le saunda holdings ltd.

利信達集團有限公司

interim report 2011/12

(Stock Code : 0738)

CONTENTS

In this report, all monetary values are stated in Hong Kong dollars unless stated otherwise.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Lee Tze Bun, Marces *(Chairman)*
Lau Shun Wai *(Chief Executive Officer)*
Wong Sau Han
Chu Tsui Lan *(Chief Operating Officer)*
An You Ying *(appointed on 10 October 2011)*

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

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

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

COMPANY SECRETARY
Yuen Chee Wing

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 HM 11
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
Unit 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: 0738
Board Size: 2,000 Shares

INVESTOR RELATIONS

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WEBSITE ADDRESS

http://www.lesaunda.com.hk

OVERVIEW

During the first half of the 2011/12 fiscal year, the Group managed to achieve steady growth despite various negative factors such as persistent inflationary pressure in China, rising corporate operations costs and uncertainties in the global markets. For the six months ended 31 August 2011, the Group posted a consolidated revenue of HK$655.2 million, an increase of 22.8% over the last corresponding period. Consolidated gross profit increased by 30.2% to HK$415.6 million, while the overall gross profit margin rose 3.6 percentage points to 63.4%. Consolidated operating profit increased by 24.9% to HK$87.7 million. Taking into account the Group's share of loss of a jointly controlled entity (property development business) of HK$1.1 million (2010/11: profit of HK$8.0 million), consolidated profit attributable to equity holders of the Company was HK$70.0 million, an increase of 16.0% over the last corresponding period. Basic earnings per share was HK10.95 cents. Underlying profit, which reflects the performance of Group's core footwear business, increased by 35.0% over the last corresponding period to HK$67.6 million, indicating that our core retail business performed as expected during the period.

The Board resolved to declare an interim dividend of HK5.0 cents per ordinary share for the six months ended 31 August 2011 (2010/11 interim dividend: HK4.3 cents).

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

BUSINESS REVIEW

Retail Operations and Sales Network

Retail operations remain the Group's principal revenue contributor, accounting for 96.3% of our consolidated revenue. The retail markets in Hong Kong, Macau and Mainland China continued to be robust during the period. With our rapidly expanding retail network, the Group's average number of outlets increased by approximately 28% compared to the last corresponding period. Along with the overall same-store-sales growth of approximately 12.5%, our retail segment recorded a total revenue of HK$630.9 million, up by 36.6% over the last corresponding period.

	Six months ended 31 August 2011		
Consolidated Revenue	**(HK$ Million)**	**% to Total**	**Year-on-year Growth (%)**
Retail Operations:			
Mainland China	548.5	83.7	38.2
Hong Kong and Macau	82.4	12.6	26.6
Retail Sub-total	**630.9**	**96.3**	**36.6**
Export	**24.3**	**3.7**	**-66.2**
Group's Total Revenue	**655.2**	**100.0**	**22.8**

The Group continued to expand its footprint nationwide to capture the opportunities arising from China's rapid urbanization and growing purchasing power. As at 31 August 2011, the Group had a network of 790 retail outlets in Hong Kong, Macau and Mainland China, 143 more compared to last August.

	As at 31 August 2011		
Number of Outlets by Region	**Self-owned**	**Franchised**	**Total**
Mainland China	**609**	**164**	**773**
• Northern, Northern East & Northern West	121	102	223
• Eastern	193	8	201
• Central & Southern West	119	39	158
• Southern	176	15	191
Hong Kong and Macau	**17**	**—**	**17**
Total	**626**	**164**	**790**

BUSINESS REVIEW (CONTINUED)

Product Mix & Offerings

In terms of product mix, ladies' footwear remained the Group's major revenue contributor by product category during the period, achieving year-on-year growth of 42.4%. Men's footwear also registered remarkable growth of 33.1%.

Product Category	Year-on-Year Growth (%)	Sales Mix (%)
Ladies' Footwear	42.4	78.7
Men's Footwear	33.1	11.9
Ladies' Handbags and Accessories	5.7	9.4
Total		100.0

The Group has been targeting the mid-to-high-end segment of footwear market. Leveraging the surge of purchasing power in the PRC market, the Group was committed to enriching its product mix during the period, offering quality products to a wide range of customers. On top of our existing mid-to-high-end brand "Le Saunda" which targets stylish executives and the "CnE" brand which targets young and trendy ladies, the Group has duly launched the counter of the high-end brand "Linea Rosa" featuring trendy and refined ladies' footwear, as well as promoting the high-end line "Itauomo" of prestige Italian men's footwear at the Le Saunda men's footwear counters. By launching diversified product lines, the Group intends to promote its brand image with its men's and ladies' footwear and to increase its presence in the high-end market.

Geographical Review

Hong Kong and Macau

During the period under review, with the economic conditions in the region becoming more stable, total revenue generated by our retail business in Hong Kong and Macau reached HK$82.4 million, representing a year-on-year increase of 26.6% and accounting for 12.6% of Group consolidated revenue. The average selling price also rose by approximately 6.0% over the last corresponding period.

BUSINESS REVIEW (CONTINUED)

Geographical Review (continued)

Hong Kong and Macau (continued)

To enhance Le Saunda's brand image and exposure, 4 new retail outlets located mainly in commercial and tourist hotspots were opened during the period. As at the end of the first half year, the total number of outlets in Hong Kong and Macau reached 17. In light of rising rental expense and inflationary pressure, the Group has adopted a flexible and timely store optimization strategy to adjust its store locations and store layout, so as to tighten control over rental costs.

Apart from gaining a foothold in shopping hotspots, the Group put more effort into organizing promotional activities and marketing campaigns to enhance its brand image and recognition. Recently, the Group had held a fashion show at Times Square in Causeway Bay to unveil its 2011 Fall/Winter collections. Celebrity model Chrissie Chau was invited along with a team of professional models to grace the occasion, bringing wide coverage of the Le Saunda brand by the local media. We believe that promotional activities such as new product fashion shows can further facilitate our product positioning while also enhancing media exposure of our brand.

Geographical Review (continued)

Mainland China

The Mainland China market is the main profit contributor of the Group. Though faced with rising labour costs in Mainland China, the Group's retail business in Mainland China achieved impressive growth during the period, benefited from the continuing expansion of its retail network and prudent operation strategies. Revenue from Mainland China went up by 38.2% to HK$548.5 million, accounting for 83.7% of the consolidated revenue of the Group. The average selling price was 5.3% higher than that of the last corresponding period.

During the period under review, the Group continued to set up retail outlets and counters in second- and third-tier cities, including the first high-end "Linea Rosa" specialty store in Wuhan and 11 new stand-alone counters for men's footwear. The Group also tapped into new markets with significant spending potential in Wuzhou, Jiling, Anshan, Jining and Anyang. As at 31 August 2011, the Group had a nationwide network of 609 self-owned outlets and 164 franchised outlets.

