year did any Director, any associate of a Director, or any shareholder of the Company, which to the best knowledge of the Directors owned more than 5% of the issued share capital of the Company, had any beneficial interests in the Group's five largest customers and suppliers mentioned above.

AUDITOR

PricewaterhouseCoopers retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company will be proposed at the forthcoming annual general meeting.

By Order of the Board
Lee Tze Bun, Marces
Chairman

Hong Kong, 26 May 2011

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF LE SAUNDA HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Le Saunda Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 63 to 135, which comprise the consolidated and company balance sheets as at 28 February 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

AUDITOR'S RESPONSIBILITY (CONTINUED)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 28 February 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 May 2011

	Note	Year ended 28 February 2011 HK$'000	2010 HK$'000
Revenue	5	**1,319,927**	1,000,018
Cost of sales	7	**(490,122)**	(393,727)
Gross profit		**829,805**	606,291
Other income	6	**1,807**	2,934
Other gains, net	6	**2,033**	15,415
Selling and distribution costs	7	**(471,709)**	(344,213)
General and administrative expenses	7	**(160,586)**	(129,619)
Operating profit		**201,350**	150,808
Finance income	8	**1,894**	975
Share of profit of a jointly controlled entity	19	**8,628**	386
Profit before income tax		**211,872**	152,169
Income tax expense	11	**(42,557)**	(29,167)
Profit for the year		**169,315**	123,002
Profit attributable to:			
– equity holders of the Company		**168,500**	123,002
– non-controlling interest		**815**	—
		169,315	123,002
Earnings per share attributable to the equity holders of the Company (express in HK cents)			
– Basic	13	**26.36**	19.25
– Diluted	13	**26.36**	19.25
Dividends	14	**83,108**	63,921

The notes on pages 70 to 135 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 28 February	
	2011	2010
	HK$'000	HK$'000
Profit for the year	**169,315**	123,002
Other comprehensive income for the year, net of tax		
Currency translation differences	**35,803**	2,944
Total comprehensive income for the year	**205,118**	125,946
Total comprehensive income for the year, attributable to:		
– equity holders of the Company	**203,980**	125,946
– non-controlling interest	**1,138**	—
	205,118	125,946

The notes on pages 70 to 135 are an integral part of these financial statements.

	Note	As at 28 February 2011 HK$'000	As at 28 February 2010 HK$'000 (Restated)	As at 1 March 2009 HK$'000 (Restated)
ASSETS				
Non-current assets				
Investment properties	15	**47,188**	43,964	100,893
Property, plant and equipment	16	**232,127**	218,990	203,718
Leasehold land and land use rights	17	**33,834**	34,226	35,014
Long-term deposits and prepayments		**10,388**	9,621	6,534
Interest in a jointly controlled entity	19	**48,592**	38,109	37,441
Interest in and amount due from an available-for-sale financial asset	20	**—**	4,553	22,381
Deferred tax assets	21	**37,861**	24,407	32,286
		409,990	373,870	438,267
Current assets				
Inventories	22	**386,888**	244,884	190,670
Trade and other receivables	23	**134,694**	141,257	107,025
Deposits and prepayments		**23,311**	19,394	22,340
Cash and bank balances	24	**348,365**	285,308	203,510
		893,258	690,843	523,545
Total assets		**1,303,248**	1,064,713	961,812

CONSOLIDATED BALANCE SHEET

	Note	As at 28 February 2011 HK$'000	As at 28 February 2010 HK$'000 (Restated)	As at 1 March 2009 HK$'000 (Restated)
EQUITY				
Capital and reserves attributable to the equity holders of the Company				
Share capital	27	**63,931**	63,926	63,906
Reserves				
Proposed final dividend	29	**55,620**	44,749	28,758
Others	29	**923,164**	802,257	740,082
		1,042,715	910,932	832,746
Non-controlling interest		**11,508**	—	—
Total equity		**1,054,223**	910,932	832,746
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	21	**14,201**	4,697	6,476
Current liabilities				
Trade payables and accruals	25	**169,436**	139,165	118,592
Amount due to a jointly controlled entity	19	**47,456**	—	1,016
Current income tax liabilities		**14,422**	9,919	2,982
Bank loans	26	**3,510**	—	—
		234,824	149,084	122,590
Total liabilities		**249,025**	153,781	129,066
Total equity and liabilities		**1,303,248**	1,064,713	961,812
Net current assets		**658,434**	541,759	400,955
Total assets less current liabilities		**1,068,424**	915,629	839,222

Lee Tze Bun, Marces
Director

Lau Shun Wai
Director

The notes on pages 70 to 135 are an integral part of these financial statements.

	Note	As at 28 February 2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries	18	**607,605**	588,678
Current assets			
Other receivables	23	**221**	225
Cash and bank balances	24	**1,580**	1,500
		1,801	1,725
Total assets		**609,406**	590,403
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	27	**63,931**	63,926
Reserves			
Proposed final dividend	29	**55,620**	44,749
Others	29	**489,382**	481,511
Total equity		**608,933**	590,186
LIABILITIES			
Current liabilities			
Accruals	25	**473**	217
Total liabilities		**473**	217
Total equity and liabilities		**609,406**	590,403
Net current assets		**1,328**	1,508
Total assets less current liabilities		**608,933**	590,186

Lee Tze Bun, Marces
Director

Lau Shun Wai
Director

The notes on pages 70 to 135 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company				
	Share capital HK$'000	Reserves HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Balance at 1 March 2009	63,906	768,840	832,746	—	832,746
Comprehensive income					
Profit for the year	—	123,002	123,002	—	123,002
Other comprehensive income					
Currency translation differences	—	2,944	2,944	—	2,944
Total comprehensive income for the year	—	125,946	125,946	—	125,946
Transactions with owners					
Share option scheme:					
– exercise of share options	20	154	174	—	174
Dividends	—	(47,934)	(47,934)	—	(47,934)
Total transactions with owners for the year	20	(47,780)	(47,760)	—	(47,760)
Balance at 28 February 2010	63,926	847,006	910,932	—	910,932
Balance at 1 March 2010	63,926	847,006	910,932	—	910,932
Comprehensive income					
Profit for the year	—	168,500	168,500	815	169,315
Other comprehensive income					
Currency translation differences	—	35,480	35,480	323	35,803
Total comprehensive income for the year	—	203,980	203,980	1,138	205,118
Transactions with owners					
Share option scheme:					
– exercise of share options	5	37	42	—	42
Dividends	—	(72,239)	(72,239)	—	(72,239)
Total transactions with owners for the year	5	(72,202)	(72,197)	—	(72,197)
Capital contribution from non-controlling interest	—	—	—	10,370	10,370
Balance at 28 February 2011	63,931	978,784	1,042,715	11,508	1,054,223

The notes on pages 70 to 135 are an integral part of these financial statements.

	Note	2011 HK$'000	2010 HK$'000
		Year ended 28 February	
Operating activities			
Net cash generated from continuing operations	32(a)	**191,589**	106,968
Hong Kong profits tax paid		**(884)**	—
Overseas taxation paid		**(41,419)**	(16,053)
Net cash generated from operating activities		**149,286**	90,915
Investing activities			
Interest received		**1,894**	975
Purchase of property, plant and equipment		**(48,778)**	(44,112)
Net cash flow arising from disposal of a subsidiary	32(b)	**(18)**	—
Proceeds from disposal of investment properties		**—**	67,232
Decrease/(increase) in term deposits (over 3 months)		**4,062**	(2,434)
(Increase)/decrease in pledged deposits		**(494)**	195
Decrease in amount due from available-for-sale financial asset		**—**	13,747
Net cash (used in)/generated from investing activities		**(43,334)**	35,603
Financing activities			
New short-term bank loans		**3,510**	—
Capital contribution from non-controlling interest		**10,370**	—
Issue of shares		**42**	174
Dividends paid		**(72,209)**	(47,982)
Net cash used in financing activities		**(58,287)**	(47,808)
Net increase in cash and cash equivalents		**47,665**	78,710
Effect of foreign exchange rate changes, net		**18,960**	849
Cash and cash equivalents at beginning of year		**277,995**	198,436
Cash and cash equivalents at end of year	24	**344,620**	277,995

The notes on pages 70 to 135 are an integral part of these financial statements.

1 GENERAL INFORMATION

Le Saunda Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in manufacturing and sales of shoes. The Group mainly operates in Hong Kong, Macau and 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 Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 26 May 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial asset.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The following revised or amended standards are mandatory for the first time for the financial year beginning 1 March 2010:

- HKAS 17 (amendment), 'Leases', removes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "leasehold land and land use rights", and amortised over the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

HKAS 17 (amendment) has been applied retrospectively for annual periods beginning 1 March 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 March 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified certain leasehold land from operating lease to finance lease.

The land interest of the Group that is held for own use is accounted for as property, plant and equipment and is depreciated from the land interest available for its intended use over the shorter of the useful life of the asset and the lease term.