BUSINESS REVIEW (CONTINUED)

Geographical Review (continued)

Mainland China (continued)

Meanwhile, the Group invested heavily in marketing and advertising campaigns in Mainland China in a bid to enhance its brand recognition nationwide. In April 2011, the Group organized a major fashion show and the product launch for the high-end "Linea Rosa" brand, which targets young and fashionable consumers, at the popular landmark "1933" in Shanghai to showcase Le Saunda's 2011 Spring/Summer ladies' and men's collections. Hong Kong Canto-pop star Ms. Miriam Yeung and Mr. Real Ting, for the first time as a couple, strolled down the catwalk for the event. Their well-received performance generated a considerable amount of publicity for our brand in Mainland China and Hong Kong.

New Sales Channels

With the growing popularity of the Internet in China, the development of online sales is entering into a mature stage. To expand its sales channels, the Group started online sales in 2010 and set up points of sale at different retail platforms. During the first half of this financial year, the Group's online sales doubled when compared to the last corresponding period. Conducting our sales through online platforms not only brings in considerable revenue, but also enables the Group to reach out to a different customer base.

Export Business

The export market remained sluggish during the period under review as a result of weak demand from European countries hit by the European debt crisis. The Group's overall export revenue dropped by 66.2% compared to the last corresponding period. However, the export business accounted for only 3.7% of Group consolidated revenue.

Inventory & Supply Chain Management

As at 31 August 2011, the Group's inventory balance was HK$461.4 million, up 19.3% from HK$386.9 million as at the end of the last financial year. A breakdown of the increase in inventory balance is as follows:

HK$ (million)	As at 31 August 2011	As at 28 February 2011	Increase in Value	Growth (%)
Raw Materials and Work-in-progress	109.2	106.9	2.3	2.2
Finished Goods	352.2	280.0	72.2	25.8
Total	461.4	386.9	74.5	19.3

BUSINESS REVIEW (CONTINUED)

Inventory & Supply Chain Management (continued)

As the Group has been actively expanding the new store network over the past few years, maintaining relatively high inventory levels can help to facilitate market development more effectively. At the end of the half-year period, finished goods increased by HK$72.2 million, a majority of which was attributed to the early production and delivery of goods for the next season. As a result, the Group's stock turnover days increased to 210 days (31 August 2010: 172 days). However, our inventory level remained healthy as nearly 90% of finished goods aged less than one year (31 August 2010: 85%).

Expecting a more volatile external environment in the second half year, the Group has taken the initiative to clear the stock since September 2011 through various channels such as its permanent and temporary factory outlets with new promotional strategies. All these aim to bring the off-season inventory level in end of February 2012 lower than that in end of February 2011. To enhance the supply-chain management at our production bases, the Group committed to investing in a new ERP management system during the period. The new system implementation is expected to be commissioned in the second half of 2012. This will further improve the operation efficiency of the production bases at Shunde and Gaoming, shorten their production cycle and enhance their supply chains.

FINANCIAL REVIEW

Operating results

Consolidated revenue increased by 22.8% to HK$655.2 million (2010/11: HK$533.7 million). Retail revenue maintained its growth momentum with year-on-year growth of approximately 36.6%, while the weakening export markets have recorded a year-on-year decline of 66.2%. As a result, the Group's overall revenue growth slowed down comparatively in the first half of the financial year.

During the period, costs of sales increased by 11.6% to HK$ 239.6 million (2010/11: HK$214.6 million). Shoe products sold by the Group are primarily produced in our manufacturing base in Shunde. During the period under review, finished goods from our Shunde facilities recorded a slight increase in average cost per unit for materials. As the majority of the materials are imported, the pressure from rising material costs was partially offset by the appreciation of the RMB. Wage costs per unit on average saw a moderate single-digit increase during the period under review. Thanks to improvements in efficiency, the increase in average cost per unit for labor was lower than the increment in labor salary.

Selling and distribution costs increased by 42.6% to HK$261.7 million (2010/11: HK$183.5 million) during the period under review. The rise in selling and distribution costs outstripped revenue growth because (i) there was a change in the business mix as export sales, which generally incur lower selling and distribution costs, accounted for only 3.7% of total revenue (2010/11: 13.4%); (ii) rents and wages were the two major components of selling costs. During the period, there was an increase of more than 35% in fixed rental expenses for our stores in Hong Kong while the concession rate applicable to our counters in the PRC remained relatively stable. Along with inflation, there was a sharp rise in wages for sales personnel while it took time for new stores to achieve operational efficiency. As a result, the increase in wage costs is higher than the growth of revenue; and (iii) there was a year-on-year increase of more than 90% in advertising and promotional expenses to cope with brand building initiatives and opening of new stores. In terms of sales ratio, selling and distribution costs accounted for 39.9% of revenue (2010/11: 34.4%).

General and administrative expenses increased by 3.0% to HK$69.7 million (2010/11: HK$67.7 million). In terms of sales ratio, general and administrative expenses accounted for 10.6% of revenue (2010/11: 12.7%). Upward pressure on payroll for management and administrative staff grew stronger while other expenditures such as depreciation of office equipment remained relatively stable.

Income tax expenses for the period under review was approximately HK$18.2 million (2010/11: HK$18.5 million), representing an effective tax rate (net of non-taxable items) of approximately the same as that of last corresponding period. All PRC tax benefits currently enjoyed by the Group are due to expire by the end of 2011. The effective tax rate is expected to gradually increase to close to 25%. For our Hong Kong business, the effective tax rate is maintained at 16.5%.

During the period under review, the Group's share of loss of a jointly controlled entity amounted to HK$1.1 million (2010/11: profit of HK$8.0 million). This jointly controlled entity is principally engaged in property development in the PRC. As at end of 2010, it had completed its projects on hand and there were no plans to launch new projects.

OUTLOOK

In its 12th Five-Year Plan, the PRC central government proposed the strategy of boosting domestic demand and building a long-term mechanism for expanding consumer demand. The economic structure of the PRC is thus shifting towards a consumer- and urbanization-oriented model in which retail consumption will remain the mainstay of economic growth in the PRC. With the rising per capita income and the quest for better quality of life, we believe that the PRC has immense market potential and that the retail industry will benefit in the long run.