The effect of the adoption of this amendment is as follows:

	28 February 2011 HK$'000	28 February 2010 HK$'000	1 March 2009 HK$'000
Increase in property, plant and equipment	**7,591**	7,800	8,009
Decrease in leasehold land and land use rights	**(7,591)**	(7,800)	(8,009)

	Year ended 28 February	
	2011 HK$'000	2010 HK$'000
Increase in depreciation of property, plant and equipment	**209**	209
Decrease in amortisation of leasehold land and land use rights	**(209)**	(209)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net asssets. All acquisition-related costs are expensed.

  HKAS 27 (revised) requires the effects of all transactions with non-controlling interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (revised) has had no impact on the current year, as the non-controlling interest does not have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interest.

The following new, revised or amended standards and interpretations are also mandatory for the first time for the financial year beginning 1 March 2010 but are either not relevant to the Group or have no significant impact on the Group's consolidated financial statements:

- HKAS 1 (amendment) — Presentation of financial statements[2]
- HKAS 7 (amendment) — Statement of cash flows[2]
- HKAS 32 (amendment) — Classification of rights issues[3]
- HKAS 36 (amendment) — Impairment of assets[2]
- HKAS 38 (amendment) — Intangible assets[2]
- HKAS 39 (amendment) — Financial instruments: Recognition and measurement[1]
- HKFRS 2 (amendment) — Group cash-settled share-based payment transactions[2]
- HKFRS 5 (amendment) — Non-current assets held for sale and discontinued operations[1,2]
- HKFRS 8 (amendment) — Operating segment[2]
- HK(IFRIC)-Int 9 (amendment) — Reassessment of embedded derivatives[1]
- HK(IFRIC)-Int 16 — Hedges of a net investment in a foreign operation[1]
- HK(IFRIC)-Int 17 — Distribution of non-cash assets to owners[1]
- HK(IFRIC)-Int 18 — Transfer of assets from customers[1]

1 Changes effective for annual periods beginning on or after 1 July 2009
2 Changes effective for annual periods beginning on or after 1 January 2010
3 Changes effective for annual periods beginning on or after 1 February 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

The following new, revised or amended standards and interpretations have been issued but are not effective for the financial year beginning 1 March 2010 and have not been early adopted:

- HKAS 12 (amendment) — Recovery of underlying assets[3]
- HKAS 24 (revised) — Related party transactions[2]
- HKFRS 9 — Financial instruments[4]
- HK(IFRIC)-Int 14 — Prepayments of a minimum funding requirement[2]
- HK(IFRIC)-Int 19 — Extinguishing financial liabilities with equity instruments[1]
- Improvements to HKFRSs 2010 issued in May 2010 by HKICPA[1,2]

1 Changes effective for annual periods beginning on or after 1 July 2010
2 Changes effective for annual periods beginning on or after 1 January 2011
3 Changes effective for annual periods beginning on or after 1 January 2012
4 Changes effective for annual periods beginning on or after 1 January 2013

The Group has already commenced an assessment of related impact of adopting the above new, revised or amended standards and interpretations to the Group. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the consolidated financial statements will be resulted.

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 28 February 2010 and 2011.

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (Continued)

(i) **Subsidiaries** (Continued)

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (Continued)

(ii) Transactions with non-controlling interest

The Group treats transactions with non-controlling interest as transactions with equity owners of the Group. For purchases from non-controlling interest, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(iii) Jointly controlled entity

A jointly controlled entity is a joint venture where the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity. Interest in a jointly controlled entity is accounted for using the equity method of accounting and is initially recognised at cost.

The Group's share of its jointly controlled entity's post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group or for sale in the ordinary course of business, is classified as investment property.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

Investment property is initially measured at cost, including related transaction costs.

After initial recognition, investment property is carried at fair value, representing open market value determined at each reporting date by external valuer. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement.

(d) Property, plant and equipment

Leasehold land classified as finance lease and all other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the consolidated income statement during the financial year in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (Continued)

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their costs over their estimated useful lives, at the following annual rates:

Leasehold land classified as finance lease	Over the lease period
Buildings	3-4% or over the lease period, whichever is shorter
Leasehold improvements	5-20% or over the lease period, whichever is shorter
Plant and machinery	10%
Furniture and fixtures	20% - 33.3%
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(g)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognised in the consolidated income statement.

(e) Construction-in-progress

Construction-in-progress, representing buildings on which construction work has not been completed and machinery pending installation, is stated at historical cost, which includes construction expenditures incurred, cost of machinery, and other direct costs capitalised during the construction and installation period, less accumulated impairment losses, if any. No depreciation is provided in respect of construction-in-progress until the construction and installation work is completed. On completion, the construction-in-progress is transferred to appropriate categories of property, plant and equipment.

(f) Leasehold land and land use rights

Leasehold land and land use rights are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost mainly represents consideration paid for the rights to use the land on which various plants and buildings are situated for a period of 50 to 70 years from the date the respective right was granted. Amortisation of leasehold land and land use rights is calculated on a straight-line basis over the period of the leases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Impairment of investments in subsidiaries and jointly controlled entity

Impairment testing of the investments in subsidiaries or jointly controlled entity is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or jointly controlled entity in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(i) Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting year. These are classified as non-current assets.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (Continued)

Regular way of purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

(j) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of financial assets (Continued)

(i) Assets carried at amortised cost (Continued)

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio;
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of financial assets (Continued)

(ii) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

(k) Inventories

Inventories, comprise raw materials, work in progress and finished goods, are stated at the lower of cost and net realisable value. Cost, calculated on the first-in, first-out basis. The cost of finished goods and work-in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(l) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortisated cost using the effective interest method.

Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

(p) Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and jointly controlled entity operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and jointly controlled entity, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Revenue from sales of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(ii) Dividend income is recognised when the right to receive payment is established.

(iii) Operating lease rental income is recognised on a straight-line basis over the lease period.

(iv) Interest income is recognised on a time-proportion basis using the effective interest method.

(v) Revenue from sale of properties is recognised when the significant risks and rewards of the properties are transferred to the buyers, which is when the construction of the relevant properties have been completed, notification of delivery of properties have been issued to the buyers and collectability of related receivables pursuant to the sale agreements is reasonably assured. Deposits and instalments received on properties sold prior to transfer of the significant risks and rewards of the properties are regarded as deferred revenue.

(t) Employee benefits

(i) Employee benefit entitlements

Salaries, bonuses, annual leave and the cost of other benefits to the Group are accrued in the year in which the associated services are rendered by the employees of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits (Continued)

(ii) Pension obligations

The Group contributes to a mandatory provident fund scheme which is a defined contribution retirement scheme and available to all Hong Kong employees. Both the Company and the staff are required to contribute 5% of the employees' relevant income. Staff may elect to contribute more than the minimum as a voluntary contribution. The Group's contributions to this mandatory provident fund scheme are expensed as incurred.

The Group also contributes to pension schemes established by municipal governments in respect of certain subsidiaries in Mainland China. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group. Contributions to these schemes are charged to the consolidated income statement as incurred.

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan.

The Group recognises the fair value of the employee services received in exchange for the share options granted as an expense in the consolidated income statement over the vesting period with a corresponding increase being recognised in an employee share-based compensation reserve.

The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use of sale are capitalised as part of the cost of that asset.

All other borrowing costs are charged to the consolidated income statement in the year in which they are incurred.

(v) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(w) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars ("HK dollars" or "HK$"), which is the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

On consolidated, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

(x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that makes strategic decisions.

(y) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (included foreign exchange risk and interest rate risk), credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in Hong Kong and Mainland China with most of the transactions settled in HK dollars and RMB. The Group is exposed to foreign exchange risk arising mainly from the exposure of HK dollars against RMB. In addition, as at 28 February 2010 and 2011, the Group had certain deposits in banks, trade receivables, trade payables and bank loans denominated in foreign currencies, mainly HK dollars and US dollars ("USD").

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and it has not hedged its foreign exchange rate risk.

At 28 February 2010 and 2011, if HK dollars had strengthened/weakened by 3% against the RMB with all other variables held constant, profit for the year would have been approximately HK$857,000 (2010: HK$2,520,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of HK dollars denominated deposits in banks, trade receivables and trade payables.

At 28 February 2010 and 2011, if USD had strengthened/weakened by 3% against the RMB with all other variables held constant, profit for the year would have been approximately HK$957,000 (2010: HK$1,989,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of USD denominated deposits in banks, trade receivables, trade payables and bank loans.

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets and liabilities except for the deposits in banks and certain bank loans, details of which have been disclosed in Note 24 and Note 26 respectively. The interest rate risk is considered to be insignificant.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

The carrying amounts of the trade and other receivables (Note 23), amount due from an available-for-sale financial asset (Note 20) and deposits with banks (Note 24) included in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets.