In the near term, ongoing austerity measures to curb the overheating economy may affect consumer sentiments to some extent. Even worse, markets across the globe have become increasingly volatile since July and August 2011. Uncertainties concerning the prospects of the US economy and the relapse of the European debt crisis have generated concerns over the global economy which are likely to hit some Asian markets with a slowdown in economic growth. Retail markets in Hong Kong and the PRC may suffer as consumer sentiment turns sour. Facing a business environment characterized by possible instability, the Group will adhere to its prudent approach to expand its business by setting up new self-owned stores in promising second- and third-tier cities, mainly the prefecture-level cities untapped by the Group and maintain its target of setting up a total of 1,000 outlets by August of 2012. In addition, the Group will strive to lower the inventory level to expedite its cash flow. Starting from Spring/Summer 2012, the Group will adopt more aggressive merchandising policies to speed up the launch of new styles in the market and to reduce the growth rate of inventory. Through timely repeat orders for our best-sellers, the Group will further improve its operational efficiency and profit margin. The Group endeavours to cope with the ever-changing market with a more flexible approach.

With the rapid growth being seen in the PRC retail market, market competition is expected to intensify. The Group will continue to enrich its product mix and instill new elements to its brands to cope with the ever-changing market. The CnE line will consolidate to introduce more new fashionable products at a faster pace. Our expanding men's footwear business will develop new lines with specific elements to target the trendy and smart executive customers, coupled with the newly launched "Linea Rosa" ladies' footwear brand which targets high-end young customers with elegant fashion sense, thus further strengthening our leading position in the mid-to-high-end market in Mainland China.

In contrast to the strong economic growth in the PRC, economies across Europe remain weak. Export markets are expected to stay depressed for the second half of the financial year. This may have an impact on the original equipment manufacturing (OEM) division within the Group's export segment. As our retail business continues to grow, the proportion of Group's revenue contributed by export business will gradually diminish.

OUTLOOK (CONTINUED)

As strong economic growth in Mainland China drives up labor costs, the Group faces the pressure of higher operating costs. Besides, persistently high shop rents during the period under review also exerted pressure on our operating costs. We expect that labor costs at home and across the border as well as the rental expense for retail outlets in Hong Kong will remain challenging for the second half of the year. The Group will forge ahead with its strategy of optimizing its operations, enhancing efficiency through various cost control measures, opening up effective sales channels, and boosting turnover and profit margins in order to mitigate the impact from rising costs. In so doing, we are translating the impact from rising labor costs and shop rents into a driving force to enhance the Group's operational efficiency.

Leveraging our competitive edges, we will continue to strengthen the Group's position as one of the leading retailers of brand name shoes in Hong Kong and Mainland China. Meanwhile, we will spare no effort in overcoming the challenges that stem from the difficult operating environment, striving to enhance our profitability and creating higher value for our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

Liquidity Ratio

As at 31 August 2011, the Group's cash position remains strong and healthy with net cash balance of HK$346.1 million as compared with HK$348.4 million as at 28 February 2011. Total equity is maintained at HK$1,098.6 million, along with a quick ratio of 1.8 times (28 February 2011: 2.1 times).

Pledge of Assets

As at 31 August 2011, bank deposit of HK$4.3 million (28 February 2011: HK$2.2 million) have been pledged as rental deposits for certain subsidiaries of the Group.

Capital Structure and Financial Resources

During the six months ended 31 August 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 did not borrow any bank loan during the period. 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 period. 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.

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$120.0 million (28 February 2011: HK$120.0 million) of which HK$8.8 million (28 February 2011: HK$19.0 million) was utilised as at 31 August 2011.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK5.0 cents per ordinary share for the six months ended 31 August 2011 (2010: HK4.3 cents) payable on Wednesday, 23 November 2011 to all shareholders of the Company whose names appear on the Register of Members of the Company on Wednesday, 16 November 2011.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 August 2011, the Group had a staff force of 5,410 people. Of this, 176 were based in Hong Kong and 5,234 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 six months ended 31 August 2011, including Directors' emoluments, net pension contributions and value of employee services, amounted to HK$162.7 million (31 August 2010: HK$116.6 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.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 31 August 2011

	Note	Unaudited Six months ended 31 August 2011 HK$'000	2010 HK$'000 (Restated)
Revenue	6	**655,193**	533,683
Cost of sales		**(239,559)**	(214,569)
Gross profit		**415,634**	319,114
Other income	7	**1,298**	899
Other gains	7	**2,105**	1,357
Selling and distribution costs		**(261,656)**	(183,495)
General and administrative expenses		**(69,725)**	(67,671)
Operating profit	8	**87,656**	70,204
Finance income		**1,984**	813
Finance costs		**(5)**	—
Share of (loss)/profit of a jointly controlled entity		**(1,070)**	8,029
Profit before income tax		**88,565**	79,046
Income tax expense	9	**(18,212)**	(18,529)
Profit for the period		**70,353**	60,517
Profit attributable to:			
— equity holders of the Company		**70,014**	60,365
— non-controlling interests		**339**	152
		70,353	60,517
Earnings per share attributable to equity holders of the Company			
— Basic (HK cents)	10	**10.95**	9.44
— Diluted (HK cents)	10	**10.95**	9.44
Interim dividend	11	**31,966**	27,488

The notes on pages 26 to 45 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 August 2011

	Unaudited	
	Six months ended 31 August	
	2011	2010
	HK$'000	HK$'000
Profit for the period	**70,353**	60,517
Other comprehensive income		
Currency translation differences	**28,048**	2,319
Other comprehensive income for the period, net of tax	**28,048**	2,319
Total comprehensive income for the period	**98,401**	62,836
Total comprehensive income for the period, attributable to:		
— equity holders of the Company	**97,727**	62,661
— non-controlling interests	**674**	175
	98,401	62,836

The notes on pages 26 to 45 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 31 August 2011

	Note	**Unaudited 31 August 2011 HK$'000**	Audited 28 February 2011 HK$'000
ASSETS			
Non-current assets			
Investment properties	12	**47,188**	47,188
Property, plant and equipment	12	**243,841**	232,127
Leasehold land and land use rights	12	**33,740**	33,834
Long-term deposits and prepayments		**16,093**	10,388
Interest in a jointly controlled entity		**33,790**	48,592
Deferred tax assets		**34,324**	37,861
		408,976	409,990
Current assets			
Inventories		**461,428**	386,888
Trade and other receivables	13	**131,707**	134,694
Deposits and prepayments		**24,535**	23,311
Cash and bank balances		**346,111**	348,365
		963,781	893,258
Total assets		**1,372,757**	1,303,248

The notes on pages 26 to 45 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 31 August 2011

	Note	Unaudited 31 August 2011 HK$'000	Audited 28 February 2011 HK$'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	15	**63,931**	63,931
Reserves			
Proposed dividend		**31,966**	55,620
Others		**990,512**	923,164
		1,086,409	1,042,715
Non-controlling interests		**12,182**	11,508
Total equity		**1,098,591**	1,054,223
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**14,201**	14,201
Current liabilities			
Trade payables and accruals	14	**204,005**	169,436
Amount due to a jointly controlled entity		**48,852**	47,456
Current income tax liabilities		**7,108**	14,422
Bank loans		**—**	3,510
		259,965	234,824
Total liabilities		**274,166**	249,025
Total equity and liabilities		**1,372,757**	1,303,248
Net current assets		**703,816**	658,434
Total assets less current liabilities		**1,112,792**	1,068,424

The notes on pages 26 to 45 form an integral part of this condensed consolidated interim financial information.