Sales to retail customers are made in cash or via major credit cards. The Group has policies in place to ensure that sales of products on credit terms are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group's concessionaire sales through department stores are generally collectible within 30 days from the invoice date while credit sales are generally on credit terms within 90 days. Normally the Group does not require collaterals from trade debtors. The existing debtors have no significant defaults in the past. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the Directors are of the opinion that adequate provision for uncollectible receivables has been made.

The Group has an amount due from an available-for-sale financial asset, this is, 佛山市順德區陳村鎮碧桂園物業發展有限公司 (the "investee company"). Management of the Group assesses the recoverability of the receivable balance as at year end. The assessment is based on the financial status of the investee company and its ability to repay the obligations. Based on the assessment performed, the Directors are of the opinion that full provision should be made for the receivable balance.

As at 28 February 2010 and 2011, substantially all the deposits with banks are held in international financial institutions located in Hong Kong and Mainland China, which management believes are of high credit quality. The Group has a policy to limit the amount of credit exposure to any financial institution and management does not expect any losses arising from non-performance by these counterparties.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, which is mainly generated from the operating cash flow, and the availability of funding from an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Group	
	2011	2010
	HK$'000	HK$'000
Less than 1 year		
Trade payables and accruals	**169,436**	139,165
Amount due to a jointly controlled entity	**47,456**	—
Bank loans	**3,510**	—
	220,402	139,165

	Company	
	2011	2010
	HK$'000	HK$'000
Less than 1 year		
Accruals	**473**	217
Corporate guarantee	**18,995**	20,391
	19,468	20,608

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Fair values estimation

Financial instruments that are measured in the balance sheet at fair value requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Group's investment in an available-for-sale financial asset is classified as level 3.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and make adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, obtain new bank borrowings, return capital to shareholders or issue new shares.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities within the next financial year are discussed below.

(a) Useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment.

This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated, and will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

The impairment loss for property, plant and equipment is recognised as the amount by which the carrying amount exceeds its recoverable amount in accordance with the accounting policy stated in Note 2(g). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use, which are based on the best information available to reflect the amount obtainable at each balance sheet date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs to disposal.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Taxes

The Group is subject to various taxes in Hong Kong, Macau and Mainland China. Significant judgement is required in determining the provision for these taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation in the periods in which such estimate is changed.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on current market conditions and the historical experience of manufacturing and selling products of similar nature. Management reassesses the estimation at each balance sheet date.

(d) Impairment of receivables

The Group's management determines the provision for impairment of trade receivables and the amount due from an available-for-sale financial asset.

The estimate for impairment of trade receivables is based on the credit history of its customers and current market conditions. The estimate for impairment of the amount due from an available-for-sale financial asset is based on the financial status of the investee company and its ability to repay the obligations. Management reassesses the estimation at each balance sheet date.

(e) Estimate of fair values of investment properties

The Group has investment properties in Hong Kong, Macau and Mainland China. In accordance with HKAS 40 "Investment property", all investment properties are carried at fair value. The fair value is based on active market prices which in turn depend on the property market conditions and the economic environment in the area in which such properties are located. As the movements in the fair value of investment properties are recognised in the consolidated income statement, the Group's results are exposed to the risk of fluctuation of such fair values.

5 REVENUE AND SEGMENT INFORMATION

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

The Executive Directors review the Group's financial information mainly from a retail and export perspective. For the retail business, the Executive Directors further assess the performance of operations on a geographical basis (Hong Kong, Macau and Mainland China). The reportable segments are classified in a manner consistent with the information reviewed by the Executive Directors.

The Executive Directors assess the performance of the operating segments based on a measure of reportable segment profit. This measurement basis excludes other income, other gains, net, finance income, share of profit of a jointly controlled entity and unallocated expenses.

Segment assets mainly exclude interest in a jointly controlled entity, interest in and amount due from an available-for-sale financial asset, deferred tax assets and other assets that are managed on a central basis.

Segment liabilities mainly exclude amount due to a jointly controlled entity, current income tax liabilities, deferred tax liabilities and other liabilities that are managed on a central basis.

In respect of geographical segment reporting, sales are based on the country in which the customer is located, and total assets and capital expenditure are based on the country where the assets are located.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Executive Directors for the reportable segments for the year ended 28 February 2011 is as follows:

	Retail		Export	Total
	HK & Macau	Mainland China	(Note (a))	
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from external customers	158,377	1,046,238	115,312	1,319,927
Reportable segment profit	27,857	160,213	15,573	203,643
Other income				1,807
Other gains, net				2,033
Finance income				1,894
Share of profit of a jointly controlled entity				8,628
Unallocated expenses				(6,133)
Profit before income tax				211,872
Income tax expense				(42,557)
Profit for the year				169,315
Depreciation and amortisation	4,305	36,092	2,834	43,231
Additions to non-current assets (Other than financial instruments and deferred tax assets)	2,752	44,554	1,472	48,778

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

The segment information provided for the year ended 28 February 2010 is as follows:

	Retail		Export	Total
	HK & Macau HK$'000	Mainland China HK$'000	(Note (a)) HK$'000	HK$'000
Revenue from external customers	135,676	738,931	125,411	1,000,018
Reportable segment profit	4,944	111,238	19,022	135,204
Other income				2,934
Other gains, net				15,415
Finance income				975
Share of profit of a jointly controlled entity				386
Unallocated expenses				(2,745)
Profit before income tax				152,169
Income tax expense				(29,167)
Profit for the year				123,002
Depreciation and amortisation	4,776	21,437	3,733	29,946
Additions to non-current assets (Other than financial instruments and deferred tax assets)	2,007	39,643	2,462	44,112

Revenues from external customers are derived from the sales of shoes on a retail and export basis. The breakdowns of retail and export results are provided above. The retail of shoes mainly relates to the Group's own brands, Le Saunda and CnE. The export sales of shoes related to the Group's own brands and other shoe brands which are not owned by the Group.

(a) The revenue from external customers of export are mainly derived from Europe and other parts of the world, including Liechtenstein, Russia, Spain, Italy, the Middle East, Japan, Australia and New Zealand.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

An analysis of the Group's assets as at 28 February 2011 by reportable segment is set out below:

	Retail		Export	Total
	HK & Macau	Mainland China		
	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	127,681	981,467	107,419	1,216,567
Interest in a jointly controlled entity				48,592
Deferred tax assets				37,861
Unallocated assets				228
Total assets per consolidated balance sheet				1,303,248
Segment liabilities	12,472	147,244	13,210	172,926
Amount due to a jointly controlled entity				47,456
Current income tax liabilities				14,422
Deferred tax liabilities				14,201
Unallocated liabilities				20
Total liabilities per consolidated balance sheet				249,025

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

An analysis of the Group's assets as at 28 February 2010 by reportable segment is set out below:

	Retail		Export	Total
	HK & Macau HK$'000	Mainland China HK$'000	HK$'000	HK$'000
Segment assets	173,572	698,355	124,905	996,832
Interest in a jointly controlled entity				38,109
Interest in and amount due from an available-for-sale financial asset				4,553
Deferred tax assets				24,407
Unallocated assets				812
Total assets per consolidated balance sheet				1,064,713
Segment liabilities	12,085	108,969	17,965	139,019
Current income tax liabilities				9,919
Deferred tax liabilities				4,697
Unallocated liabilities				146
Total liabilities per consolidated balance sheet				153,781

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

REVENUE

	2011 HK$'000	2010 HK$'000
Hong Kong	**137,853**	121,346
Mainland China	**1,046,238**	738,931
Macau	**20,524**	14,329
Russia	**66,260**	33,962
Liechtenstein	**28,636**	48,463
Italy	**2,102**	13,097
Other countries (Note (a))	**18,314**	29,890
Total	**1,319,927**	1,000,018

(a) The revenue from other countries are mainly derived from Europe and other parts of the world, including Spain, the Middle East, Japan, Australia and New Zealand.

For the year ended 28 February 2011, there was no transaction with a single external customer that amounted to 10 percent or more of the Group's revenue (2010: HK$Nil).

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

NON-CURRENT ASSETS

	2011 HK$'000	2010 HK$'000
Hong Kong	**25,863**	27,399
Mainland China	**302,862**	277,396
Macau	**43,404**	40,115
Total	**372,129**	344,910

6 OTHER INCOME AND OTHER GAINS, NET

	2011 HK$'000	2010 HK$'000
Other income		
Gross rental income from investment properties	1,807	2,934
Other gains, net		
Gains on disposal of investment properties	—	5,632
Loss on disposal of a subsidiary	(18)	—
Fair value gains on investment properties (Note 15)	3,224	4,671
Net exchange (loss)/gain (Note (a))	(1,173)	5,112
	2,033	15,415
	3,840	18,349

(a) Net exchange (loss)/gain 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.