	Unaudited									
	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Exchange translation reserve HK$'000	Statutory reserve HK$'000	Retained earnings HK$'000	Capital reserve HK$'000	Employee share-based compensation reserve HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Balance at 1 March 2011	63,931	416,695	73,234	32,298	452,296	4,261	–	1,042,715	11,508	1,054,223
Profit for the period	–	–	–	–	70,014	–	–	70,014	339	70,353
Other comprehensive income										
– Currency translation differences	–	–	27,713	–	–	–	–	27,713	335	28,048
Total comprehensive income for the period ended 31 August 2011	–	–	27,713	–	70,014	–	–	97,727	674	98,401
Employees share option scheme:										
– value of employee services	–	–	–	–	–	–	1,587	1,587	–	1,587
Dividends relating to 2011 paid in July 2011 (Note 11)	–	–	–	–	(55,620)	–	–	(55,620)	–	(55,620)
	–	–	–	–	(55,620)	–	1,587	(54,033)	–	(54,033)
Balance at 31 August 2011	63,931	416,695	100,947	32,298	466,690	4,261	1,587	1,086,409	12,182	1,098,591
Representing:										
Share capital										63,931
2011 proposed interim dividend										31,966
Others										990,512
Non-controlling interests										12,182
										1,098,591

The notes on pages 26 to 45 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 August 2011

	Unaudited									
	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Exchange translation reserve HK$'000	Statutory reserve HK$'000	Retained earnings HK$'000	Capital reserve HK$'000	Employee share-based compensation reserve HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Balance at 1 March 2010	63,926	416,522	37,754	23,311	365,022	4,261	136	910,932	–	910,932
Profit for the period	–	–	–	–	60,365	–	–	60,365	152	60,517
Other comprehensive income										
– Currency translation differences	–	–	2,296	–	–	–	–	2,296	23	2,319
Total comprehensive income for the period ended 31 August 2010	–	–	2,296	–	60,365	–	–	62,661	175	62,836
Transactions with non-controlling interests	–	–	–	–	–	–	–	–	5,690	5,690
Dividends relating to 2010 paid in July 2010 (Note 11)	–	–	–	–	(44,749)	–	–	(44,749)	–	(44,749)
	–	–	–	–	(44,749)	–	–	(44,749)	5,690	(39,059)
Balance at 31 August 2010	63,926	416,522	40,050	23,311	380,638	4,261	136	928,844	5,865	934,709
Representing:										
Share capital										63,926
2010 proposed interim dividend										27,488
Others										837,430
Non-controlling interests										5,865
										934,709

The notes on pages 26 to 45 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 31 August 2011

	Unaudited Six months ended 31 August 2011 HK$'000	2010 HK$'000
Net cash inflows from operating activities	**56,911**	25,854
Net cash outflows from investing activities	**(12,883)**	(19,244)
Net cash outflows from financing activities	**(59,111)**	(39,003)
Net decrease in cash and cash equivalents	**(15,083)**	(32,393)
Effect of foreign exchange rate changes, net	**11,235**	304
Cash and cash equivalents at 1 March	**344,620**	277,995
Cash and cash equivalents at 31 August	**340,772**	245,906
Analysis of the cash and bank balances:		
Cash and cash equivalents	**340,772**	245,906
Add: Cash restricted for specific purposes	**5,339**	2,314
Cash and bank balances at 31 August	**346,111**	248,220

The notes on pages 26 to 45 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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").

This condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 24 October 2011.

This condensed consolidated interim financial information has not been audited.

KEY EVENTS

On 27 June 2011, the Company granted 14,100,000 share options under the Share Option Scheme adopted by the Company on 22 July 2002 to certain eligible persons. Further details are given in Note 16.

On 15 August 2011, Parklink Investment Development Limited ("Parklink Investment"), an indirect wholly-owned subsidiary of the Company, entered into an asset swap agreement with Super Billion Properties Limited ("Super Billion"), which is indirectly wholly and beneficially owned by Mr. Lee Tze Bun, Marces, whereby Parklink Investment and Super Billion will swap with each other certain assets respectively held by them in the People's Republic of China ("PRC"). The transaction had been approved by the Board on 15 August 2011 and is pending approval and tax assessment by the relevant PRC authority. Further details are given in Note 21.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 31 August 2011 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim Financial Reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 28 February 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 28 February 2011, as described in those annual financial statements.

Exceptional items are disclosed and described separately in the financial information where it is necessary to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3 ACCOUNTING POLICIES (continued)

(a) Amended standard adopted by the Group

The following amended standard is mandatory for the first time for the financial year beginning 1 March 2011:

- Amendment to HKAS 34 'Interim Financial Reporting' is effective for annual periods beginning on or after 1 March 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

(b) The following new, revised or amended standards and interpretations are also mandatory for the first time for the financial year beginning 1 March 2011 but are not currently relevant to the Group:

- HKAS 24 (Revised) — Related Party Disclosures
- HKAS 32 (Amendment) — Classification of Rights Issues
- HK (IFRIC)-Int 14 (Amendment) — Prepayments of a Minimum Funding Requirement
- HK (IFRIC)-Int 19 — Extinguishing Financial Liabilities with Equity Instruments
- Third improvements to Hong Kong Financial Reporting Standards (2010) issued in May 2010 (except for amendment to HKAS 34 'Interim Financial Reporting' as disclosed in note 3(a))

(c) The following new and amended standards have been issued but are not effective for the financial year beginning 1 March 2011 and have not been early adopted:

- HKAS 1 (Amendment) — Presentation of Financial Statements[3]
- HKAS 12 (Amendment) — Deferred Tax: Recovery of Underlying Assets[2]
- HKAS 19 (Amendment) — Employee Benefits[4]
- HKFRS 1 (Amendment) — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
- HKFRS 7 (Amendment) — Disclosures — Transfers of Financial Assets[1]
- HKFRS 9 — Financial Instruments[4]
- HKFRS 10 — Consolidated Financial Statements[4]
- HKFRS 11 — Joint Arrangements[4]
- HKFRS 12 — Disclosures of Interests in Other Entities[4]
- HKFRS 13 — Fair Value Measurement[4]

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

4 ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 28 February 2011.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 28 February 2011.