7 EXPENSES BY NATURE

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

	2011 HK$'000	2010 HK$'000 (Restated)
Auditors' remuneration	1,870	1,536
Amortisation of leasehold land and land use rights (Note 17)	894	889
Depreciation of property, plant and equipment (Note 16)	42,337	29,057
Loss on disposal of property, plant and equipment	1,006	810
Costs of inventories sold included in cost of sales	382,108	326,252
Operating lease rentals in respect of land and buildings		
– minimum lease payments	63,406	61,732
– contingent rents	2,534	1,977
Freight charges	12,608	8,411
Advertising and promotional expenses	30,660	22,859
Concessionaire fees	209,004	146,818
Direct operating expenses arising from investment properties that generated rental income	159	1,689
Employee benefit expenses (including directors' emoluments) (Note 9)	269,183	197,757
Impairment losses on inventories	5,591	1,241
Impairment losses on trade receivables	1,482	—

8 FINANCE INCOME

	2011 HK$'000	2010 HK$'000
Interest income on bank deposits	1,894	975

9 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2011 HK$'000	2010 HK$'000
Wages and salaries	**230,598**	169,527
Staff welfare and other benefits	**13,650**	8,743
Pension costs - defined contribution plans (Note (a))	**24,935**	19,487
	269,183	197,757

(a) Employees of the Group's subsidiaries in Hong Kong participated in a defined contribution scheme as defined in mandatory provident fund scheme ("MPF Scheme"). The assets of the MPF scheme are held separately from those of the Group under independently administered funds. Contributions to the schemes by the employers and employees are calculated as a percentage of employees' basic salaries. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

Employees of the Group's subsidiaries in Mainland China are required to participate in defined contribution retirement schemes administered and operated by municipal governments. The Group's subsidiaries in Mainland China contribute funds to the retirement schemes to fund the retirement benefits of the employees which are calculated on certain percentages of the average employee salaries as agreed by the municipal governments. Such retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

Retirement benefit scheme costs amounting to HK$24,935,000 (2010: HK$19,487,000) were paid by the Group during the year. No forfeited contribution (2010: HK$694,000) was refunded during the year.

10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of each of the Directors of the Company for the year ended 28 February 2011 is set out below:

Name of Director	Fees HK$'000	Salary, bonus, other allowances and benefits in kind HK$'000	Employer's contribution to retirement scheme HK$'000	Total HK$'000
Executive Directors				
Mr. Lee Tze Bun, Marces	—	—	—	—
Ms. Lau Shun Wai	—	2,259	12	2,271
Ms. Wong Sau Han	—	1,643	12	1,655
Ms. Chu Tsui Lan	—	1,712	12	1,724
Ms. Chui Kwan Ho, Jacky (resigned on 1 September 2010)	—	1,141	6	1,147
Mr. Wong Tai Chung, Kenneth (resigned on 22 June 2010)	—	636	4	640
Ms. Tsui Oi Kuen (resigned on 1 March 2010)	—	—	—	—
Independent non-executive Directors				
Mr. Lam Siu Lun, Simon	180	—	—	180
Mr. Leung Wai Ki, George	180	—	—	180
Mr. Hui Chi Kwan	180	—	—	180
	540	7,391	46	7,977

10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(a) Directors' emoluments (Continued)

The remuneration of each of the Directors of the Company for the year ended 28 February 2010 is set out below:

Name of Director	Fees HK$'000	Salary, bonus, other allowances and benefits in kind HK$'000	Employer's contribution to retirement scheme HK$'000	Total HK$'000
Executive Directors				
Mr. Lee Tze Bun, Marces	—	—	—	—
Ms. Lau Shun Wai	—	1,988	12	2,000
Ms. Chui Kwan Ho, Jacky	—	1,943	12	1,955
Ms. Tsui Oi Kuen	—	1,603	12	1,615
Ms. Wong Sau Han	—	1,400	12	1,412
Mr. Wong Tai Chung, Kenneth	—	1,400	12	1,412
Ms. Chu Tsui Lan	—	1,400	12	1,412
Independent non-executive Directors				
Mr. Lam Siu Lun, Simon	120	—	—	120
Mr. Leung Wai Ki, George	120	—	—	120
Mr. Hui Chi Kwan	120	—	—	120
	360	9,734	72	10,166

No remuneration has been paid by the Group to the Directors as an inducement to join or upon joining the Group, or as compensation for loss of office (2010: HK$Nil).

10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals

The Directors' emoluments presented above include the emoluments of the four (2010: five) highest paid individuals in the Group. The emoluments of the remaining one (2010: Nil) highest paid individual during the year ended 28 February 2011 was:

	2011 HK$'000	2010 HK$'000
Salaries, bonus, other allowances and benefits in kind	871	—
Contributions to retirement scheme	12	—
	883	—

Emolument bands	Number of individuals 2011	2010
HK$500,001 - HK$1,000,000	1	—

11 INCOME TAX EXPENSE

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

	2011 HK$'000	2010 HK$'000
Current income tax		
– Hong Kong profits tax	36	848
– People's Republic of China ("PRC") corporate income tax	46,276	22,128
Deferred taxation (Note 21)	(3,755)	6,191
	42,557	29,167

Hong Kong profits tax has been provided for at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the year.

PRC corporate income tax is provided on the profits of the Group's subsidiaries in the PRC at a range from 22% to 25% (2010: range from 20% to 25%), except for one of the subsidiaries of the Company established in the PRC that is entitled to two years' exemption from the PRC corporate income tax of 25% followed by three years of a 50% tax reduction, commencing from the first cumulative profit-making year net of losses carried forward (at most five years). Accordingly, the subsidiary was fully exempted from the PRC corporate income tax in 2007 and 2008, and subjected to a reduced tax rate of 12.5% in 2009, 2010 and 2011.

11 INCOME TAX EXPENSE (CONTINUED)

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2011 HK$'000	2010 HK$'000
Profit before income tax and before share of profit of a jointly controlled entity	**203,244**	151,783
Tax calculated at domestic tax rates applicable to profits in the respective geographical areas	**48,793**	34,976
Income not subject to taxation	**(1,902)**	(4,276)
Expenses not deductible for taxation purposes	**8,878**	1,215
Profit of subsidiary under tax holiday	**(16,954)**	(8,813)
Tax losses for which no deferred tax asset was recognised	**263**	321
Utilisation of previously unrecognised tax losses	**(3,998)**	(256)
Recognition of previously unrecognised tax losses	**(1,290)**	—
Reversal of previously recognised tax losses	**—**	6,000
Withholding tax	**8,767**	—
Income tax expense	**42,557**	29,167

There was no tax charge relating to components of other comprehensive income for the year ended 28 February 2011 (2010: HK$Nil).

12 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of profit of HK$66,149,000 (2010: profit of HK$45,032,000).

13 EARNINGS PER SHARE

Basic

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

	2011 HK$'000	2010 HK$'000
Profit attributable to equity holders of the Company	168,500	123,002
Weighted average number of ordinary shares in issue ('000)	639,289	639,108
Basic earnings per share (HK cents)	26.36	19.25

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 28 February 2011, the Company had share options outstanding which were dilutive potential ordinary shares. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2011 HK$'000	2010 HK$'000
Profit attributable to equity holders of the Company	168,500	123,002
Weighted average number of ordinary shares in issue ('000)	639,289	639,108
Adjustments for share options ('000)	16	39
Weighted average number of ordinary shares for diluted earnings per share ('000)	639,305	639,147
Diluted earnings per share (HK cents)	26.36	19.25

14 DIVIDENDS

	2011 HK$'000	2010 HK$'000
Interim, paid, of HK4.3 cents (2010: HK3.0 cents) per ordinary share	27,488	19,172
Final, proposed, of HK8.7 cents (2010: HK7.0 cents) per ordinary share	55,620	44,749
	83,108	63,921

At a meeting held on 26 May 2011, the Directors proposed a final dividend of HK8.7 cents per ordinary share totalling approximately HK$55,620,000. This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings of the Company for the year ending 29 February 2012.

15 INVESTMENT PROPERTIES

	Group	
	2011 HK$'000	2010 HK$'000
At beginning of year	43,964	100,893
Disposal during the year	—	(61,600)
Fair value gains recognised in the consolidated income statement (Note 6)	3,224	4,671
At end of year	47,188	43,964

Investment properties are stated at the professional valuation made on an open market value basis at 28 February 2011 by an independent professional valuer, Jones Lang LaSalle Sallmanns Limited.