There have been no changes in the risk management policies of the Group since the year ended 28 February 2011.

5.2. 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.

	31 August 2011 HK$'000	28 February 2011 HK$'000
Less than 1 year		
Trade payables and accruals	**204,005**	169,436
Amount due to a jointly controlled entity	**48,852**	47,456
Bank loans	**—**	3,510
	252,857	220,402

6 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 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, net exchange gains, finance income, finance costs, share of profit/loss of a jointly controlled entity and unallocated income/expenses.

Segment assets mainly exclude interest in a jointly controlled entity, 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.

6 REVENUE AND SEGMENT INFORMATION (continued)

The segment information provided to the Executive Directors for the reportable segments for the six months ended 31 August 2011 is as follows:

	Unaudited Six months ended 31 August 2011			
	Retail		Export	Total
	HK & Macau	Mainland China	*(Note (a))*	
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from external customers	82,401	548,516	24,276	655,193
Reportable segment profit	6,417	72,822	4,952	84,191
Other income				1,298
Finance income				1,984
Finance costs				(5)
Net exchange gains				2,105
Share of loss of a jointly controlled entity				(1,070)
Unallocated income				62
Profit before income tax				88,565
Income tax expense				(18,212)
Profit for the period				70,353
Depreciation and amortisation	2,420	20,626	463	23,509
Additions to non-current assets (Other than deferred tax assets)	4,386	23,167	841	28,394

6 REVENUE AND SEGMENT INFORMATION (continued)

The segment information for the six months ended 31 August 2010 is as follows:

	Unaudited Six months ended 31 August 2010			
	Retail		Export	Total
	HK & Macau	Mainland China	*(Note (a))*	
	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000 (Restated)
Revenue from external customers	65,076	396,834	71,773	533,683
Reportable segment profit	6,516	51,174	10,312	68,002
Other income				899
Finance income				813
Net exchange gains				1,357
Share of profit of a jointly controlled entity				8,029
Unallocated expenses				(54)
Profit before income tax				79,046
Income tax expense				(18,529)
Profit for the period				60,517
Depreciation and amortisation	1,996	15,331	1,970	19,297
Additions to non-current assets (Other than deferred tax assets)	1,202	20,721	3,132	25,055

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

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 sales of shoes mainly relates to the Group's own brand, Le Saunda, CnE and Linea Rosa. The export sales of shoes relates to the Group's own brand and the other shoe brands which are not owned by the Group.

6 REVENUE AND SEGMENT INFORMATION (continued)

An analysis of the Group's assets and liabilities as at 31 August 2011 by reportable segment is set out below:

	Unaudited As at 31 August 2011			
	Retail		Export	Total
	HK & Macau	Mainland China		
	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	131,991	1,112,273	44,568	1,288,832
Interest in a jointly controlled entity				33,790
Deferred tax assets				34,324
Unallocated assets				15,811
Total assets per condensed consolidated balance sheet				1,372,757
Segment liabilities	18,822	178,394	6,779	203,995
Amount due to a jointly controlled entity				48,852
Current income tax liabilities				7,108
Deferred tax liabilities				14,201
Unallocated liabilities				10
Total liabilities per condensed consolidated balance sheet				274,166

6 REVENUE AND SEGMENT INFORMATION (continued)

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

	Audited As at 28 February 2011			
	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 condensed 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 condensed consolidated balance sheet				249,025

6 REVENUE AND SEGMENT INFORMATION (continued)

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

REVENUE

	Unaudited Six months ended 31 August 2011 HK$'000	2010 HK$'000
Hong Kong	**71,300**	57,257
Mainland China	**548,516**	396,834
Macau	**11,101**	7,819
Russia	**15,884**	41,942
Italy	**27**	1,676
Other countries *(Note (a))*	**8,365**	28,155
Total	**655,193**	533,683

(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 six months ended 31 August 2011, there was no transaction with a single external customer that amounted to 10 percent or more of the Group's revenue (for the six months ended 31 August 2010: HK$ Nil).

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

NON-CURRENT ASSETS

	Unaudited 31 August 2011 HK$'000	Audited 28 February 2011 HK$'000
Hong Kong	**34,498**	25,863
Mainland China	**296,995**	302,862
Macau	**43,159**	43,404
Total	**374,652**	372,129

7 OTHER INCOME AND OTHER GAINS

	Unaudited Six months ended 31 August	
	2011	2010
	HK$'000	HK$'000
Other income		
Gross rental income from investment properties	**1,298**	899
Other gains		
Net exchange gains *(Note (a))*	**2,105**	1,357
	3,403	2,256

(a) Net exchange gains arose from the settlement of transactions denominated in foreign currencies and from the translation at period-end exchange rates of monetary assets and liabilities, including inter-company balances, denominated in foreign currencies.

8 OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:

	Unaudited Six months ended 31 August	
	2011	2010
	HK$'000	HK$'000
Auditors' remuneration	**929**	785
Amortisation of leasehold land and land use rights	**452**	446
Depreciation of property, plant and equipment	**23,057**	18,851
Loss on disposal of property, plant and equipment	**619**	1,463
Cost of inventories recognised as expenses included in cost of sales	**179,056**	185,980
Operating lease rentals in respect of land and buildings		
— minimum lease payments	**40,391**	28,921
— contingent rent	**1,391**	1,115
Freight charges	**6,366**	6,274
Concessionaire fee	**95,894**	71,381
(Write-back of impairment)/impairment of inventories	**(1,622)**	5,732
Direct operating expenses arising from investment properties that generated rental income	**113**	140
Staff costs (including directors' emoluments and value of Employee services)	**162,673**	116,629

9 INCOME TAX EXPENSE

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

	Unaudited Six months ended 31 August	
	2011	2010
	HK$'000	HK$'000
		(Restated)
Current income tax		
PRC corporate income tax	**14,671**	18,364
Deferred taxation	**3,541**	165
	18,212	18,529

Hong Kong profits tax is provided for at the rate of 16.5% on the estimated assessable profit. No profit tax has been provided for the six months ended 31 August 2011 and 31 August 2010 as the Group had sufficient tax losses brought forward to offset the estimated assessable profit.

PRC corporate income tax is provided on the profits of the Group's subsidiaries in PRC at a range from 24% to 25% (2010: range from 22% 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 subject to a reduced tax rate of 12.5% in 2009, 2010 and 2011.

10 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 period.

	Unaudited Six months ended 31 August	
	2011	2010
	HK$'000	HK$'000
Profit attributable to equity holders of the Company	**70,014**	60,365
Weighted average number of ordinary shares in issue ('000)	**639,314**	639,266
Basic earnings per share (HK cents)	**10.95**	9.44

10 EARNINGS PER SHARE (continued)

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.

The diluted earnings per share for the period ended 31 August 2011 was the same as the basic earnings per share as the Company's share options outstanding during the period was anti-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 below is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Unaudited Six months ended 31 August	
	2011	2010
	HK$'000	HK$'000
Profit attributable to equity holders of the Company	**70,014**	60,365
Weighted average number of ordinary shares in issue ('000)	**639,314**	639,266
Adjustments for share options ('000)	**—**	31
Weighted average number of ordinary shares for diluted earnings per share ('000)	**639,314**	639,297
Diluted earnings per share (HK cents)	**10.95**	9.44

11 DIVIDENDS

	Unaudited Six months ended 31 August	
	2011	2010
	HK$'000	HK$'000
Interim dividend of HK5.0 cents (six months ended 31 August 2010: HK4.3 cents) per share	**31,966**	27,488

A dividend of HK$55,620,000 that related to the financial year ended 28 February 2011 was paid in July 2011 (2010: HK$44,749,000).

At the board of Directors meeting held on 24 October 2011, the board of Directors has resolved to declare an interim dividend of HK5.0 cents per share. This interim dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained earnings of the Company for the year ending 29 February 2012.

12 INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND LEASEHOLD LAND AND LAND USE RIGHTS

	Unaudited Six months ended 31 August 2011			
	Investment properties HK$'000	Property, plant and equipment HK$'000	Leasehold land and land use rights HK$'000	Total HK$'000
At 1 March 2011	47,188	232,127	33,834	313,149
Additions	—	28,394	—	28,394
Disposals	—	(619)	—	(619)
Exchange differences	—	6,996	358	7,354
Depreciation and amortisation	—	(23,057)	(452)	(23,509)
At 31 August 2011	47,188	243,841	33,740	324,769

	Unaudited Six months ended 31 August 2010			
	Investment properties HK$'000	Property, plant and equipment HK$'000	Leasehold land and land use rights HK$'000	Total HK$'000
At 1 March 2010	43,964	218,990	34,226	297,180
Additions	—	25,055	—	25,055
Disposals	—	(1,463)	—	(1,463)
Exchange differences	—	1,214	57	1,271
Depreciation and amortisation	—	(18,851)	(446)	(19,297)
At 31 August 2010	43,964	224,945	33,837	302,746

13 TRADE AND OTHER RECEIVABLES

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

	Unaudited 31 August 2011 HK$'000	Audited 28 February 2011 HK$'000
Trade receivables *(Note (a))*		
Current to 30 days	**103,571**	115,312
31 to 60 days	**10,088**	11,644
61 to 90 days	**3,896**	2,605
Over 90 days	**4,141**	1,336
	121,696	130,897
Other receivables	**10,011**	3,797
Total	**131,707**	134,694

(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 receivable as the Group has a large number of customers.

14 TRADE PAYABLES AND ACCRUALS

The credit periods granted by suppliers generally range from 7 to 60 days. The ageing analysis of the trade creditors is as follows:

	Unaudited 31 August 2011 HK$'000	Audited 28 February 2011 HK$'000
Trade creditors		
Current to 30 days	**43,806**	18,331
31 to 60 days	**30,837**	17,494
61 to 90 days	**4,133**	6,301
91 to 120 days	**2,677**	2,777
Over 120 days	**4,303**	4,386
	85,756	49,289
Accruals	**118,249**	120,147
Total	**204,005**	169,436

15 SHARE CAPITAL

	Unaudited 31 August 2011 Number of ordinary shares	Unaudited 31 August 2011 HK$'000	Audited 28 February 2011 Number of ordinary shares	Audited 28 February 2011 HK$'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 period/year	**639,313,600**	**63,931**	639,265,600	63,926
Exercise of share options *(Note 16)*	**–**	**–**	48,000	5
At end of period/year	**639,313,600**	**63,931**	639,313,600	63,931

16 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.

16 SHARE OPTIONS (continued)

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

	Unaudited for the six months ended 31 August 2011		Audited for the year ended 28 February 2011	
	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 period/year	**—**	**—**	0.87	48
Granted	**4.73**	**14,100**	—	—
Exercised	**—**	**—**	0.87	(48)
At end of period/year	**4.73**	**14,100**	—	—

The Group has no legal or constructive obligation to repurchase or settle the options in cash. 14,100,000 share options were granted at an average exercise price at HK$4.73 each for the six months ended 31 August 2011. For the year ended 28 February 2011, 48,000 shares were issued at an average exercise price at HK$0.87 each and the related weighted average share price at the time of exercise was HK$3.53 per share.

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

Expiry date at	**Exercise price per share (HK$)**	**Number of share options as at 31 August 2011 (thousands)**	28 February 2011 (thousands)
26 June 2021 *(Note)*	**4.73**	**14,100**	—

Note: Become exercisable from a range of dates between 27 June 2014 and 27 June 2016 and expiring on the 10th anniversary from date of grants.

On 27 June 2011, the Group granted 14,100,000 share options to certain eligible persons at exercise price of HK$4.73 per share. In this connection, the total fair value of options HK$34,117,000 will be expensed in profit and loss over the vesting period. The Group used the inputs noted below to measure the fair value of such share options.

16 SHARE OPTIONS (continued)

The fair value of options was determined using the Binomial Option Pricing Model ("BOPM") which was performed by an independent valuer, CB Richard Ellis Limited. Significant inputs into the model were as follows:

	Batch 1	Batch 2	Batch 3
Stock Price	HK$4.73	HK$4.73	HK$4.73
Exercise Price	HK$4.73	HK$4.73	HK$4.73
Risk Free Rate	2.1450%	2.1450%	2.1450%
Risk Free Rate (Continuous)	2.1223%	2.1223%	2.1223%
Discount Rate	1.000849	1.000849	1.000849
First Exercise Date	27-Jun-2014	27-Jun-2015	27-Jun-2016
Expire Date	26-Jun-2021	26-Jun-2021	26-Jun-2021
Expected Volatility	54.4810%	54.4810%	54.4810%
Expected Dividend	2.4400%	2.4400%	2.4400%
Per-unit Option Value	HK$2.43	HK$2.42	HK$2.40
Number of Options	4,699,000	4,699,000	4,702,000
Fair value of Options	HK$11,442,000	HK$11,380,000	HK$11,295,000

The BOPM is a discrete-time model for pricing option in which it is assumed that price change in the underlying asset occur only after regular time interval. It involves constructing a tree which represents different possible paths that the price of the underlying asset might follow. This tree is called the Binomial Tree. As the BOPM is based on the description of an underlying instrument over a period of time rather than a single point, it is used to value American options that are exercisable at any time in a given interval.