The Group's investment properties at their carrying values are analysed as follows:

	Group	
	2011 HK$'000	2010 HK$'000
In Hong Kong, held on:		
Leases of between 10 and 50 years	2,620	2,600
Outside Hong Kong, held on:		
Leases of between 10 and 50 years	44,568	41,364
	47,188	43,964

16 PROPERTY, PLANT AND EQUIPMENT

	Group						
	Land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in-progress HK$'000	Total HK$'000
At 1 March 2009							
Cost, as previously reported	102,066	77,525	99,792	22,263	4,254	35,294	341,194
Effect of adoption of HKAS17 (amendment)	9,559	—	—	—	—	—	9,559
Cost, as restated	111,625	77,525	99,792	22,263	4,254	35,294	350,753
Accumulated depreciation, as previously reported	(32,931)	(54,118)	(41,293)	(14,529)	(2,614)	—	(145,485)
Effect of adoption of HKAS17 (amendment)	(1,550)	—	—	—	—	—	(1,550)
Accumulated depreciation, as restated	(34,481)	(54,118)	(41,293)	(14,529)	(2,614)	—	(147,035)
Net book amount, as restated	77,144	23,407	58,499	7,734	1,640	35,294	203,718
Year ended 28 February 2010							
Opening net book amount, as previously reported	69,135	23,407	58,499	7,734	1,640	35,294	195,709
Effect of adoption of HKAS17 (amendment)	8,009	—	—	—	—	—	8,009
Opening net book amount, as restated	77,144	23,407	58,499	7,734	1,640	35,294	203,718
Exchange differences	(4)	134	487	76	10	324	1,027
Additions	—	20,175	5,981	2,470	—	15,486	44,112
Disposals	—	(747)	—	—	(63)	—	(810)
Depreciation	(3,174)	(15,406)	(8,019)	(2,035)	(423)	—	(29,057)
Closing net book amount	73,966	27,563	56,948	8,245	1,164	51,104	218,990
At 28 February 2010							
Cost, as previously reported	102,066	89,437	107,095	25,018	4,133	51,104	378,853
Effect of adoption of HKAS17 (amendment)	9,559	—	—	—	—	—	9,559
Cost, as restated	111,625	89,437	107,095	25,018	4,133	51,104	388,412

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group						
	Land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in-progress HK$'000	Total HK$'000
Accumulated depreciation, as previously reported	(35,900)	(61,874)	(50,147)	(16,773)	(2,969)	—	(167,663)
Effect of adoption of HKAS17 (amendment)	(1,759)	—	—	—	—	—	(1,759)
Accumulated depreciation, as restated	(37,659)	(61,874)	(50,147)	(16,773)	(2,969)	—	(169,422)
Net book amount, as restated	73,966	27,563	56,948	8,245	1,164	51,104	218,990
Year ended 28 February 2011							
Opening net book amount, as previously reported	66,166	27,563	56,948	8,245	1,164	51,104	211,190
Effect of adoption of HKAS17 (amendment)	7,800	—	—	—	—	—	7,800
Opening net book amount, as restated	73,966	27,563	56,948	8,245	1,164	51,104	218,990
Exchange differences	3,649	406	1,889	351	63	1,344	7,702
Additions	3,235	26,486	7,108	5,690	1,614	4,645	48,778
Transfers	33,715	—	—	—	—	(33,715)	—
Disposals	—	(554)	(110)	(232)	(110)	—	(1,006)
Depreciation	(4,695)	(25,099)	(8,940)	(3,053)	(550)	—	(42,337)
Closing net book amount	109,870	28,802	56,895	11,001	2,181	23,378	232,127
At 28 February 2011							
Cost	153,207	111,035	117,044	28,693	5,255	23,378	438,612
Accumulated depreciation	(43,337)	(82,233)	(60,149)	(17,692)	(3,074)	—	(206,485)
Net book amount	109,870	28,802	56,895	11,001	2,181	23,378	232,127

17 LEASEHOLD LAND AND LAND USE RIGHTS

	Group	
	2011	2010
	HK$'000	HK$'000
		(Restated)
At beginning of year, as previously reported	**42,026**	43,023
Effect of adoption of HKAS17 (amendment)	**(7,800)**	(8,009)
At beginning of year, as restated	**34,226**	35,014
Amortisation	**(894)**	(889)
Exchange differences	**502**	101
At end of year	**33,834**	34,226

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and the net book values are analysed as follows:

	Group		
	28 February		1 March
	2011	2010	2009
	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)
Outside Hong Kong, held on:			
Leases of between 10 and 50 years	**28,758**	29,054	29,748
Leases of over 50 years	**5,076**	5,172	5,266
	33,834	34,226	35,014

18 INTERESTS IN SUBSIDIARIES

	Company	
	2011	2010
	HK$'000	HK$'000
Unlisted shares, at cost	**113,141**	108,549
Amounts due from subsidiaries (Note (a))	**494,464**	480,129
	607,605	588,678

(a) The amounts due from subsidiaries are unsecured, interest free, not repayable within twelve months and are denominated in HK dollar.

The amounts due from subsidiaries were not in default or impaired as at 28 February 2011 and 2010.

18 INTERESTS IN SUBSIDIARIES (CONTINUED)

The following is a list of the principal subsidiaries of the Group at 28 February 2011 which, in the opinion of the Directors, principally affect the results or form a substantial portion of the net assets of the Group:

Name	Place of incorporation and kind of legal entity	Issued and paid up capital/ registered capital	Principal activities/place of operation	Group's equity interest
Blooming On Limited	Hong Kong, limited liability company	2 Ordinary shares of 1 HK dollar each	Property holding/ PRC	100%
Brightly Investment Limited	Hong Kong, limited liability company	2 Ordinary shares of 1 HK dollar each	Property holding/ PRC	100%
Grandmark Holdings Limited	Hong Kong, limited liability company	1 Ordinary share of 1 HK dollar each	Trading of shoes/ Hong Kong	100%
Le Saunda (B.V.I.) Limited (Note a)	British Virgin Islands, limited liability company	31,500 Ordinary shares of 1 US dollar each	Investment holding/ Hong Kong	100%
Le Saunda Calcado, Limitada	Macau, limited liability company	MOP200,000	Retailing of shoes/ Macau	100%
Le Saunda (China) Limited	Hong Kong, limited liability company	2 Ordinary shares of 1 HK dollar each	Investment holding/ Hong Kong	100%
Le Saunda China Investment Limited	Hong Kong, limited liability company	100 Ordinary shares of 1 HK dollar each	Investment holding/ Hong Kong	100%
Le Saunda Licensing Limited	Bahamas, limited liability company	5,000 Ordinary shares of 1 US dollar each	Holding and licensing of trade-marks and names/Hong Kong	100%

18 INTERESTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation and kind of legal entity	Issued and paid up capital/ registered capital	Principal activities/place of operation	Group's equity interest
Le Saunda Management Limited	Hong Kong, limited liability company	2 Ordinary shares of 1 HK dollar each	Provision of management services/ Hong Kong	100%
Le Saunda Real Estate Limited	Hong Kong, limited liability company	2 Ordinary shares of 1 HK dollar each	Investment holding/ Hong Kong	100%
L.S. Retailing Limited (Note b)	Hong Kong, limited liability company	2 Ordinary shares of 1,000 HK dollar each plus 20,000 non-voting deferred shares of 1,000 HK dollar each	Retailing of shoes/ Hong Kong	100%
Maior Limited	Hong Kong, limited liability company	1,000 Ordinary shares of HK dollar 2,000 each	Trading of shoes and investment holding/ Hong Kong	100%
Master Benefit Limited	Hong Kong, limited liability company	3,000,000 Ordinary shares of 1 HK dollar each	Investment holding/ Hong Kong	100%
Parklink Investment Development Limited	Hong Kong, limited liability company	2 Ordinary shares of 1 HK dollar each	Property holding/ PRC	100%
Trend Door Company Limited	Hong Kong, limited liability company	2 Ordinary shares of 1 HK dollar each	Dormant/ Hong Kong	100%
Trend Light Trading Company Limited	Hong Kong, limited liability company	2 Ordinary shares of 1 HK dollar each	Property holding/ PRC	100%

18 INTERESTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation and kind of legal entity	Issued and paid up capital/ registered capital	Principal activities/place of operation	Group's equity interest
廣州利信達有限公司	PRC, limited liability company	RMB7,000,000	Retailing of shoes/PRC	100%
廣州市韋柏貿易有限公司	PRC, limited liability company	RMB3,500,000	Retailing of shoes/PRC	100%
利信達商業（中國）有限公司	PRC, limited liability company	HK$53,000,000	Retailing of shoes/PRC	100%
利信達貿易（深圳）有限公司	PRC, limited liability company	HK$10,000,000	Retailing of shoes/PRC	100%
億才商業（上海）有限公司	PRC, limited liability company	US$6,500,000	Retailing of shoes/PRC	100%
灝信達商業（北京）有限公司	PRC, limited liability company	US$2,200,000	Retailing of shoes/PRC	100%
信蝶商業（杭州）有限公司	PRC, limited liability company	RMB27,000,000	Retailing of shoes/PRC	66.67%
佛山市順德區藝恒信制鞋廠有限公司	PRC, limited liability company	US$1,050,000	Manufacturing and trading of shoes/PRC	100%
佛山市順德區大信制鞋有限公司	PRC, limited liability company	US$1,050,000	Manufacturing and trading of shoes/PRC	100%
佛山市順德區利信達鞋業有限公司	PRC, limited liability company	US$3,800,000	Manufacturing and trading of shoes/PRC	100%
佛山市順德區盈達鞋業有限公司	PRC, limited liability company	US$1,050,000	Manufacturing and trading of shoes/PRC	100%
佛山市順德區盈毅鞋業有限公司	PRC, limited liability company	US$1,500,000	Manufacturing and trading of shoes/PRC	100%
佛山市高明區盈信達鞋業有限公司	PRC, limited liability company	RMB55,000,000	Manufacturing and trading of shoes/PRC	100%

(a) Le Saunda (B.V.I.) Limited is held directly by the Company. All other subsidiaries are held indirectly.

(b) L.S. Retailing Limited has capital comprising ordinary shares of HK$2,000 and non-voting deferred shares of HK$20,000,000.

19 INTEREST IN AND AMOUNT DUE TO A JOINTLY CONTROLLED ENTITY

(a) Share of net assets

	Group	
	2011 **HK$'000**	2010 HK$'000
Registered capital at cost, unlisted	**16,351**	16,351
Share of undistributed post-acquisition reserves	**32,241**	21,758
Share of net assets	**48,592**	38,109
At beginning of the year	**38,109**	37,441
Share of result of a jointly controlled entity	**8,628**	386
Exchange differences	**1,855**	282
At end of year	**48,592**	38,109

Details of the jointly controlled entity are as follows:

Name	**Place of establishment/ operation**	**Principal activities**	**Group's equity interest %**
佛山市順德區雙強房地產開發有限公司 ("SSQ")	PRC	Property development	50%

The jointly controlled entity is held indirectly by the Company.

By virtue of a joint venture agreement dated 23 February 1994, the Company's subsidiary, Le Saunda Real Estate Limited ("LSRE"), and Shunde Hongye Real Estate Company ("SHREC"), a company established in the PRC, agreed to form a limited liability company known as SSQ in accordance with the rules and regulations of the PRC. The joint venture period is 20 years from the date of issue of business licence, i.e. 21 April 1994.

Under the joint venture agreement, each of LSRE and SHREC has committed to contribute US$5,000,000 (equivalent to approximately HK$38,650,000) capital to SSQ and share the results of SSQ equally. Up to 29 February 2008, LSRE had contributed US$4,800,000 (approximately HK$36,386,000) to SSQ.

Under the revised joint venture agreement on 13 November 2007, the total registered share capital of SSQ was reduced to US$4,200,000 (approximately HK$32,702,000). The application of capital reduction was approved on 3 March 2008.

19 INTEREST IN AND AMOUNT DUE TO A JOINTLY CONTROLLED ENTITY (CONTINUED)

(a) Share of net assets (Continued)

A summary of the operating results and financial position of SSQ is as follows:

	2011	2010
	HK$'000	HK$'000
Operating results		
Revenue	**50,119**	60,508
Profit for the year	**17,256**	772
Group's share of profit for the year	**8,628**	386
Financial position		
Non-current assets	**19**	44
Current assets	**115,695**	108,343
Current liabilities	**(18,530)**	(32,169)
Net assets	**97,184**	76,218
Group's share of net assets	**48,592**	38,109

(b) Amount due to a jointly controlled entity

The amount due to a jointly controlled entity of the Group is unsecured, interest free and repayable on demand. The carrying amount approximates its fair value and is denominated in RMB.

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

	Group	
	2011	2010
	HK$'000	HK$'000
Unlisted shares, at fair value (Note (a))		
- Investment cost	**2,966**	2,846
- Provision for impairment	**(2,966)**	(2,846)
	—	—
Amount due from an available-for-sale financial asset (Note (b))	**8,898**	8,537
Less: Provision for impairment	**(8,898)**	(3,984)
	—	4,553
	—	4,553

(a) Details of available-for-sale financial asset are as follows:

Name of the company	Place of establishment/ operation	Principal activities	Group's equity interest
佛山市順德區陳村鎮碧桂園物業發展有限公司（「陳村鎮碧桂園」）	PRC	Property development	25%

The Group's Directors do not regard 陳村鎮碧桂園 as an associate of the Group on the grounds that the Group has no participation in decision making of its financial and operating policies. Accordingly, the Group does not have any significant influence over 陳村鎮碧桂園 .

Movement of interest in available-for-sale financial asset is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
At beginning of year	**—**	226
Provision for impairment	**—**	(226)
At end of year	**—**	—

(b) The amount due from an available-for-sale financial asset is unsecured, interest-free, not repayable within twelve months and is denominated in RMB.

21 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the tax assets against the tax liabilities and when the deferred income taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	Group	
	2011	2010
	HK$'000	HK$'000
Deferred tax assets	**37,861**	24,407
Deferred tax liabilities	**(14,201)**	(4,697)
	23,660	19,710

Deferred taxation is calculated in full on temporary differences under the liability method using the tax rates enacted or substantively enacted by at the balance sheet date.

	Group	
	2011	2010
	HK$'000	HK$'000
At beginning of year	**19,710**	25,810
Credited/(charged) to consolidated income statement (Note 11)	**3,755**	(6,191)
Exchange realignment	**195**	91
At end of year	**23,660**	19,710

21 DEFERRED TAXATION (CONTINUED)

The movements on deferred tax assets and liabilities are as follows:

	Unrealised profits on inventories		Tax losses		Revaluation of investment properties		Withholding tax on dividend for undistributed profits (Note a)		Other provision		Total	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
At beginning of year	9,836	6,520	13,647	25,766	(4,697)	(6,476)	—	—	924	—	19,710	25,810
Credited/(charged) to consolidated income statement	9,793	3,264	1,290	(12,158)	(491)	1,779	(8,767)	—	1,930	924	3,755	(6,191)
Exchange realignment	435	52	6	39	—	—	(246)	—	—	—	195	91
At end of year	20,064	9,836	14,943	13,647	(5,188)	(4,697)	(9,013)	—	2,854	924	23,660	19,710

(a) Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, withholding income tax of 10% shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. All dividends coming from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding income tax. As at 28 February 2011, the Group has not accrued withholding income tax for the earnings of HK$7,158,000 (2010: HK$7,158,000) of its PRC subsidiaries because the Group does not have a plan to distribute these earnings from its PRC subsidiaries.

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. As at 28 February 2011, the Group had unrecognised tax losses of approximately HK$58,017,000 (2010: HK$89,398,000) to be carried forward against future taxable income.

The expiry of unrecognised tax losses are as follows:

	Group	
	2011 HK$'000	2010 HK$'000
Tax losses without expiry date	56,998	89,398
Tax losses expiring in 5 years	1,019	—
	58,017	89,398

22 INVENTORIES

	Group	
	2011	2010
	HK$'000	HK$'000
Raw materials	**77,079**	50,541
Work in progress	**36,815**	20,612
Finished goods	**283,468**	178,594
	397,362	249,747
Less : Provision for impairment of inventories	**(10,474)**	(4,863)
	386,888	244,884

The cost of inventories recognised as expense and included in "cost of sales" amounted to HK$382,108,000 (2010: HK$326,252,000).

23 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables (Note (a))	**132,420**	138,772	**—**	—
Provision for impairment	**(1,523)**	—	**—**	—
	130,897	138,772	**—**	—
Other receivables	**3,797**	2,485	**221**	225
	134,694	141,257	**221**	225

(a) The Group's concessionaire sales through department stores are generally collectible within 30 days from the invoice date while the sales to corporate customers are generally on average credit period of 90 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.

23 TRADE AND OTHER RECEIVABLES (CONTINUED)

At 28 February 2011, the ageing analysis of the trade receivables based on invoice date was as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Current to 30 days	**115,312**	111,277
31 to 60 days	**11,644**	23,859
61 to 90 days	**2,605**	2,354
Over 90 days	**1,336**	1,282
	130,897	138,772

Trade receivables are denominated in the following currencies:

	Group	
	2011	2010
	HK$'000	HK$'000
HK$	**456**	705
US$	**2,143**	22,221
RMB	**128,131**	114,167
EUR	**92**	1,529
Other currencies	**75**	150
	130,897	138,772

23 TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements of provision for impairment of trade receivables are as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
At beginning of year	**—**	—
Impairment losses	**1,482**	—
Exchange realignment	**41**	—
At end of year	**1,523**	—

The credit quality of trade receivables neither past due nor impaired has been assessed by reference to historical information about the counterparty default rates. The existing counterparties do not have default history in the past.