17 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 (28 February 2011: HK$120,000,000) of which HK$8,755,000 (28 February 2011: HK$18,995,000) was utilised as at 31 August 2011.

18 COMMITMENTS

(a) Capital commitments

	Unaudited 31 August 2011 HK$'000	Audited 28 February 2011 HK$'000
Contracted but not provided for, in respect of		
— purchase of property, plant and equipment	**2,485**	3,425

18 COMMITMENTS (continued)

(b) Commitments under operating leases

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

	Unaudited 31 August 2011 HK$'000	Audited 28 February 2011 HK$'000
Land and buildings:		
Not later than one year	**72,864**	55,276
Later than one year and not later than five years	**89,761**	52,142
	162,625	107,418

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

(ii) At the period end, the Group had future aggregate minimum rental receivable under non-cancellable operating leases as follows:

	Unaudited 31 August 2011 HK$'000	Audited 28 February 2011 HK$'000
Land and buildings:		
Not later than one year	**2,495**	2,537
Later than one year and not later than five years	**1,311**	2,454
	3,806	4,991

19 PLEDGE OF ASSETS

As at 31 August 2011, bank deposits of HK$4,317,000 (28 February 2011: HK$2,152,000) have been pledged as rental deposits for certain subsidiaries of the Group.

20 RELATED PARTY TRANSACTIONS

(a) 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:

	Unaudited Six months ended 31 August	
	2011	2010
	HK$'000	HK$'000
Rental expenses charged by:		
— a related party *(Note(i))*	**1,080**	780
— related companies *(Note (ii))*	**444**	386

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

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

(b) Key management compensation

	Unaudited Six months ended 31 August	
	2011	2010
	HK$'000	HK$'000
Salaries and other employee benefits	**2,671**	4,826
Contributions to retirement scheme	**18**	28
Staff option expense	**1,238**	—
	3,927	4,854

21 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

(a) Details of the interim dividend proposed are given in Note 11.

(b) On 15 August 2011, Parklink Investment, an indirect wholly-owned subsidiary of the Company, entered into an asset swap agreement with Super Billion, which is indirectly wholly and beneficially owned by Mr. Lee, whereby Parklink Investment and Super Billion will swap with each other certain assets respectively held by them in the PRC.

Upon completion of the asset swap agreement, Super Billion will pay Parklink Investment a consideration of RMB70,000, being the difference in values of the assets to be swapped. It is estimated that the Group will record a disposal gain of approximately HK$2,100,000. The actual disposal gain will be subject to the actual values of the assets to be swapped as at completion.

The financial effects of the above transaction have not been reflected in the account as at 31 August 2011. The transaction had been approved by the Board on 15 August 2011 and is pending approval and tax assessment by the relevant PRC authority.

Details of the above transaction were disclosed in the Company's Announcement dated 15 August 2011.

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

As at 31 August 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 The Stock Exchange of Hong Kong Limited (the "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")	37,280,000	–	31,384,000 *(Notes 1 & 2)*	205,000,000 *(Note 3)*	273,664,000	42.81%
Ms. Lau Shun Wai ("Ms. Lau")	1,400,000	–	–	–	1,400,000	0.22% *(Note 4)*
Ms. Wong Sau Han ("Ms. Wong")	964,000	350,000	–	–	1,314,000	0.21% *(Note 5)*
Ms. Chu Tsui Lan ("Ms. Chu")	2,100,000	–	–	–	2,100,000	0.33% *(Note 6)*

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 7)*	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. Lau personally holds 1,400,000 Shares and she is entitled to 5,000,000 share options granted by the Company. Upon exercise of these outstanding share options in full, Ms. Lau's interests in the Company will be increased from the existing 0.22% to 0.99% of the issued share capital of the Company including number of shares in relation to such exercise.
5. 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. Ms. Wong is also entitled to 3,000,000 share options granted by the Company. Upon exercise of these outstanding share options in full, Ms. Wong's interests in the Company will be increased from the existing 0.21% to 0.67% of the issued share capital of the Company including number of shares in relation to such exercise.
6. Ms. Chu personally holds 2,100,000 Shares and she is entitled to 3,000,000 share options granted by the Company. Upon exercise of these outstanding share options in full, Ms. Chu's interests in the Company will be increased from the existing 0.33% to 0.79% of the issued share capital of the Company including number of shares in relation to such exercise.
7. Mr. Lee beneficially owns 20,000 non-voting deferred shares in L. S. Retailing Limited, a wholly-owned subsidiary of the Company.

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.

Pursuant to the Scheme, on 27 June 2011, the Company granted 14,100,000 share options to certain Directors and employees of the Company to subscribe for up to a total of 14,100,000 ordinary shares of HK$0.10 each in the capital of the Company. Particulars of such share options and their movement during the six months ended 31 August 2011 are as follows:

		Number of Shares						
Name or Category of Participant	Date of share options granted	Balance as at 1 March 2011	Granted during the period	Exercised during the period	Cancelled during the period	Outstanding as at 31 August 2011	Exercise price per Share	Exercise period
	(Notes 1 & 2)							
Directors								
Ms. Lau	27 June 2011	N/A	1,666,000	–	–	1,666,000	HK$4.73	27 June 2014–26 June 2021
	27 June 2011	N/A	1,666,000	–	–	1,666,000	HK$4.73	27 June 2015–26 June 2021
	27 June 2011	N/A	1,668,000	–	–	1,668,000	HK$4.73	27 June 2016–26 June 2021
Ms. Wong	27 June 2011	N/A	1,000,000	–	–	1,000,000	HK$4.73	27 June 2014–26 June 2021
	27 June 2011	N/A	1,000,000	–	–	1,000,000	HK$4.73	27 June 2015–26 June 2021
	27 June 2011	N/A	1,000,000	–	–	1,000,000	HK$4.73	27 June 2016–26 June 2021
Ms. Chu	27 June 2011	N/A	1,000,000	–	–	1,000,000	HK$4.73	27 June 2014–26 June 2021
	27 June 2011	N/A	1,000,000	–	–	1,000,000	HK$4.73	27 June 2015–26 June 2021
	27 June 2011	N/A	1,000,000	–	–	1,000,000	HK$4.73	27 June 2016–26 June 2021
Sub-total			11,000,000	–	–	11,000,000		

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)

Name or Category of Participant	Date of share options granted (Notes 1 & 2)	Number of Shares: Balance as at 1 March 2011	Granted during the period	Exercised during the period	Cancelled during the period	Outstanding as at 31 August 2011	Exercise price per Share	Exercise period
Employees								
Other employee in aggregate	27 June 2011	N/A	1,033,000	–	–	1,033,000	HK$4.73	27 June 2014– 26 June 2021
	27 June 2011	N/A	1,033,000	–	–	1,033,000	HK$4.73	27 June 2015– 26 June 2021
	27 June 2011	N/A	1,034,000	–	–	1,034,000	HK$4.73	27 June 2016– 26 June 2021
Sub-total			3,100,000	–	–	3,100,000		
Total			14,100,000	–	–	14,100,000		

Notes:

1. The respective vesting periods of the above share options are from their respective dates of the grant until the commencement of their respective exercise periods.
2. The closing price of the Shares of the Company immediately before 27 June 2011 on which the share options were granted was HK$4.65 per Share.