As at 28 February 2011, trade receivables of HK$392,000 (2010: HK$3,636,000) were past due but not impaired. These trade receivables relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these past due but not impaired receivables is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
61 to 90 days	**280**	2,354
Over 90 days	**112**	1,282
	392	3,636

24 CASH AND BANK BALANCES

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and on hand	**210,412**	217,429	**1,580**	1,500
Short-term bank deposits (Note (a))	**134,208**	60,566	**—**	—
Cash and cash equivalents	**344,620**	277,995	**1,580**	1,500
Term deposits with initial term over three months (Note (a))	**1,593**	5,655	**—**	—
Pledged bank deposits (Note (b))	**2,152**	1,658	**—**	—
	348,365	285,308	**1,580**	1,500

The cash and bank balances are denominated in the following currencies:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**27,389**	84,752	**1,580**	1,500
RMB	**294,253**	138,067	**—**	—
US$	**23,128**	55,586	**—**	—
EUR	**167**	3,808	**—**	—
Other currencies	**3,428**	3,095	**—**	—
	348,365	285,308	**1,580**	1,500

Notes :

(a) The effective interest rate on short-term bank deposits and term deposits was 2.33% (2010: 0.46%) per annum; these deposits have a maturity ranging from 7 to 365 days.

(b) Bank deposits of HK$2,152,000 (2010: HK$1,658,000) have been pledged as rental deposits for subsidiaries of the Group.

The effective interest rate on pledged bank deposits was 0.58% per annum (2010: 0.30% per annum).

(c) The Group's cash and bank balances denominated in RMB are deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

25 TRADE PAYABLES AND ACCRUALS

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**49,289**	54,726	**—**	—
Accruals	**120,147**	84,439	**473**	217
	169,436	139,165	**473**	217

The credit periods granted by suppliers are generally ranged from 7 to 60 days. At 28 February 2011, the ageing analysis of the trade creditors was as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Current to 30 days	**18,331**	33,823
31 to 60 days	**17,494**	14,745
61 to 90 days	**6,301**	3,928
91 to 120 days	**2,777**	695
Over 120 days	**4,386**	1,535
	49,289	54,726

The carrying amounts of the trade payables approximate their fair values and are denominated in the following currencies:

	Group	
	2011	2010
	HK$'000	HK$'000
HK$	**733**	1,471
RMB	**43,047**	34,941
US$	**3,341**	11,517
EUR	**2,168**	6,797
	49,289	54,726

26 BANK LOANS

	Group	
	2011	2010
	HK$'000	HK$'000
Trust receipt bank loans	**3,510**	—

As at 28 February 2011, the trust receipt bank loans were denominated in the following currencies:

	Group	
	2011	2010
	HK$'000	HK$'000
US$	**3,297**	—
EUR	**213**	—
	3,510	—

The trust receipt bank loans were repayable within twelve months, and carried at floating rates with the weighted average interest rate 1.79% per annum (2010: Nil).

The carrying amounts of the trust receipt bank loans approximate their fair values.

27 SHARE CAPITAL

	2011		2010	
	Number of ordinary shares	**HK$'000**	Number of ordinary shares	HK$'000
Authorised:				
Shares of HK$0.10 each	**800,000,000**	**80,000**	800,000,000	80,000
Issued and fully paid:				
At beginning of year	**639,265,600**	**63,926**	639,065,600	63,906
Exercise of share options (Note 28)	**48,000**	**5**	200,000	20
At end of year	**639,313,600**	**63,931**	639,265,600	63,926

28 SHARE OPTIONS

At a special general meeting of the Company held on 22 July 2002, the shareholders of the Company approved the adoption of the share option scheme (the "Scheme"), pursuant to which the Directors may grant options to eligible persons (as defined under the Scheme) to subscribe for shares in the Company in accordance with the terms of the Scheme. The number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company as at the date of shareholders' approval. The aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share options schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

Each share option under the Scheme entitles the holder to subscribe for one share of HK$0.10 each in the Company at a price, which is to be determined by the Board of Directors provided always that it shall be at least the higher of: (i) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange for the date of offer of grant (which is deemed to be the date of grant if the offer for the grant of an option is accepted by the eligible person), which must be a business day; and (ii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceeding the date of offer of grant.

(a) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2011		2010	
	Average exercise price per share (HK$)	**Number of share options (thousands)**	Average exercise price per share (HK$)	Number of share options (thousands)
At beginning of year	**0.87**	**48**	0.87	248
Exercised	**0.87**	**(48)**	0.87	(200)
At end of year		**—**	0.87	48

The Group has no legal or constructive obligation to repurchase or settle the options in cash. Option exercised during the year resulted in 48,000 shares (2010: 200,000 shares) being issued at an average exercise price of HK$0.87 each (2010: HK$0.87 each). The related weighted average share price at the time of exercise was HK$3.53 per share (2010: HK$1.704 per share).

28 SHARE OPTIONS (CONTINUED)

(b) Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry date at	Exercise price per share (HK$)	Number of share options as at 28 February 2011 (thousands)	28 February 2010 (thousands)
15 January 2016 (Note)	0.87	—	48

Note: Become exercisable from 7 March 2008 and expiring on the 10th anniversary from date of grants.

29 RESERVES

Group

	Share premium HK$'000	Exchange translation reserve HK$'000	Statutory reserves HK$'000 (Note a)	Retained earnings HK$'000	Capital reserve HK$'000	Employee share-based compensation reserve HK$'000	Total HK$'000
At 1 March 2010	416,522	37,754	23,311	365,022	4,261	136	847,006
Comprehensive income							
Profit for the year	—	—	—	168,500	—	—	168,500
Other comprehensive income							
Currency translation differences	—	35,480	—	—	—	—	35,480
Transactions with owners							
Share option scheme							
- exercise of share options	173	—	—	—	—	(136)	37
Transfer	—	—	8,987	(8,987)	—	—	—
Dividends	—	—	—	(72,239)	—	—	(72,239)
At 28 February 2011	416,695	73,234	32,298	452,296	4,261	—	978,784
Representing:							
2011 proposed final dividend							55,620
Others							923,164
							978,784

29 RESERVES (CONTINUED)

Group (Continued)

	Share premium HK$'000	Exchange translation reserve HK$'000	Statutory reserves HK$'000 (Note a)	Retained earnings HK$'000	Capital reserve HK$'000	Revaluation reserve HK$'000	Employee share-based compensation reserve HK$'000	Total HK$'000
At 1 March 2009	416,277	34,810	21,415	276,349	4,261	15,501	227	768,840
Comprehensive income								
Profit for the year	—	—	—	123,002	—	—	—	123,002
Other comprehensive income								
Currency translation differences	—	2,944	—	—	—	—	—	2,944
Transactions with owners								
Transfers upon disposal of an investment property	—	—	—	15,501	—	(15,501)	—	—
Share option scheme								
- exercise of share options	245	—	—	—	—	—	(91)	154
Transfer	—	—	1,896	(1,896)	—	—	—	—
Dividends	—	—	—	(47,934)	—	—	—	(47,934)
At 28 February 2010	416,522	37,754	23,311	365,022	4,261	—	136	847,006
Representing:								
2010 proposed final dividend								44,749
Others								802,257
								847,006

29 RESERVES (CONTINUED)

Company

	Share premium HK$'000	Exchange translation reserve HK$'000	Contributed surplus HK$'000 (Note b)	Retained earnings HK$'000	Employee share-based compensation reserve HK$'000	Total HK$'000
At 1 March 2010	416,522	4,865	30,164	74,573	136	526,260
Comprehensive income						
Profit for the year	—	—	—	66,149	—	66,149
Other comprehensive income						
Currency translation differences	—	24,795	—	—	—	24,795
Transactions with owners						
Share option scheme - exercise of share options	173	—	—	—	(136)	37
Dividends	—	—	—	(72,239)	—	(72,239)
At 28 February 2011	416,695	29,660	30,164	68,483	—	545,002
Representing:						
2011 proposed final dividend						55,620
Others						489,382
						545,002

29 RESERVES (CONTINUED)

Company (Continued)

	Share premium HK$'000	Exchange translation reserve HK$'000	Contributed surplus HK$'000 (Note b)	Retained earnings HK$'000	Employee share-based compensation reserve HK$'000	Total HK$'000
At 1 March 2009	416,277	—	30,164	77,475	227	524,143
Comprehensive income						
Profit for the year	—	—	—	45,032	—	45,032
Other comprehensive income						
Currency translation differences	—	4,865	—	—	—	4,865
Transactions with owners						
Share option scheme - exercise of share options	245	—	—	—	(91)	154
Dividends	—	—	—	(47,934)	—	(47,934)
At 28 February 2010	416,522	4,865	30,164	74,573	136	526,260
Representing:						
2010 proposed final dividend						44,749
Others						481,511
						526,260

29 RESERVES (CONTINUED)

Company (Continued)

Note:

(a) Statutory reserves represent enterprise expansion and general reserve funds set up by subsidiaries established and operated in the PRC. As stipulated by regulations in the PRC, the subsidiaries are required to appropriate to statutory reserves an amount of not less than 5% or 10% of the amount of profit after income tax of respective PRC subsidiaries, calculated based on PRC accounting standards. Should the accumulated total of the statutory reserves reach 50% of the registered capital of the PRC subsidiaries, the subsidiaries will not be required to make any further appropriation. Pursuant to relevant PRC regulations, the general reserve fund may be used to make up losses or to increase the capital of the corresponding subsidiaries whilst the enterprise expansion fund may be used to expand the corresponding subsidiaries' production operations or to increase the capital of the corresponding subsidiaries.

(b) Contributed surplus represents the difference between the consolidated shareholders' funds of Le Saunda (B.V.I.) Limited at the date on which its shares were acquired by the Company and the nominal value of the Company's shares issued for the acquisition.

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus of the Company is available for distribution. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Distributable reserves of the Company at 28 February 2011 amounted to HK$98,647,000 (2010: HK$104,737,000).

30 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 loan to the extent of HK$120,000,000 (2010: HK$50,000,000) of which HK$18,995,000 (2010: HK$20,391,000) was utilised as at 28 February 2011.

31 COMMITMENTS

(a) Capital commitments

	Group	
	2011	2010
	HK$'000	HK$'000
Contracted but not provided for, in respect of		
- purchase of property, plant and equipment	**3,425**	2,867
- unpaid capital contributions to a subsidiary	**—**	10,244

At 28 February 2011, the Company had no capital commitment (2010: HK$Nil).

(b) Commitments under operating leases

(i) At 28 February 2011, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Land and buildings:		
Not later than one year	**55,276**	45,592
Later than one year and not later than five years	**52,142**	28,643
	107,418	74,235

The above operating lease commitments include commitments for fixed rent only. Rentals payable in some cases may include an additional rent, calculated according to gross revenue which is in excess of the fixed rent.

At 28 February 2011, the Company had no future aggregate minimum lease payments under non-cancellable operating leases (2010: HK$Nil).

(ii) At 28 February 2011, the Group had future aggregate minimum rental receivables under non-cancellable operating leases as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Land and buildings:		
Not later than one year	**2,537**	3,127
Later than one year and not later than five years	**2,454**	182
	4,991	3,309

At 28 February 2011, the Company had no future aggregate minimum rental receivable under non-cancellable operating leases (2010: HK$Nil).

32 CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before income tax to net cash generated from operations:

	2011 HK$'000	2010 HK$'000 (Restated)
Profit before income tax	211,872	152,169
Share of profit of a jointly controlled entity	(8,628)	(386)
Fair value gains on investment properties	(3,224)	(4,671)
Gains on disposal of investment properties	—	(5,632)
Depreciation of property, plant and equipment	42,337	29,057
Loss on disposal of property, plant and equipment	1,006	810
Loss on disposal of a subsidiary	18	—
Amortisation of leasehold land and land use rights	894	889
Impairment provision of an available-for-sale financial asset	—	226
Impairment provision of the amount due from available-for-sale financial asset	4,616	3,984
Impairment losses on inventories	5,591	—
Impairment losses on trade receivables	1,482	—
Interest income	(1,894)	(975)
Operating profit before working capital changes	254,070	175,471
Increase in inventories	(140,196)	(53,740)
Decrease/(increase) in trade and other receivables	8,378	(33,999)
Increase in deposits and prepayments	(4,685)	(141)
Increase in trade payables and accruals	26,566	20,393
Increase/(decrease) in amount due to a jointly controlled entity	47,456	(1,016)
Net cash generated from operations	191,589	106,968

32 CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Disposal of a subsidiary

On 31 December 2010, pursuant to a Shareholding transfer agreement entered into between the Group and 陳本雄 , a third party, the Group approved the disposal of its entire equity interest in a subsidiary, 佛山市順德區信美達物業管理有限公司（「信美達」）, which is engaged in the property management business. The loss on disposal of subsidiary amounted to HK$18,000. The transaction was completed on 31 December 2010.

Details of the disposal of a subsidiary related to 信美達 are as follows:

	HK$'000
Net assets disposed of:	
Trade and other receivables, deposits and prepayments	2
Cash and bank balances	18
Trade payables and accruals	(55)
Exchange translation reserve	53
	18
Loss on disposal	18
Cash consideration received	—

Analysis of net cash and cash equivalents outflow in respect of the disposal of a subsidiary:

	HK$'000
Cash consideration received	—
Cash and bank balances disposed of	(18)
Net outflow of cash and cash equivalents	(18)

33 RELATED PARTY TRANSACTIONS

(a) Related parties

As at 28 February 2011, Stable Gain Holdings Limited had 32.07% equity interest in the Company as the single largest shareholder.

(b) Transactions with related parties

Significant transactions with related parties and companies, which were carried out in the normal course of the Group's business, are summarised as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Rental expenses charged by:		
- a related party (Note (i))	**1,560**	1,560
- related companies (Note (ii))	**781**	1,508

(i) During the year, the Group rented a shop located in Macau from Mr. Lee, a substantial shareholder and Director of the Company, as a retail outlet in Macau.

(ii) During the year, the Group rented office premises located in Mainland China from Genda Investment Limited and Super Billion Properties Limited, companies controlled by Mr. Lee.

(c) Year-end balance with related party

	Group	
	2011	2010
	HK$'000	HK$'000
Amount due to a jointly controlled entity (Note 19(b))	**47,456**	—

(d) Key management compensation

	Group	
	2011	2010
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**7,391**	9,734
Contributions to retirement scheme	**46**	72
	7,437	9,806

RESULTS OF THE GROUP

	2011		2010		2009		2008		2007	
	Continuing operations HK$'000	Discontinued operations HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000
Revenue	1,319,927	—	1,000,018	—	910,018	—	781,993	14,184	724,284	48,487
Operating profit/(loss)	201,350	—	150,808	—	77,511	—	83,621	(21,535)	109,285	3,353
Finance income, net	1,894	—	975	—	4,171	—	5,024	94	1,670	384
Share of profit of a jointly controlled entity	8,628	—	386	—	534	—	14,509	—	1,925	—
Profit/(loss) before income tax	211,872	—	152,169	—	82,216	—	103,154	(21,441)	112,880	3,737
Income tax expense	(42,557)	—	(29,167)	—	(10,146)	—	(7,092)	—	(5,729)	(5,162)
Gain on disposal of a subsidiary	—	—	—	—	—	—	—	3,455	—	—
Profit/(loss) for the years	169,315	—	123,002	—	72,070	—	96,062	(17,986)	107,151	(1,425)
Profit/(loss) attributable to:-										
– equity holders of the Company	168,500	—	123,002	—	72,070	—	96,062	(17,986)	107,151	(1,425)
– non-controlling interest	815	—	—	—	—	—	—	—	—	—
	169,315	—	123,002	—	72,070	—	96,062	(17,986)	107,151	(1,425)

ASSETS AND LIABILITIES OF THE GROUP

	2011 HK$'000	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000
Investment properties, property, plant and equipment and leasehold land and land use rights	**313,149**	297,180	339,625	224,046	180,159
Interest in a jointly controlled entity	**48,592**	38,109	37,441	56,251	57,829
Long-term deposits and prepayments	**10,388**	9,621	6,534	12,657	16,734
Interest in and amount due from an available-for-sale financial asset/other investment	**—**	4,553	22,381	24,255	7,189
Deferred tax assets	**37,861**	24,407	32,286	38,680	36,339
Non-current assets classified as held for sale	**—**	—	—	—	39,718
Liabilities directly associated with non-current assets classified as held for sales	**—**	—	—	—	(3,445)
Net current assets	**658,434**	541,759	400,955	436,081	404,590
	1,068,424	915,629	839,222	791,970	739,113
Total equity	**1,054,223**	910,932	832,746	786,804	735,663
Deferred tax liabilities	**14,201**	4,697	6,476	5,166	3,450
	1,068,424	915,629	839,222	791,970	739,113

INVESTMENT PROPERTIES

	Location	Type	Tenure
(a)	Shop Nos 5 & 6, 215-217 Qi Sha Road, Block 1, Hao Jing Hua Yuan, West District, Shi Qi Zhen, Zhongshan, Guangdong Province, People's Republic of China	Shop	Medium lease
(b)	Unit B on G/F, Nos 26, 28, 28A Rua De. S. Domingos, Macau	Shop	Medium lease
(c)	Car Parking Space No. V6 , UG/F, Hing Wai Centre, No. 7 Tin Wan Praya Road, Aberdeen, Hong Kong	Car park	Medium lease
(d)	Car Parking Space No. V7, UG/F, Hing Wai Centre, No. 7 Tin Wan Praya Road, Aberdeen, Hong Kong	Car park	Medium lease
(e)	Car Parking Space No. L15, G/F, Hing Wai Centre, No. 7 Tin Wan Praya Road, Aberdeen, Hong Kong	Car park	Medium lease
(f)	Car Parking Space No. L16, G/F, Hing Wai Centre, No. 7 Tin Wan Praya Road, Aberdeen, Hong Kong	Car park	Medium lease