Save as disclosed above, as at 31 August 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 "Disclosure of Interests" above, (a) at no time during the period 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 period.

SUBSTANTIAL SHAREHOLDERS

As at 31 August 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 and 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	Family interests	Corporate interests	Other interests	Total	Approximate percentage of the issued share capital of the 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	1,140,000	–	–	50,000,000	51,140,000	7.99%
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%
Value Partners Limited ("VPL")	6	–	–	–	38,604,000	38,604,000	6.03%
Value Partners Group Limited ("VPGL")	7	–	–	38,604,000	–	38,604,000	6.03%
Cheah Capital Management Limited ("CCML")	8	–	–	38,604,000	–	38,604,000	6.03%
Cheah Company Limited ("CCL")	9	–	–	38,604,000	–	38,604,000	6.03%
Hang Seng Bank Trustee International Limited ("HSBT")	10	–	–	–	38,604,000	38,604,000	6.03%
Mr. Cheah Cheng Hye ("Mr. Cheah")	11	–	–	–	38,604,000	38,604,000	6.03%
Ms. To Hau Yin ("Ms. To")	12	–	38,604,000	–	–	38,604,000	6.03%

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 51,140,000 Shares (comprising 1,140,000 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 7.99% 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.
6. 38,604,000 Shares representing 6.03% of the issued share capital of the Company are held by various funds under the management of VPL, being the fund manager. Therefore, VPL is deemed to be interested in these Shares.
7. VPGL wholly owns VPL. Therefore, VPGL is deemed to be interested in 38,604,000 Shares.
8. CCML holds 28.43% interest in VPGL. Therefore, CCML is deemed to be interested in 38,604,000 Shares.
9. CCL wholly owns CCML. Therefore, CCL is deemed to be interested in 38,604,000 Shares.
10. HSBT is the trustee of a discretionary trust of CCL. Therefore, HSBT is deemed to be interested in 38,604,000 Shares.
11. By virtue of being the founder of the discretionary trust of CCL, Mr. Cheah is deemed to be interested in 38,604,000 Shares.
12. Ms. To, the spouse of Mr. Cheah, is deemed to be interested in 38,604,000 Shares.

Save as disclosed above, as at 31 August 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

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 period under review, the Company has complied with the provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules on the Stock Exchange.

CONNECTED TRANSACTION IN RELATION TO ASSET SWAP

Details of Asset Swap Arrangement are set out in note 21(ii) to the financial information.

Details of the above connected transaction were disclosed in the Company's Announcement dated 15 August 2011.

AUDIT COMMITTEE

During the six months ended 31 August 2011, the Audit Committee was constituted by three independent non-executive Directors, Mr. Lam Siu Lun, Simon, who presided as the chairman, Mr. Leung Wai Ki, George and Mr. Hui Chi Kwan. No member of the Audit Committee is a member of the former or external auditors of the Company. One of the members possesses recognized professional qualifications in accounting and has wide experience in audit, accounting and financial management.

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.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial information for the six months ended 31 August 2011.

The role and authorities of the Audit Committee were clearly set out in its terms of reference which are available on request to shareholders of the Company and are posted on the Company's website: http://www.lesaunda.com.hk.

REMUNERATION COMMITTEE

During the six months ended 31 August 2011, the Remuneration Committee was constituted by three independent non-executive Directors, Mr. Lam Siu Lun, Simon, who presided as the chairman, Mr. Leung Wai Ki, George and Mr. Hui Chi Kwan, and one executive Director, Mr. Lee Tze Bun, Marces.

The primary function of the Remuneration Committee is to make recommendations to the Board on the Group's policy and structure for all 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.

The role and authorities of the Remuneration Committee were clearly set out in its terms of reference which are available on request to shareholders of the Company and are posted on the Company's website: http://www.lesaunda.com.hk.

INTERNAL CONTROL AND RISK MANAGEMENT

The Group is committed to set up and maintain a good system of internal control which is devised to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives. The Board also acknowledges that it has overall responsibility for the Company's internal control, financial control and risk management system and shall monitor its effectiveness from time to time.

The internal audit department of the Group reports directly to the Chief Executive Officer and the Audit Committee and is independent of the Group's daily operations. It supports the management by carrying out systematic and periodic independent reviews of all business units and subsidiaries of the Group on an ongoing basis. 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 period, the internal audit department performs reviews of the Group's internal controls of selected key business processes in various locations. Findings and recommendations on internal control deficiencies were well communicated with management and action plans were developed by management to address the issues identified.

Key findings of each internal audit assignment were reported to and reviewed by the Audit Committee on a regularly basis.

INVESTOR RELATIONS

The Group is committed to fostering productive and long-term relationships with shareholders and investors of the Company through open and prompt communication. Various channels have been established to facilitate transparency. In addition to the Annual General Meeting in which shareholders can put questions to Directors about the Group's performance, the Group also seeks opportunities to communicate its business performance, strategies and future direction to investors and the public through regular meetings with fund managers and potential investors, as well as through press interviews and press releases.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct (the "Code of Conduct") regarding securities transactions by the Directors since 4 October 2005. The terms of the Code of Conduct are no less exacting than the standards in the Model Code, and the Code of Conduct applies to all the relevant persons as defined in the Code, including the Directors, any employee of the Company, or a director or employee of a subsidiary or holding company of the Company, who, by reason of such office or employment, are likely to be in possession of unpublished price sensitive information in relation to the Company or its securities.

Having made specific enquiry of all Directors, all Directors have confirmed their compliance with the required standard set out in the Model Code during the six months ended 31 August 2011.

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

The Company has not redeemed, and neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 August 2011.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For the payment of interim dividend, the Register of Members of the Company will be closed from Monday, 14 November 2011 to Wednesday, 16 November 2011, both days inclusive, during such period no transfer of shares will be effected. In order to qualify for the interim dividend which will be payable on Wednesday, 23 November 2011, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Unit 1712–1716, 17/F Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Friday, 11 November 2011.

ACKNOWLEDGEMENT

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

By Order of the Board
Lee Tze Bun, Marces
Chairman

Hong Kong, 24 October 2011